

How to Innovate a Country

We aim to build innovative products and try to innovate organisations, but can the principles of innovation be applied to the bigger-picture goals of a nation?

By: AJ Kulatunga

Innovation is a word that gets thrown around a lot these days making it hard to understand exactly what it means, let alone embrace its strategic advantages. As a business strategist who has helped both small businesses and large organisations understand and utilise the benefits of innovation, I wondered if it might be possible to use the same principles to innovate an entire country. It turns out, yes! It is possible, but not in the way we traditionally think about innovation.

Innovation sits on a spectrum. Making innovative things for sale is only one end of that spectrum and is referred to as "External Innovation". On the other end is "Internal Innovation", the activation of human creativity to solve problems. Most organisations are leaving opportunities for vast improvements on the table as they are only applying innovation to one part of their operations.

While one small part of the organisation focuses on developing new innovative products and services, the rest of the organisation has to build, sell, deliver and support these items. Those processes all have challenges, issues and failures, which can be thought of as "friction", that could benefit from "Internal Innovation" to make them go smoother.

Rethinking Innovation

When the world around us is changing faster than ever, is it fair and reasonable to let our thinking remain the same? In the book *Reimagining Innovation*, I discuss how most people think of innovation as the commercialisation of ideas into products and services for sale, but through research and experiences in industry, a deeper story emerged.



What is Innovation?

The best way to think about innovation is the application of human creativity to solve a problem. We need creative ideas but we also need entrepreneurial skills and mindset applied to those ideas to turn them into reality.

Business moves at the speed of opportunity and the more friction that exists, the more it limits the ability to move quickly and take advantage of that opportunity. Likewise, a country has pressing concerns and opportunities around health, safety, security, education, the environment, and economic prosperity. Just as organisations encounter friction slowing their progress, countries do too.

So how exactly does a country innovate successfully? Before answering that, we need to ask a bigger question: *What happens to humanity when countries don't innovate?*

Big Picture Challenges & Opportunities

In 2015 the United Nations established the Sustainable Development Goals (SDGs) to address the big-picture challenges of society. These 17 goals represent a collective vision of humanity and incorporate sustainability and governance targets agreed upon by the leaders of 193 countries. While much progress has been made since the introduction of the goals, recent events have reversed much of that, placing the 2030 Agenda for Sustainable Development in grave danger. Unfortunately, there's more bad news.

In the book, *The Fourth Turning*, authors William Strauss and Neil Howe describe a cyclical pattern of societal change throughout history. Over the course of 80 years or roughly every four generations, society goes through periods of prosperity, awakening, unravelling and crisis.

Unfortunately for us given recent global events, we appear to be amidst the crisis stage of this cycle. But, there is hope. As philosopher Niccolo Machiavelli once said, "A crisis is a terrible thing to waste."

"Internal Innovation" can be used to help us solve the big problems countries face today, so we can ensure a better tomorrow. Luckily this has been made simpler thanks to comprehensive research into global innovation.

Every year the World Intellectual Property Organisation (WIPO) releases the "Global Innovation Index" which ranks 132 countries based on 81 macroeconomic indicators of innovation potential. These indicators are grouped into innovation inputs and outputs and ranked accordingly. The report includes the key strengths and weaknesses of each country, allowing policymakers and other stakeholders to come together to address the key issues outlined in the report. *See Australia's Strengths and Weaknesses - Global Innovation Index.*

But knowing the problems of a nation is only half of the challenge, we still have to fix them. This is where things get a bit more complicated.

Australia's Strengths & Weaknesses
Global Innovation Index
Economic Trend Analysis 2022

| Strengths | | | Weaknesses | | |
|-----------|--|------|------------|---|------|
| Code | Indicator name | Rank | Code | Indicator name | Rank |
| 1.2.1 | Regulatory quality | 5 | 1.3.2 | Entrepreneurship policies and culture | 37 |
| 2.1.3 | School life expectancy, years | 1 | 2.1.2 | Government funding/pupil, secondary, % GDP/cap | 64 |
| 2.2.1 | Tertiary enrolment, % gross | 3 | 2.2.2 | Graduates in science and engineering, % | 81 |
| 2.2.3 | Tertiary inbound mobility, % | 5 | 3.2.3 | Gross capital formation, % GDP | 65 |
| 2.3.4 | QS university ranking, top 3 | 7 | 3.3.1 | GDP/unit of energy use | 81 |
| 4.3.1 | Applied tariff rate, weighted avg., % | 7 | 6.2.1 | Labor productivity growth, % | 78 |
| 5.1.5 | Females employed w/advanced degrees, % | 5 | 6.3.2 | Production and export complexity | 84 |
| 6.1.4 | Scientific and technical articles/bn PPP\$ GDP | 7 | 6.3.4 | ICT services exports, % total trade | 78 |
| 6.1.5 | Citable documents H-index | 7 | 7.2.1 | Cultural and creative services exports, % total trade | 68 |
| 6.2.2 | New businesses/th pop. 15-64 | 7 | 7.2.2 | National feature films/mn pop. 15-69 | 57 |

