
Reconceiving Innovation for Covid-19



By Manuel Sosa , INSEAD

Covid-19 is an opportunity for businesses to build a new normal that is more human-centric, imaginative and agile.

For certain firms, Covid-19 has infused new meaning into the old cliché that a crisis is just an opportunity in disguise. Before the pandemic, digital companies such as Amazon and Zoom were competing not only with incumbents but also with conventions that refused to die, such as the handshake and the clearance sale. Now, Covid-19 has disrupted the old ways, leaving these already cutting-edge firms with even less competition and much more freedom to innovate. No wonder Amazon **has hired 175,000 frontline workers** as it gears up for massive growth.

Of course, one company's fertiliser of adversity is another's manure. For example, the airline industry is struggling to adapt the interiors of commercial airplanes to the demands of social distancing. Indeed, airplane seating has looked much the same for decades. And there are good reasons why. Even minor changes to the internal layout may have serious implications for safety, weight distribution, etc.

Or consider the hospitality industry. The world's cities are dotted with largely indistinguishable hotels catering to international business travellers. With cross-border flights mostly grounded and unlikely to return to their previous volume before a vaccine is found, the big hotel chains have, if they stay unchanged, little to offer the staycation crowd that **represents their best chance of survival**. They cannot compete with the escapist, highly Instagrammable experiences of hip boutique properties or Airbnb rentals.

To tap into the remaining reservoirs of demand, old-school incumbents will have to pursue innovations that lie far outside their long-established comfort zone. These are complex and multi-faceted changes that elude entirely technology-driven solutions. As an example, Amazon can muster real-time responsiveness in volatile conditions by aiming their best-in-class algorithms at a problem. By contrast, players in today's most profoundly disrupted industries may not have the exact data they would require to train algorithms appropriately, because the markets they are being forced to enter are new to them. They need to go back to the drawing board of innovation.

In short, many incumbents are now confronting design and creativity challenges. As anyone who has taken a design thinking course knows, design is about much more than how things look – it is the holistic process, resources and culture by which companies become great at devising novel and useful solutions to a whole host of problems, including ones that haven't been uncovered yet. More than just a way of thinking, it is a problem-solving discipline that emphasises user-centricity, creativity and agility.

Three innovation skillsets, complicated by Covid-19

Firms – especially those beleaguered incumbents – are crying out for creative problem solvers' skillset now more than ever. What is that skillset exactly? Over many years of research and collaboration with design professionals, I have identified three core components:

User-centred “insighting”: The ability to convert insights about users into innovation opportunities. Note that this refers to internal users as well as external. Designers and creative problem solvers are uniquely able to translate those insights into new areas to delight users while maximising efficiency and accessibility.

Creative ideating: The ability to transcend the status quo through the strategic exploration of radically different alternatives. To make things better for the user, dreaming up novel solution paths (which is at the core of the creativity phenomenon) is fundamental.

Agile iterating: The ability to guide a series of rapid and cheap (in other words, agile) experiments to test and refine ideas based on feedback. This necessitates a level of curiosity and comfort with uncertainty and learning from failures that is rare among corporate leaders.

With Covid-19, there are additional complexities and challenges affecting these three components.

User-centred insighting is more difficult now, because user habits are changing rapidly; some old habits are being put to rest while new habits are emerging. Many of these changes may revert – such as cessation of travel and avoidance of inessential shopping in retail stores – once a vaccine becomes available. Others are likely to outlast the crisis. In other words, user journeys in virtually all sectors are being revised, and hard-won insights from the past have been rendered largely irrelevant.

Drafting new user journeys might require imagining new scenarios and extrapolating from analogous situations from other sectors because conducting the typical empathic observation of target users is increasingly hard to do given social distancing constraints. Moreover, innovation teams are increasingly relying on videos, as well as **augmented and virtual reality** to capture the contexts of the users they serve and uncover insights about such environments and user interactions remotely.

