

# How to Embed a Culture of Innovation

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It may have a reputation for conservatism, but the insurance industry is no stranger to innovation. If we look back through history, we see that insurance has driven innovation in crime prevention, firefighting, occupational health, road safety, healthcare, climate change, and many other areas of society. There's also room for innovation in how the industry conducts its business and serves customers, particularly through the adoption of technology like data science, telematics and predictive analytics.

## Executive Summary

There's room for insurance industry innovation in a number of areas, such as how the industry conducts its business and serves customers. Enservio CEO Jon McNeill outlines four ways to embed a culture of innovation in order to get there.

The fact that you've always done things a certain way is not a good argument for clinging to tradition. Human progress is based upon innovation. We improve on existing systems, or, in some cases, scrap them altogether in favor of more efficient replacements. It's important to challenge tradition and find ways to empower and inspire.

Yet we also know, all too true, how innovation can be a tough sell. It's risky and unknown. It challenges the status quo. If you want to create a culture where innovation can thrive, it's necessary, not just to change minds, but to change mindsets.

## Start with education

How do you get executives to think beyond current products and services? How do you encourage them to think in an innovative way when they're focused on meeting quotas? You have to instill some insight, and the best way to do that is to ask them to try on your customer's shoes. By putting them in the end user's seat, they can see flaws and opportunities in your product far more quickly.

You also have to paint a realistic picture of what the long term benefits of your innovation will be. Disruptive innovation is often about adopting new technology or business models that will meet the needs of your customers in the future, not necessarily addressing what they're asking for now. Innovation requires vision.

## Speak the right language

No matter whether you're talking to someone on the board, a mid-level exec, or an IT professional, it's vital to present your ideas in a way that they'll grasp. Presentations should be tailored to the audience, even if the underlying suggestion is the same. Innovation means different things to different people, but you have to secure buy-in from all stakeholders before you can really leverage the benefits of a new system or an innovative service.

There's time to drill down into the details later. When you're selling innovation you have to focus on the big picture. But there's a line here between what's practically achievable and having your head in the clouds; be careful not to come down on the wrong side of it. Back up your assertions with clear arguments and as much evidence as you can gather.

## **Choose your targets**

There's an element of risk with every change or new twist on an established process. Businesses or divisions will be far less receptive to innovation if they are just struggling to survive. Strong performance may indicate a target most receptive to try new things. Strong performers and divisions may be ripe for change, and more likely to grasp at an innovative opportunity to expand, despite being in less need of it. If you're pushing a new product or service, maybe you pilot it with executives or departments that have already shown a flair for innovation.

Your proving ground will serve as evidence for the rest of the company. Put the right metrics in place and you'll have the analysis you need to show that it works. This will lend the innovative approach some credibility and legitimacy in the eyes of even the most resistant conservative, making it much easier to roll out company-wide. This evidence should always be backed with projections and models that make the business case for further innovation.

## **Don't box it in**

Too often innovation becomes synonymous with new product or service, but if you really want to instill a culture of innovation you should encourage employees to think beyond limited definitions. Packaging existing products in new ways, exploring co-branding partnerships, or reimagining services to apply to a specific demographic, can be every bit as beneficial to a business as rolling out a successful new product.

You also need your team to think ahead and identify the disruptive opportunities and threats on the horizon, instead of merely focusing on some short-term gain. Good ideas can arrive from anywhere. Listen to customers and employees at every level, and make sure that innovative ideas are recognized and rewarded. That's the beauty behind a so-called 'flat' organization: every employee is treated as a highly valued asset

If you want to create a lasting culture of innovation and break free of doing business as usual, these steps may help you get there. Educate and empower the right people, explain the business benefits to stakeholders in language they'll understand, nourish an innovative mindset, prove new ideas with a pilot scheme, and encourage vision through long-term thinking.

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