

How leading companies are innovating remotely

Article

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How the world's best firms are innovating remotely: and how you can learn their five steps

The 'new normal', the 'next normal' and 'the great reset' are several phrases used by business leaders and politicians to describe the world in which we now live. Whichever your preference, there is wide-spread consensus that employees and customers won't be returning to the old normal, ever. And how could they? Thousands of firms, including Cirque du Soleil, Hertz, J. Crew, JCPenney, Le Pain Quotidien, and Virgin Atlantic, have already filed for bankruptcy, [up 43 percent](#) on this time last year - and thousands more are about to. Take HSBC, who just accelerated plans to cut 35,000 jobs across several countries. While this desperation isn't surprising given the pandemic [nearly collapsed the global financial system](#), other multinationals are behaving very differently, even when facing the same existential shock.

So, why such duality?

Within these firms, the pace of innovation is actually [accelerating](#), which is leading to better outcomes for employees and customers: during the past two months alone, Netflix onboarded [16 million new subscribers](#), Amazon processed [\\$11,000 of orders every second](#), Facebook received [15 percent more traffic](#), Twitter allowed [employees to work from home forever](#), [Mastercard collaborated with Microsoft](#) to accelerate development across digital commerce and start-up ecosystems, [PepsiCo launched a new era](#) of operational agility, and [Apple](#) decided to become entirely carbon neutral.

To understand how these innovations occurred, and why they were, we studied 1,000 Innovation Leads across 17 countries between April and August 2020. We sought to understand how their innovations took place, especially within remote circumstances given current [scholarly research and executive insight](#) suggest that innovation needs face-to-face interaction. Triangulating data from multiple sources, including interviews, observations, and surveys, enabled us to cluster two innovation profiles, suggesting firms across the world typically responded to Covid-19 disruption two-fold.

Firstly, a conservative approach adopted by a cluster we termed **Mourners**. These firms struggled to adapt to the 'new normal' because the global pandemic triggered feelings of [loss and void](#) within them: many of their workers are consequently experiencing high rates of depression (53 percent), anxiety (55 percent), and even PTSD (32 percent), associated with loneliness, isolation, and low distress tolerance. For these reasons, 87 percent of **Mourners** focus primarily on what they *can* control - firstly, [recreating, and repurposing their offices](#). And secondly, expending enormous [cognitive load](#), pontificating about what work used to be and what it may become. These classic symptoms of decision paralysis have arisen because many of their societal norms changed too fast to be grasped and integrated into a coherent view of the world. For as one employee told us, "uncertainty doesn't even come close to explaining it - we can't make any decisions yet, let's see where we are in September, and then go from there. There's no desperate urgency; remember, everybody's in the same boat." This viewpoint helps explain why, unlike our second cluster, less than 10 percent of **Mourners** even consider external innovation: and rather worryingly, more than 90 percent no longer know how to.

Our second cluster adopted a radically progressive approach. We called them **Stormers**. They include the world's best innovators, including Twitter and Amazon, whose agile transition to the 'new normal' expedited innovations, including a radical [subscription-based service](#) and a [grocery](#) that expanded delivery capacity by 160 percent, increased sales by 40 percent, and

profits by 100 percent. These two firms epitomize the **Stormer** profile, 98 percent of whom operate a [platform-based business model](#) - in which users interchange from being buyers and sellers, readers, and writers, consumers, and creators - *prosumers*. We discovered that this business model exists symbiotically with *Rendanheyi*, a **Stormer** philosophy meaning ‘employee and customer become one.’ It is used by Amazon, Apple, eBay, Facebook, Netflix, Twitter, Uber, and YouTube, among others. Within these firms, distance is not literal - it refers to the regularity of interactions with their prosumers and the amplification of influence that connects them to new consumers - future prosumers. Here’s an example from Haier, the world’s largest white goods manufacturer who acquired General Electric Appliances (GEA) for \$5.4 billion in 2016. Their smart refrigerator, which scans your items as you place them in, can recommend recipes, suggest shopping lists, and inform when you’re running low via a mobile app. And when you order this fridge, you are entirely in control of its specifications: meaning you can speak directly to the assembly engineer via video call to alter the specification as its being assembled and programmed.

Twitter operates similar real-time communication practices; they promote the mantra ‘digital customer service is visible customer service’. By doing so, they train their workers hard always to personalize interaction, signing communications by a named rep. This method has helped significantly reduce the distance between their employees and customers, which has given license for workers to own customer relationships on behalf of the firm. This is somewhat radical, as one vice-president told us. But added, “taking the time to interact with your audience always pays dividends. Though remember, effective support requires you communicate frequently and set expectations.”