Creative ideating thrives within safe spaces where ideas can bounce and innovators can work closely with one another. Covid-19 has made it almost impossible for creative teams to congregate in person. This raises the problem of how to move high-quality collaborations online. With “Zoom fatigue” becoming the new occupational hazard for professionals of all stripes, how can innovative teams work together intensively without hitting a wall?

Using technologies that allow for real-time interaction – imagine a virtual wall with sticky notes on which to draft, share and discuss ideas – will provide ways to get creative ideation sessions going. Innovators can use individual remote ideation followed by group work and discussion.

Fortunately, past research has shown that such hybrid ideating is indeed an effective way to generate and evaluate creative concepts. In fact, some lessons from the physical realm could be carried over into the virtual space and vice versa, which would improve outcomes more broadly. For example, my ongoing research investigates the causal link between the visual attributes of physical workspaces and individual performance on creative tasks. Currently, we are conducting experimental studies online to see if our findings hold true for remote workspaces. It's crucial to understand how we can effectively dream up creative ideas while having the team geographically dispersed and mostly connected by digital tools.

Agile iterating, too, suffers from social distancing. More specifically, the lack of extended physical contact with end users and other stakeholders who, in earlier times, would serve as test subjects for rapid experimentation is a barrier to feedback about preliminary ideas. Hence, agile problem solvers need to be even more creative to get feedback about their ideas (or proxies of their ideas) remotely. This is especially true when testing ideas that are more analogue or hardware-based rather than those that can be shifted to the online space and tried out remotely.

More importantly, the high-level organisational tolerance for failure that is a requirement of agile iterating is running thin at most firms now, as resources dwindle amid the financial crunch. Hence, protecting the learning-from-failure culture or sustaining failure tolerance for the sake of learning is probably one of the biggest hurdles for innovation leaders nowadays.

Digitising product and service experimentation in order to get feedback from potential target users in remote settings will be crucial to maintain effective innovation. Virtual reality tools will also be handy for this as they would allow for lifelike experimentation while maintaining social distancing. This can then be the beginning of new creative methods that add further agility even after social distancing restrictions are lifted.

Big difficulties but even bigger innovative opportunities

To be sure, merging business and design comes with a great many hurdles. And Covid-19 might seem, on the surface, to make it worse. Remote working robs innovative problem solvers of the face-to-face interaction that greases co-creation and experimentation. In addition, working with designers virtually rather than physically threatens to devalue the collaboration. It is more difficult for skill transfer to take place in the digital world despite the

potential benefits of new digital technologies and new platforms for digital collaboration.

Despite these tactical difficulties, Covid-19 is probably the greatest catalyst to innovation the world has seen in a long time. Indeed, success after the pandemic hinges upon business leaders using this unprecedented moment to produce a step-change along three dimensions of innovation:

Human-centricity: Covid-19 is forcing all organisations to put people at the centre so that their user journeys are valuable and above all safe. This offers great opportunities for firms to refocus on the user rather than on processes or technologies. Business leaders must use empathy to gain a deeper understanding of situations from the user's perspective.

Creativity: Covid-19 is challenging the status quo in every industry, everywhere. Leaders could use such a push away from existing solutions and patterns to gain access to a blank canvas spurring innovation. Covid-19 invites leaders to stretch their imaginations and explore possibilities for solving problems both old and new.

Agility: Because Covid-19 has amplified the rate of change in every aspect of business, it provides a fantastic opportunity to develop a flexible, safe and courageous organisational environment that can quickly and cost-effectively adapt to such changes. Such an adaptability to rapid change is an imperative leaders should prioritise right away.

Navigating the unpredictable road ahead will test innovation leaders and problem solvers' imaginative skills. Their primary challenge at this moment is to reconceive how innovation gets done. This would do more than aid in the economic recovery: It would help businesses build a new normal that is more human-centric, imaginative and agile.

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Covid-19

Covid-19 is no longer a global health emergency but its impact on public health, the global economy and the future of work cannot be overstated. INSEAD's thought leaders — both faculty and their close collaborators in the practitioner and entrepreneurship communities — give their informed perspectives that could help us not just weather the crisis but emerge from it stronger than ever.