

Six steps to innovate remotely

Article

Accepted Version

Laker, B. ORCID: <https://orcid.org/0000-0003-0850-9744>,
Patel, C., Budhwar, P. and Malik, A. (2021) Six steps to
innovate remotely. MIT Sloan Management Review. ISSN
1532-9194 Available at <https://centaur.reading.ac.uk/102210/>

It is advisable to refer to the publisher's version if you intend to cite from the
work. See [Guidance on citing](#).

Publisher: MIT Sloan School of Management

All outputs in CentAUR are protected by Intellectual Property Rights law,
including copyright law. Copyright and IPR is retained by the creators or other
copyright holders. Terms and conditions for use of this material are defined in
the [End User Agreement](#).

www.reading.ac.uk/centaur

CentAUR

Central Archive at the University of Reading

Reading's research outputs online

Six steps to innovate remotely

Even though they are operating remotely, some companies have been able to transcend by taking certain specific steps in order to create value for their customers.

The "new normal," the "next normal," and the "great reset" are phrases used by business and political leaders to describe the world we live in now. Whatever your stance, there is a widespread consensus that employees and customers will never return to the "old normal." And how could they? Thousands of companies, including Cirque du Soleil, Hertz, J. Crew, J.C. Penney, Le Pain Quotidien and Virgin Atlantic, [have filed for bankruptcy](#) (a 43% increase from this time last year) and thousands more are about to do so. P

Take the case of HSBC, which has just accelerated its plans [to eliminate 35,000 jobs](#) in several countries. While this desperation is not surprising, given that the pandemic is almost [collapsing the global financial system](#), other multinationals are behaving very differently, even in the face of the same existential impact.

Within the most successful companies, the pace of innovation is accelerating, resulting in better results for both employees and customers. During the first wave of COVID-19, Mastercard and Microsoft [collaborated](#) to drive innovation in their startups' digital commerce and ecosystems, PepsiCo [launched](#) new operational agility, and Apple committed to transforming itself to make its [carbon footprint zero](#).

To understand how and why these success stories happened, we studied 1,000 innovation leaders in 17 countries, between April and August 2020. Given [recent academic research](#) and executive [insights](#) suggesting that innovation [requires](#) face-to-face interaction, we seek to understand how these companies managed to innovate in a remote work environment. By leveraging and analyzing data from multiple sources—including interviews, feedback, and surveys—we were able to identify two innovation clusters, suggesting that companies around the world responded to the COVID-19 crisis in two different ways.

A group we call mourners adopted a conservative strategy for change. These companies struggled to adapt, as the pandemic caused feelings of loss and emptiness among workers, many of them with high rates of depression (53%), anxiety (55%) and even post-traumatic stress disorder (32%), all of them psychological alterations associated with loneliness, isolation and a low tolerance to distress. For these reasons, 87% of mourners concentrated mainly on what they could control:

first, [rethinking and reusing their offices](#); and second, to use his enormous [cognitiv baggage](#), [or](#) remembering what work used to be like and what it could become.

These classic symptoms of decision-making paralysis arose because, in the midst of the pandemic, many social norms changed too quickly to be understood and integrated into a coherent worldview. In the words of one employee: "Uncertainty isn't even enough to explain it: 'We still can't make any decisions, [so] let's see where we are in a few months and until then we'll move. We are not in a single desperate situation, let's remember that everyone is in the same boat.'" This view helps explain why, unlike our second group, less than 10% of mourners think about innovation and, more worryingly, more than 90% are still not equipped to innovate with a remote work model.

Our second group adopted a radically progressive strategy. We call them attackers. Among them are the best innovators in the world, such as Twitter and Amazon, whose agile transition to the new normal accelerated certain innovations: the [subscription service](#) on Twitter or [Amazon's food](#)

[delivery service](#), which [increased](#) its delivery capacity by 160%, and increased its sales by 40% and its profits by up to 100%. collectively, it generated [37% more dividends](#) across the company.

These two companies represent the "attacker" profile, where 98% operate a [business model based on platforms](#) that users can use as buyers and sellers, readers and writers, consumers and creators, an upward trend known as prosumers, individuals who blur the line between production and consumption activities.

We found that this business model exists symbiotically with Rendanheyi, an ideology meaning "employee and customer in one," first developed at Haier, the world's largest appliance manufacturer, and subsequently adopted by Amazon, Apple, eBay, Facebook, Netflix, Twitter, Uber, and YouTube, among others. Within these companies, the concept of distance refers to the regularity of interactions with prosumers and the amplification of influences that connect brands with new consumers (and future prosumers).

To illustrate it better, let's remember Haier's smart refrigerator, which scans items as they are placed inside, can recommend recipes, suggest shopping lists and notify consumers, through an application when they run out of supplies. The owners of these refrigerators have full control of their specifications and can even speak directly with the assembly engineer via video call to modify it, as it is assembled and programmed.

Twitter operates similar real-time communication practices, true to the mantra "Digital customer service is a service that shows." The company trains its employees to sign written communications with their names in order to always personalize all interaction with the customer. This method has greatly reduced the distance between employees and customers, which in turn has allowed staff to take over customer relationships on behalf of the company. This strategy is somewhat radical, one vice president told us, adding, "Taking the time to engage with your audience always pays dividends. But remember that effective support requires frequent communication and setting expectations."