Global Barriers: Productivity & Engagement

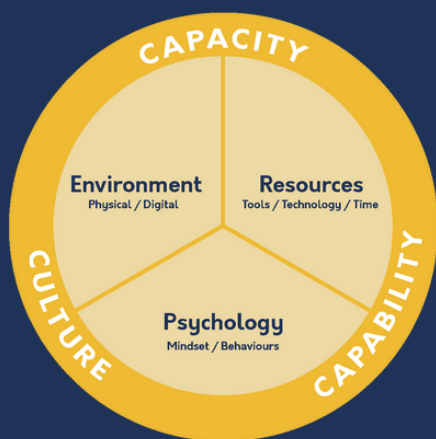
Productivity is one of the leading indicators of a country's economic prosperity and vitality. Over the last 40 years, global productivity has steadily declined, indicating a fundamental problem in the way we apply resources to produce goods and services. While many experts believe emerging technologies such as artificial intelligence, robotics, virtual/augmented reality and quantum computing will pave the way for a new era of productivity and growth, they're missing one crucial factor.

In order to unlock this technology-driven wave of productivity, we have to ensure these technologies are embraced and utilised across industries. And therein lies the problem - humans prefer comfort and conformity over challenge and change.

Owning and running an IT consulting firm exposed me to just how closed-minded people can be when it comes to embracing new technologies.

I remember a conversation with one of the largest brand-name automotive dealerships, trying to convince them of the benefits of social media platforms as a marketing tool. The Managing Director made it quite clear that he wanted none of that "nonsense" because it would give people a public forum to badmouth his dealership. Rather than address his customer service issues, he believed it easier to avoid the technology that would bring them to light. Fast forward ten years later when social media is now an essential part of any business marketing strategy and that same director is happily appearing on Facebook videos promoting his dealership. When it comes to technology, the fear of going first is dissolved over time by the embarrassment of being last.

While some pockets within industry do have the courage to embrace emerging technologies and receive the benefits, we are a long way off from achieving the ubiquity required to unleash exponential growth in global productivity. McKinsey estimates that 70% of transformation efforts fail from factors like unrealistic management expectations, insufficient investment in building capability across the organisation, and a lack of employee engagement. The lack of engagement presents a larger concern.



What Does Innovation Need to Succeed?

McKinsey report 86% of executives say innovation is a top three priority BUT only 10% were satisfied with their organisation's innovation efforts.

The Innovation Success Model allows organisations to improve efforts by focusing on the elements within Capacity, Capability and Culture.

According to statistics from Gallup, workforce engagement has hovered around the 20% level for nearly a decade. This means 80% of the global workforce is either disengaged, going through the motions at work to collect a paycheck, or actively disengaged and sabotaging change and innovation efforts.

Creating tangible innovation with a disconnected workforce is like trying to collect water through a sieve. Thus to begin innovating a small business, a large organisation or even an entire nation, the engagement issue must be addressed as a matter of priority. People need to feel motivated towards change and innovation, but what is required is a specific type of motivation.

Not All Motivation is Equal

Research into human psychology reveals the existence of two primary types of motivation: extrinsic and intrinsic. Extrinsic relates to motivation through external factors. At work, this means things like salary, bonuses, or those cute little gift baskets that include cheese, wine and movie tickets. Extrinsic motivation can also relate to negative consequences such as punishment for non-compliance. Conversely, intrinsic motivation is about figuring out for yourself, why you choose to do the things you do and how well you want to do them.

The old way of motivating a workforce was through extrinsic motivation, the carrot and stick approach. The new way is intrinsic motivation, helping people achieve autonomy, mastery and purpose. Data from Mckinsey shows when employees are intrinsically motivated they are:

When intrinsic motivation is absent from workplaces we hear things like...

"We have all these great programs but no one is taking advantage of them."



"Our people just aren't interested in doing things differently."

"There's a lot of pushback from users about the new software."

"We've set up systems for feedback but we never receive any suggestions for improvement."

- 32% more committed to their job
- 46% more satisfied with their role
- Perform 16% better
- Experience 125% less burnout

Yet given the statistics around global workforce engagement, it appears intrinsic motivation is one of the most under-utilised tools to influence productivity. This continued disconnect between management thinking and employee feelings has led to global trends like "The Great Resignation", "The Return to the Office Wars", and more recently "Quiet Quitting", the rebrand of disengagement.

Macroeconomically, this has also contributed to the decline in global productivity which has pushed us closer to the recession you might be hearing whispers about.

Activating intrinsic motivation is the biggest return on investment you can achieve regardless if you are trying to innovate a project, a small business, a larger organisation or even an entire nation. A great way to achieve this is to introduce leaders to a unique framework of innovation and help them incorporate the principles into their duties.

Introducing Heart Centered Innovation

Heart Centered Innovation was designed specifically to boost intrinsic motivation and address the global employee engagement issue. By working through the four pillars, Care, Commit, Create and Connect, participants activate human potential for creativity to solve problems.

