

A Framework for Innovation in the COVID-19 Era and Beyond

A new playbook can help leaders determine which changes endure and when to invest more in opportunistic transformation

Johnathan Cromwell and Blade Kotelly • February 17, 2021

Reading



While COVID-19 continues to cause devastating disruption to the global economy more than a year into the pandemic, it is also continuing to force remarkable innovation across different industries. Companies have found new ways to sell, service, and operate during the crisis. But will opportunistic changes made during turbulent times also create opportunities for systematic growth after the pandemic passes?

It's unlikely that fashion brands will still be making protective face coverings a couple of years from now or that barbers will be giving haircuts outdoors. However, many of us may still be working remotely or choose to see our doctors via telehealth appointments rather than losing valuable time to heavy commutes and in-person visits.

At first glance, the adaptations businesses have made in response to COVID-19 may appear to be nothing more than entirely reactive responses to an unprecedented situation. However, innovation has always been a turbulent process of venturing into the unknown, and recent research can guide businesses to better understand how changes made in the past year can help them emerge from the pandemic stronger than before.¹ The first key to this understanding is recognizing that there are two fundamentally different types of innovation; the second key is understanding that each type requires different problem-solving skills to successfully overcome challenges and pursue opportunities for growth.²

We've analyzed a broad range of organizational responses to the coronavirus crisis over the past year through the lens of the latest research on innovation. The result is a powerful framework that can help business leaders discover new innovation capabilities within their organizations and determine how best to invest resources for long-term success.

Misperceptions About Innovation

Several of the most common innovation methodologies in organizations today — design thinking, lean startup, and “jobs to be done,” to name but a few — share a common approach to problem-solving. First, you must identify the core problem or customer need to address. Then you can generate many different approaches to solving the problem and conduct various tests with users to determine the best possible solution. This approach works because it helps business

leaders foster a culture of exploration while staying closely aligned with the existing mission and current objectives.

However, this process is not necessarily appropriate for all situations. For example, many businesses are operating in emerging industries such as the internet of things, personal robotics, or biohacking, where the specific customer problems are still unknown. In these situations, rather than trying to anchor on the problem and then searching for a solution, research shows that you can be more successful by anchoring on the solution (such as a new technology or patent) and then searching for a problem.³ Using this emergent innovation process allows organizations to take existing resources and explore entirely new business opportunities.⁴ Well-known examples include 3M and its invention of the Post-it Note; and Dyson, which has found many ways to reapply its vacuum technology to other product categories, such as hand sanitation, air purification, and hair care.

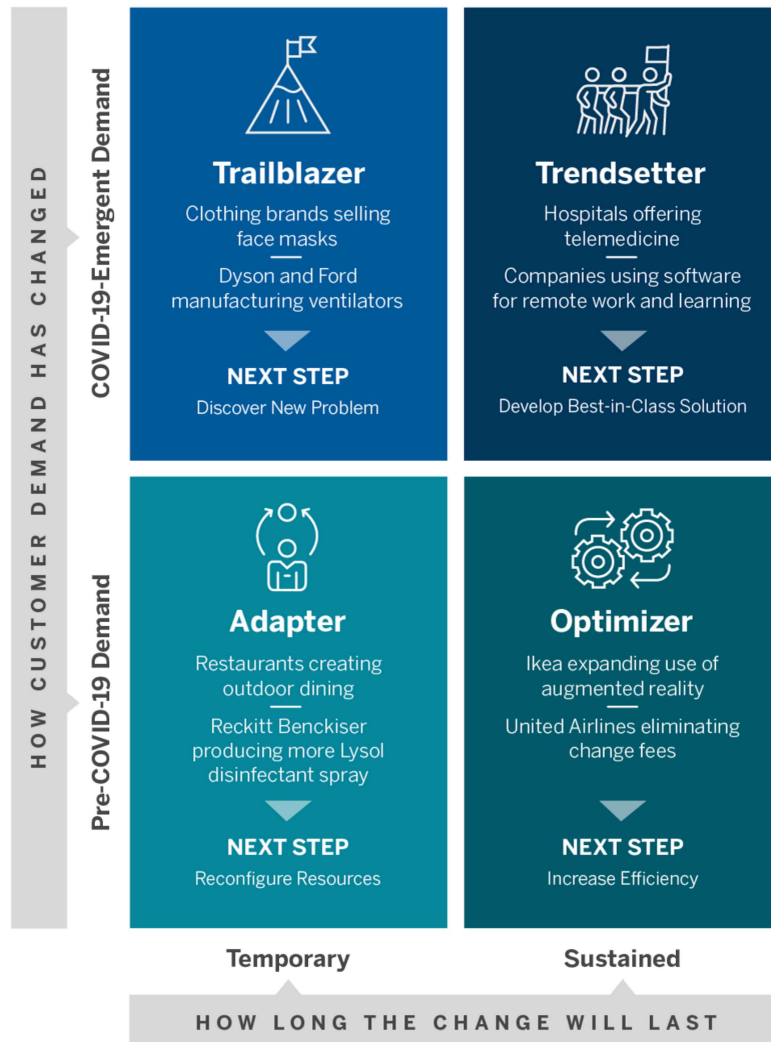
In the context of COVID-19, many businesses have reflexively adopted one or both types of innovation, resulting in new capabilities they can further refine and strategically deploy in the future. The challenge, however, is knowing which one to use and when.

