

Innovation is key to unlocking possibilities

By [Vukani Mngxati](#)

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A key observation that has emerged since the introduction of the Accenture Innovation Index back in 2016, is that innovation is the key source of disruption across the world. A study that was recently released by Accenture, which takes an in-depth look at the state of innovation in South Africa specifically, however indicates that even though the majority of South African companies are expecting to be disrupted by innovations in their industries over the next three years, half of them are not prepared to cope with it.



Vukani Mngxati, CEO for Accenture in Africa

Only 7% of South African companies versus 14% globally, are innovating digital technologies to reshape and grow. The study indicated that 62% are vulnerable to disruption and are struggling to convert their innovation efforts into business value while 75% expect to be disrupted by innovations in their industries in the next three years. It was pertinent to note from the study that 50% of the respondents indicated that they are not adequately prepared to deal with these disruptions.

In the study, 100 C-suite executives from large companies across 14 different industries that collectively represent a multi-billion income were interviewed. The objective of the study was to garner answers to two critical questions: ***What drives innovation? How is innovation effectively implemented?***

A notable finding that emerged from this study, is that the companies who outshine their competitors and perform beyond market expectations, are the ones who are purposefully engineered to achieve what we at Accenture refer to as “innovation-by-design.”

The foundation for innovation-by-design is built on three main cornerstones and seven business practices of innovative companies. An example that most of us are familiar with in the financial services space, is Discovery, a company that has achieved exponential growth by placing innovation and technology at the core of its operations.

Discovery started out as a niche local risk insurance specialist in 1992, but has since become a global leader in diversified insurance and financial services that continues to lead the way with trailblazing innovations such as Discovery Bank, the world's first virtual "behavioural bank" that rewards customers for healthy financial behaviour.

The three main cornerstones of innovative companies:

- **Strategy** - As best said by Morris Chang: "Without strategy, execution will be aimless." Continuous innovation only occurs when it forms an integral part of the business strategy.
- **Culture** - Business who constantly innovate, are the ones who have woven innovation into their corporate culture, by making it the golden thread that binds the way their people think and do things.
- **Architecture** - It has become evident that innovation does not happen by accident. It happens through implementing dedicated structures and mechanisms that consistently and proactively drive and support innovation.

7 business practices of innovative companies

The most innovative companies have incorporated the following practices in the way they do business:

1. **Optimising data:** They make sure they have systems in place to efficiently obtain and analyse data to inform their innovations.
2. **Determining hyper-relevance:** They ask those burning questions: "How is this business relevant to me as a customer, does the business respond to my needs fast enough and do I enjoy the experience when I engage with the business?"
3. **Sourcing the right talent:** Based on the principle of "the whole is greater than the sum of its parts," they have a rich talent pool comprising people with a diversity of knowledge, skills and tools to collaboratively contribute to greater innovations.
4. **Leveraging technology:** They have technology-driven mindsets. Technology and digitalisation form the very basis of their innovations and it serves as an effective and economic propeller to swiftly take their innovations to market.
5. **Expanding through networks:** They tap into the power of networking and outsource non-core skills to achieve growth at a scale and speed that could not be achieved otherwise.
6. **Enabling inclusivity:** They value inclusivity at their workplaces and establish an innovative culture that is conducive to the growth of both individuals and the business.
7. **Operating asset smart:** They go about acquiring their assets in a smart way, ensuring they are sufficiently scalable to adapt to the constant changes in the marketplace, rapidly and cost-effectively.

The state of innovation across the various business sectors in South Africa

It is encouraging to see that innovation and digitalisation is increasingly becoming a primary imperative of businesses across all sectors in South Africa. Retail innovation by companies like Takealot.com has made it possible for us to seamlessly find and buy what we need online and get it delivered to our doorsteps, through a few clicks of a computer mouse.

Even the more traditional business sectors such as mining and manufacturing are starting to embrace emerging digital tools and capabilities like cloud-enabled mobility, big data-powered analytics and the Internet of Things (IoT) to accomplish substantial improvements in their business processes, decrease waste and increase profits.

We can continue to cite many more such examples of companies and industries that are effectively embracing innovation and digitalisation. In reality, this latest study by Accenture shows that only ten percent of the companies surveyed have transformed their core business to gear up for the imminent disruption of the business landscape, a disruption that will no doubt be significantly accelerated by the economic and social impact of the Covid-19 crisis.

When looking at this picture through a lens of possibility though, it means that this Rainbow Nation has an unparalleled opportunity to rise up and rebuild companies on a foundation of innovation-by-design to unlock new avenues for growth and meet the challenges of this brave new ever-changing world we find ourselves in. Accenture's innovation maturity index is designed to measure the readiness of companies' innovation ability to support their journey into the new.

ABOUT VUKANI MNGXATI

CEO at Accenture

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