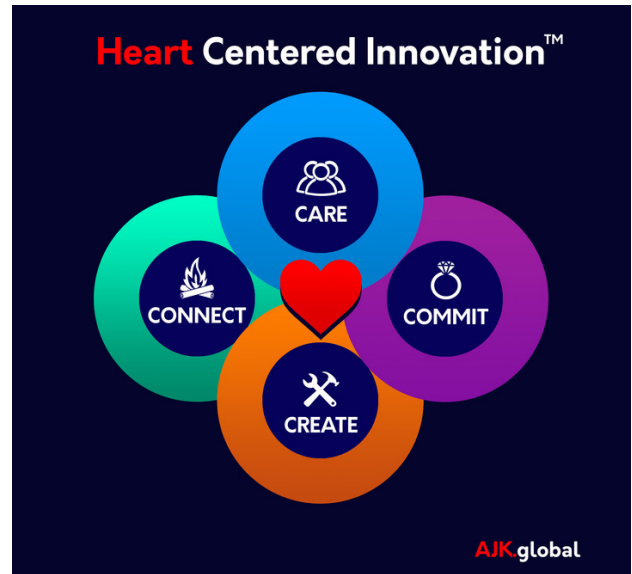
The Care Pillar

The framework begins with the “Care” pillar because, if people don’t care, nothing happens anywhere. Before the global pandemic, we wanted our leaders to empathise with us, to genuinely take the time to understand who we are and where we are coming from. But after all the pain and suffering we went through, we now want them to go beyond empathy and actually care about us.

Put it this way, if you were sick, would you want someone to say “Oh that’s not good, I hope you feel better soon,” or make you some chicken soup? It’s that level of kindness and care that we so desperately need in society today because it impacts the decisions we make that affect others. When we genuinely care and feel cared for by others, we naturally seek a deeper understanding of the problems within a small business, a larger organisation or an entire nation, before we attempt to solve them.

The Commit Pillar

Too often we see people inside organisations that are “involved” in projects but not really committed to their outcomes. The difference is best understood through the story of bacon and eggs. The chicken is involved, but the pig is fully committed.



We want people to be committed to achieving outcomes otherwise it becomes a meaningless box-ticking exercise, but we don't want people to give up their lives like the pig. This is why it's so important to activate the “Care” pillar first because we burn out when we commit to things we don't care about. We want people to genuinely care and feel cared for, enough to commit their time and energy to address these problems effectively. Remember, if people don't care, nothing happens anywhere.

The Create Pillar

Once we have people who care and are committed to solving the issue, then we activate the third pillar, “Create”. This is where many organisations go horribly wrong because whenever there is an issue they quickly rush to create a solution. The problem with that approach is that whatever is created might not be a well-thought-out solution to the issue and might attract resistance during implementation. There are too many “brilliant ideas” in the world that end up being useless and a waste of time, money and energy. These could have been avoided if they were created with genuine care and commitment in the first place. See *Case Study: Genius at Work*.

Case Study: Genius at Work

During the global pandemic, the Australian Government proudly launched the “COVIDSafe” app to track the spread of Covid-19 throughout the community more effectively.

Unfortunately due to technical limitations, not many people used it properly and the app only identified 17 positive cases that contact tracers were not already aware of through manual processes.

The \$14 million dollar app was officially scrapped in August 2022.



The Connect Pillar

The last pillar is “Connect”. A brilliant, well-thought-out solution is useless until it is implemented. Whatever is created needs to be connected to others in a way that gets them to care about it. Under this pillar, we use strategic storytelling to bring people along on the journey and reduce resistance to change.

Working your way through each of the four pillars gives innovation the best chance of success because it activates people’s primal instincts to collaborate, create and communicate, which are often stifled inside formally structured hierarchies. Heart Centered Innovation will make your people come alive and feel like they can actually be a part of a bigger-picture success story. This is crucial to help accelerate a nation’s development projects.

One Last Thing...

I’d like to close our time together now with one of my favourite stories that I share on stage as a keynote speaker about famed science fiction author Sir Arthur C Clarke.

Many years ago at a press conference, a young reporter asks Mr Clarke, “How did you so accurately predict the future in your books?”

He responds immediately, “My dear boy, I didn’t predict the future. I merely suggested it.”

The children who read his science fiction books were inspired by his ideas. They grew up to become scientists and engineers who now as adults, had the knowledge and skills to build out his suggestions and make them an everyday reality.

Likewise, the ideas I’ve presented you with today are merely suggestions. It’s up to you and your circles of influence to go out into the world and turn them into reality. That’s how we innovate a country, and we can all come together for humanity to make tomorrow better than today. *Can we afford not to?*

About the Author

AJ Kulatunga is a Business Strategist and Global Keynote Speaker on Innovation Culture. With a 20-year career consulting to some of the world’s most iconic companies, AJ’s presentations and programs help Transformative Leaders drive change and innovation to achieve their goals faster.

Learn more at <https://AJK.global>



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The case studies, stories and insights combined with AJ's invigorating energy will have audiences feeling inspired and empowered to make tomorrow better than today.

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