As soon as Covid-19 hit, **Stormers** such as Twitter increased their interactions with customers: an average increase of 22 percent, up 29 percent on this time last year. Conversely, many **Mourners** actually reduced their communication and connectivity to customers, due in part to office closures, migration to homeworking, and overreliance on Chatbots - which incidentally rank [last in customer satisfaction](#). **Stormers** recognize that cultivating relationships with customers is vital to turn customers into prosumers, and prosumers into loyal brand ambassadors. And during this process, **Stormers** can gain a better understanding of them, which helps to inform interactions to products and services: innovation. In addition, we found that these interactions from **Stormers** to help demonstrate commitment, share knowledge, and overall, make customers feel valued and essential, which in doing so, builds episodic loyalty by more than 62 percent.

Hence, our study sought to conclude and share insight on this process: precisely, how leaders can innovate remotely, **in a way that develops** episodic loyalty through the creation of customer value. Our findings concluded five sequential steps that **Stormers take**. So, whether you work inside a **Mourner** or are trying to launch a new venture, here’s how you can do it:

Step one: Define a schedule and stick to it. Firstly, employees need to be safe and secure, both emotionally and cognitively, before ideas begin to emerge. Working from home has made it difficult for many **Mourners** to truly feel “turned off” from work, meaning more than 76 percent have replaced commuting hours with increased work hours. This is creating burnout, so recreating a sense of order will provide structure and familiarity in times of uncertainty. By keeping a similar schedule and regularly meeting with colleagues, albeit virtually, 84 percent of **Stormers** preserve the rhythm of daily life that existed pre-Covid-19, which helps maintain emotional and cognitive well-being. But importantly, every employee engagement is codified. For example, team updates are shared using asynchronous discussion boards and WhatsApp

groups; check-ins occur using face-to-face Zoom or Teams meetings, and decisions are made using synchronous audio calls, not video meets. Also, virtual lunches during which work-talk is banned, enable workers to maintain casual conversations that help build strong bonds across teams. These interactions are always adhered to, for they provide the bedrock for stable converse, which underpins an employee's emotional and cognitive state.

Step two: **Introduce Service Culture.** Once workers know how to communicate remotely, the next step is to invert the pyramid of importance and status so that everyone and everything focuses on supporting customer-facing teams: a concept adopted by 94 percent of **Stormers**, fostering collaborative working, supplanting individualism and promoting collectivism. **Stormers** do this by removing the antithesis of their service culture: command and control, which is typically characterized by pyramidal org charts, old-school line management, layers of authority, and traditional, rigid pathways of progression and reward. As such, customer-facing teams can flourish; the ramifications to revenue and profit [can be immense](#).

Step three: **Turn Leaders into Stewards.** By removing command and control and introducing customer-facing teams, leadership, and the responsibilities of leaders clearly need to evolve. That's because, within a functioning service culture, innovation isn't confined to one team; **Stormers** comprise of interdependent and connected networks of small teams, all of which relentlessly pursue increased customer value through rapid development cycles, unencumbered by hierarchy or bureaucracy and are led by workers that promote collaborative working and reward collective achievement. Leadership, therefore, becomes somewhat redundant. And within 96 percent of **Stormers**, it is replaced by Stewardship - a concept that fosters collaborative working, supplants individualism, and supports collectivism, enabling autonomy towards a common purpose - thus, executives no longer lead their teams, they steward them.

Step three: **Together, reduce customer proximity.** With Stewards in place, everybody can work together to achieve a common purpose: creating customer value through the reduction of customer-employee proximity, to the point where 'customers and employees become one.' This approach transforms traditional customer communication into something far more profound, characterized within 84 percent of **Stormers** as continuous, low-friction, and personalized interactions. These interactions enable real-time feedback and challenge from customers and provide a stronger sense of purpose and satisfaction to employees, creating radical autonomy, which, within 81 percent of **Stormers**, creates relationships that fuel further commitment to innovation - because employees are motivated to constantly seeking value on behalf of customers.

Step four: **Let employes' own customer relationships.** Radical autonomy can only prosper if [employees are allowed to own the relationships](#) with every customer, which goes against conventional advice from many Managers. But entrusting employees with the 'customer Blackbook' significantly improves the likelihood of innovations occurring: 91 percent of **Stormer** workforces told us they appreciate the visibility of their contribution, which in turn helps enhance their motivation and productivity - leading to further innovation. And so, **Mourners'** challenge is to become an enabler and a catalyst of the network between customer and employee, providing an ecosystem for innovations to occur, and, most importantly, placing faith in their workforce to identify them.

Step five: **Gamify.** Before Covid-19, Amazon employee workstations already featured a roster of games including "MissionRacer," "PicksInSpace," "Dragon Duel," and "CastleCrafter" with

retro-looking graphics to make work fun. [Progress was compared with others](#)', either on the individual or group level. Winners received bragging rights and 'swag bucks', which were redeemable for rewards. This gamification concept was subsequently adopted by 76 percent of **Stormers** to score, index, target, metric, goal, **KPI**, and scorecard their employee's contributions to innovations. We found that 81 percent of **Stormer** workers who experienced such gamification workplaces felt better for doing so - for the goal is not a reward at the end of the game, but the knowledge that the gaming platform has helped motivate and inspire the creation of customer value: innovation.