As soon as COVID-19 emerged, the group of attackers increased their interactions with customers. Twitter recorded an average increase of 29% compared to this time over the past year; by contrast, the group of mourners reduced their communication and connectivity, due in part to office closures, the implementation of remote work, and an over-reliance on chatbots (which, by the way, rank last in customer satisfaction).

Attackers recognize that cultivating relationships is vital to turning customers into prosumers and prosumers into loyal brand ambassadors. During this process, attacking companies can better understand consumers, which is vital for making informed decisions about what products and services to develop, and exactly how to do so; In addition, we found that these interactions help them demonstrate engagement, share knowledge, and make customers feel valued and essential, overall, creating bonds of loyalty in more than 62%.

Creating customer value in six steps

Our firm sought to share information on how leaders can innovate under a remote work model, through the creation of value for the client in order to create timely loyalties. According to our findings, the group of attackers adopted six sequential steps to achieve this goal; so, it doesn't matter if you want to transform your army of mourners into a frontal attack on the crisis or if you want to start a new company, and here we tell you how you can achieve it:

Step 1: Define a schedule and stick to it. Employees must be safe and secure, both emotionally and cognitively, before new ideas can begin to emerge. For grieving businesses, working from home has

made it difficult to separate home life from working life, and more than 76% have replaced commuting hours with longer work hours. This causes burnout, so recreating a sense of order will provide structure and familiarity in times of uncertainty.

By maintaining a similar schedule and meeting regularly with colleagues, albeit virtually, 84% of attacking companies have retained the daily rhythm that existed before COVID-19, which helps maintain emotional and cognitive well-being. But to get it right, it is of the utmost importance to establish clear systems of participation. For example, team updates are shared via asynchronous discussion forums and WhatsApp groups; controls are performed in Zoom or Teams face-to-face meetings; and decisions are made through synchronous audio calls, not video calls.

Virtual meals, during which touching on work topics is prohibited, allow employees to hold informal conversations that help build strong bonds between teams. These interactions build the foundation for a stable dialogue, which fosters positive cognitive and emotional states of staff.

Step 2: Introduce the culture of service. Once workers know how to communicate remotely, the next step is to reverse the pyramid of importance and status so that everyone and everything is focused on supporting customer support teams. This concept was adopted by 94% of the attackers, with which collaborative work is encouraged, individualism is avoided and collectivism is promoted.

To achieve this, the attacking companies eliminated the command and control structure, typically characterized by pyramidal organizational charts, traditional line management, levels of authority, and conventional, rigid routes of progression and reward, which is the antithesis of the service culture. In the absence of such a hierarchy, [customer support teams can thrive](#), leveraging the various potential ramifications to turn them into revenue and profit.

Step 3: Turn leaders into delegates. Eliminating controls and introducing customer service teams requires leadership and its responsibilities to evolve. That's because, within a functional service culture, innovation isn't limited to a single team; attacking companies comprise interdependent, connected networks of small teams that tirelessly pursue greater customer value, through rapid development cycles.

Free from hierarchy or bureaucracy, these worker-led teams promote collaboration and reward collective achievements. Leadership, therefore, becomes somewhat redundant. Up to 96% of the attacker group has replaced old leadership ideas with the figure of delegate, a concept that encourages collaborative work, eliminates individualism and supports collectivism, giving individual employees the autonomy to serve customer needs while working towards a common purpose as part of a team.

Step 4: Together, reduce the distance with the customer. With delegates operating, everyone can work together on a single goal: to create value for the customer, reducing the distance between the consumer and the employee. This approach transforms traditional customer communication into something much deeper; 84% of the group of attackers said that this communication was about continuous, low-friction and personalized interactions.

Interactions of this nature foster real-time feedback for the customer and provide a greater sense of purpose and satisfaction for employees. The radical empowerment we find in 81% of attacking companies creates relationships that drive greater engagement with innovation, because employees are motivated to constantly seek value on behalf of their customers.

Step 5: Allow employees to own customer relationships. Radical empowerment can only thrive if employees are allowed to [own the relationship](#) with each customer, which goes against the

conventional norms of many managers. But trusting your staff greatly improves the likelihood of innovations occurring: 91% of the attacking workforce told us they appreciate the visibility of their contributions, which in turn helps improve their motivation and productivity and thus encourages further innovation.

The challenge for grieving companies is to enable and catalyze the customer-employee relationship, providing an ecosystem in which innovations can occur and, most importantly, placing faith in their workforce to identify meaningful innovations.

Step 6: Gamification. Workstations on Amazon feature a roster of games with retro graphics, such as MissionRacer, PicksInSpace, Dragon Duel, and CastleCrafter, to make the job more fun. [Employees can compare their progress](#) on an individual or group level. Winners have the right to show off and get "loot" redeemable for rewards. This gamification concept was also adopted by 76% of attacking companies to measure staff contributions to business innovation. As a result, we found that 81% of employees who tried gamification at work enjoyed their job much more.

Ultimately, innovation is critical to sustaining businesses, especially in this disruptive era. The six steps we identified with our study allow workers to tap into this newfound creativity, and generate innovations that support product and service development remotely. Therefore, the only thing left to decide is to hurt or attack.