We have developed a framework to help business leaders conduct this analysis. (See “Company Innovation Profiles During COVID-19.”) First, you can assess whether your organization’s response to the pandemic represents the traditional innovation process (satisfying the same customer demand as before but with a modified approach) or the emergent innovation process (satisfying a new customer demand that emerged from the pandemic). Second, you can forecast how long these changes will last, whether temporary changes that are likely to disappear once the pandemic is over or sustained changes that will become a regular part of your organization’s operations going forward.

By identifying where your organization fits in this framework, you can determine how best to leverage your experience from the past year to devise new innovation strategies that align with your future business goals.

Company Innovation Profiles During COVID-19

Organizations can better understand their responses to the pandemic and assess their future innovation capabilities based on the changes in customer demand they saw and how long those changes are expected to last.



1. The Adapter. The Adapter quadrant of our matrix is reserved for businesses that saw temporary changes to demand for products and services they already produced before the pandemic. This includes scenarios like restaurants creating outdoor dining and consumer-goods company Reckitt Benckiser ramping up production of Lysol disinfectant spray to keep up with global demand. Successful companies in this quadrant have learned to deliver the same products or services but likely with fewer resources.

For example, Flour, the lauded bakery group based in Boston, has nine locations but couldn't balance demand for baked goods across its restaurants when they experienced changes in foot traffic under COVID-19 restrictions. In response, it moved all baking to a central location and allocated goods to each restaurant, enabling it to increase the quality and consistency of food provided to customers with a much smaller workforce. As a result, Flour learned how to reconfigure its resources on the fly to satisfy shifting customer demands. Although these changes are expected to be temporary, the organization gained new problem-solving skills that can be reapplied to other challenges in the future. For example, it now has the ability to quickly respond to new food trends, or it could open new stores in much smaller locations that don't have enough space for a full kitchen.

2. The Optimizer. Successful Optimizer companies also learned how to reconfigure their resources to satisfy existing customer demand, but because that demand will be sustained, they must shift their focus to increasing the efficiency by which they deliver these products and services. Consider Ikea, which had previously invested in augmented reality to help customers choose furniture without physically going to an Ikea store. During the pandemic, with foot traffic all but disappearing at times, the company decided to invest more in this new technology and added more than 2,000 products that customers could visualize from the comfort of their own

homes. As retail reopens more broadly once vaccines are distributed and regulations change, Ikea can continue innovating by optimizing its augmented-reality app to complement and enhance the traditional in-store experience.

3. The Trendsetter. Trendsetter companies responded to the crisis by developing entirely new products or services that will continue to be in high demand post-pandemic. For example, like many health care providers across the U.S., Massachusetts General Hospital (MGH) began a completely new effort to offer telemedicine appointments during the pandemic. Doctors and nurses were required to learn how to use this new technology, develop new skills for providing care, and implement new routines to satisfy the emergent demand.

Looking ahead, MGH can gain competitive advantage in its industry by continuing to innovate with this service offering and working to develop a gold standard for delivering virtual health care. This includes improving the user experience, reducing overhead, and satisfying its health customers by offering patients more flexibility in scheduling appointments.

4. The Trailblazer. Throughout the pandemic, we've seen many examples of Trailblazer companies — those that use existing resources to solve new problems they had never tackled before. Dyson, a company famous for innovation, saw that the world needed more medical equipment during the pandemic and recognized that it could produce ventilators. Interestingly, because Dyson could work only with available resources, it confronted unusual constraints that pushed the company to develop an entirely new ventilator design — one that could actually be produced at a fraction of the cost of previous designs. As COVID-19 becomes a distant memory, the need for large quantities of ventilators will diminish, and Dyson will likely withdraw from the industry.

However, the skills that Dyson's workforce gained from this experience are everlasting and can be instructive for other companies that engaged in emergent innovation during the pandemic. Many businesses followed a similar process, such as alcohol distilleries producing hand sanitizer, fashion brands producing masks, and pharmaceutical companies repurposing drugs to alleviate COVID-19 symptoms. While these may seem like opportunistic adaptations based on unexpected circumstances, research shows that this type of innovation can actually be systematically used to produce highly innovative products and services on a regular basis.⁵

As Trailblazer companies look to the future, they may be wondering how best to use this type of innovation for optimal growth. Although emergent innovation can provide new business opportunities and yield tremendous long-term value, it also presents important challenges for organizations to overcome. Companies are often more attuned to using the traditional innovation process, which allows them to address a known problem with more strategic control and direction. The coronavirus crisis has shown that it's important for organizations and leaders to become more comfortable with uncertainty and ambiguity — fundamental parts of the emergent innovation process.

To navigate this ambiguity successfully, companies must remember to anchor their processes on the constraints of the solution rather than the clarity of the problem. This may involve focusing on a narrow set of resources within the business, asking users how their products could be useful in new ways, and iterating through several open-ended domains until a clear and specific problem emerges near the end of the process.

The pandemic has forced companies in almost every industry to innovate in some regard. During this unprecedented moment in business history, some have discovered new

business opportunities that will last long into the future, and others have developed new skills that can be reapplied to solve other problems and discover new opportunities they may not have foreseen. By orienting their organizations within our innovation framework, company leaders can better understand how they weathered the storm and leverage newfound innovation skills for long-term success.

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