

Chapter 9

Innovation Leading Organizations

André Nogueira

Portuguese Naval Academy, Portugal

Pedro B. Agua

 <https://orcid.org/0000-0003-1886-9938>
Portuguese Naval Academy, Portugal

Anacleto C. Correia

 <https://orcid.org/0000-0002-7248-4310>
Portuguese Naval Academy, Portugal

ABSTRACT

Innovation is one of the most likely factors to boost effectiveness, efficiency, and sustainability of an organization, regardless of its sector of activity, as for instance, the armed forces. The absence of innovation can affect the organizations in different ways, from suboptimal operational effectiveness and improvement of organization processes (administrative, operational, or logistics), bringing with it negative impacts on human resources motivation – the main keepers of knowledge, institutional culture, and organizational values. Innovative organizations also generate a stronger sense of belonging across their ranks and structures and fosters effectiveness in fulfilling organizations' missions. Hence, fostering innovation across any typology of organization is crucial and requires a proper approach to promote the desirable involvement of the entire workforce. This text, based on a review of some relevant literature, exposes critical enabling factors. Based on a cause-and-effect analysis, it proposes some recommendations for the practitioner as well as the academic.

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INTRODUCTION

Nowadays, organisations need to add value to their assets, as to be profitable they need to reduce expenditure. After so many budget reductions, however, this approach does not look like an option anymore for many organizations. To respond to the needed increase in value, a new trend has emerged – innovation - specifically innovation whose source are the employees themselves.

Despite the will to innovate, not all organisations are able to do so, that is, the more traditional organisations do not normally cultivate a culture that facilitates innovation. Therefore, this text presents some ideas for organising for innovation in such a way that organizations may become more innovative. Hence, incentives, new forms of communication, values to be taken into account by the leadership, are suggested in starting this task of making their organisations more innovative. Literature and research points to two essential factors for the success of innovation in an organisation: (1) an innovation process suitable to the needs of the organisation, and (2) a culture that facilitates innovation.

The Theory of Constraints (TOC), a methodology based on logic and cause-effect, is used to arrive at some solutions. TOC provides a set of tools, *Thinking Processes*, which help in analysing the system under study through a sequence of logic diagrams, named logic trees. Hence, the current state of the organization (i.e., system of interest) is analysed, then solutions to the system are presented and, finally, the requirements to implement such solutions are verified.

In order to respond to the challenge posed, this chapter is divided into four parts. besides this introductory section, where the need to address the topic of organising for innovation is introduced, as well as the solution design method, section two addresses some key background. The third section summarises the used methodology. In the fourth section the solutions will be presented and justified. Finally, a conclusion provides some remarks.

BACKGROUND

Innovation may have distinct definitions, however, it is undoubtedly about challenging the *status quo* and introducing new and better products, processes, services or management approaches that add value (Deschamps, 2008). Innovation is a capability that is evident in an innovative organisation, and distinguish them from others, by constantly seeking change through innovative solutions to the problems and challenges presented to them.

When an organisation seeks the ability to innovate, it should design and implement a strategy aiming at better results than the current state (Looy et al.,

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