

Abstract

- Title:** How to create an organizational culture that promotes innovation – A case study at Siemens Industrial Turbomachinery AB
- Authors:** Ida Andersson and Linn Andersson
- Supervisors:** Robert Bjärnemo, Professor, Machine Design, Faculty of Engineering, Lund University.
Fredrik Häglund, PhD-Candidate, Department of Business Administration, School of Economics and Management, Lund University.
Niklas Lundin, Technology Manager, Future Technology, Product Development, Siemens Industrial Turbomachinery AB.
- Problem discussion:** Siemens Industrial Turbomachinery Gas Turbine R&D experiences a successful past and present. They operate in a mature industry and have ascertained a need for improvement with innovations. Companies, likely SIT AB, that have practiced a successful past and are operating with a mature technology, often face the risk of being caught in the so called performance trap. The definition of a performance trap is a company that currently is performing well and experience sufficient growth, but is too occupied with its core business and forgets to search for those opportunities that will lead to future growth. The challenge for companies that are using mature technology is to be able to adopt new technology, i.e. perform radical innovations.¹ Companies that have experienced successful pasts and are operating with mature technology, in mature industries, often face the risk of being caught in the performance trap. To increase radical innovations and not only incremental like improvements of products, companies and also SIT AB, need to develop a system or way of working to meet the challenge to avoid a performance trap.
- Purpose:** The purpose in this thesis is to construct a customized plan of action regarding how to improve the organizational culture for innovations.
- Method:** The thesis is an exploratory case study, meaning that existing theory are matched with empiric findings in order to expand and develop theory on the factors in the organizational culture that will influence innovation. The

¹ Christensen, p. 45

case study has been conducted at SIT GT R&D, but empirics have also been gathered from two companies, Alfa Laval and SCA. They are comparable companies in the sense that they are manufacturing companies with a successful past, high level of educated employees and operating in a mature industry with a mature technology. Both a qualitative and a quantitative method were applied in order to make use of the synergic effects. The working process has been divided into three main steps; firstly, a pre-study to map the current situation at SIT GT R&D and to do a theoretical research, secondly a matching of the empiric findings with theory and, thirdly, recommendations regarding how to organize for innovation.

Conclusion:

According to the academic theory of how to work with and support innovations, SIT GT R&D fulfills many factors that are essential to possess in order to promote innovation and creativity. The company has the necessary presumptions that are needed in order to generate innovations, but the presumptions are not sufficient enough and there is definitely room for improvement. SIT GT R&D, just like other companies in mature industries, faces the risk of being caught in a performance trap because they prioritize short time projects, with more immediate results and benefits, before the long term projects and solutions. To become a more innovative organization changes need to be adopted, since innovation does not occur by itself just because the company states that it wants to be innovative. A plan of action for innovation is needed. The four step solution presented in this thesis includes the following; Step one, clarify and implement a strategy for innovation. Step two; secure communication for innovation, e.g. effective communication between R&D and the market department. Step three; implement support systems for innovation, e.g. budget for innovation. Step four; provide the individual drivers and motivators needed for innovation, e.g. providing the employees with empowerment and autonomy. By implementing those steps that are presented in the plan of action, the organization will develop those capabilities and assets that are needed to promote innovations and to avoid a performance trap. This will not only lay the foundation for future survival but also bring along the potential of making the capability to generate innovations a significant competitive advantage.

Keywords:

Innovation, creativity, organizational culture, mature industries, performance trap