

Trend topic: **New business models**

By



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# Innovating as a verb: The linguistics of evolving your business model

Innovation varies by culture but can be built anywhere through leadership that shapes language, reframes assumptions, and designs incentives and structures – treating innovation as a continuous, customer led capability, not isolated ideas.

After years of working with teams across industries and geographies – from the US and Europe to the Middle East and Asia – I have seen how different national and institutional contexts shape how innovation is understood, prioritized and put into practice.

In the US, for example, innovation is framed as heroic, disruptive and individual. That can be powerful fuel for ambition, but it can also allow the shiny appeal of 'the next big idea' to overshadow shared organizational responsibility. In Japan, by contrast – where many businesses place a premium on coordination and consistency – innovative action can become subordinate to executive priorities such as efficiency gains.

I see these patterns clearly in my consulting work in both countries. As an exercise, I often take senior leaders onto the shop floor and ask them to observe customers closely and write down what they notice. American managers usually get 'hijacked' by their own ideas halfway through and start designing a solution before they have fully absorbed what they are seeing. Japanese teams, on the other hand, are typically more disciplined in the observation and data-gathering phase but may hesitate when it is time to generate new ideas.

I saw similar patterns play out as my three sons moved through classrooms in the US, France and Japan. In Japan, the educator's report cards emphasize the child's ability to work with others and help with the collective tasks. The French teachers' feedback emphasizes instead the cognitive skills and performance, how the child stands out in the class. In the US, the emphasis is on self-expression, participation and air-time, and how unique the child is. With each move my sons made, it became clearer how early these assumptions are formed.

This, to me, is one of the most underappreciated truths about innovation: change culture is not built exclusively through mission statements or executive declarations. It is also—and in fact, sometimes more effectively—built through micro-behaviors, and the language that creates them.

But that experience also reinforced something important for my own work: all of this is learned, which means all of it can be changed. Context shapes the starting conditions, but it does not determine the outcome.

In fact, I have seen leaders who truly understand the strengths and constraints of their environment build innovating capabilities almost anywhere. That is why I prefer not to speak of innovation as a noun, a discreet outcome, but rather as a verb: a capability to be exercised continuously and across the enterprise. It puts the focus where it belongs: not on isolated ideas, but on the managerial choices, processes and patterns of conversation that make new value creation more likely.

## Introducing the language of new thinking

In environments in which the main roadblock to innovation is the shaping or developing of new ideas, language itself can become a powerful managerial tool.

I once worked with a Japanese company, Recruit, whose managers wanted to develop a better way of turning employee ideas into proposals that were both customer-relevant and commercially grounded. My advice was simple: whenever someone brought forward an idea, the managers should respond with the same three questions, always in the same order: *Why* would the customer like it? Then: *what* would it cost the customer? And finally: *what* would it cost us?

The sequence here is critical. The first question anchors innovation in customer value. The second and third questions then introduce the economic logic of the idea: *what* the customer may be willing to pay and then, but only then, *what* it would cost the firm to deliver.

When I returned several months later, one manager told me he had used that sequence so consistently that his team had started anticipating it. Over time, employees began arriving with more thoughtful, developed ideas because they already knew what

would be asked of them. The shift was subtle but had a real impact. A simple linguistic practice had changed not only how his team worked, but how they thought.

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### Rejecting fixed ideas of ‘what we do’

When I see organizations limiting their innovating potential, a common reason is that they are trapped by their own definition of the industry or sector they are in. They assume, in other words, that the boundaries of the business are fixed — mistaking the current business model for the business itself.

That is why business model change begins with reframing. The organizations that change their business models most effectively are usually led by executives willing to question the most basic assumptions about the firm: *What capability do we really own? Who exactly is our customer? What business are we truly in?*

I often describe the CEO, for this reason, as the reframer-in-chief.

The role of “reframer-in-chief” is partly philosophical. Leaders set the language of the enterprise: the terms through which people understand growth, value and possibility. But it is also deeply practical, reframing changes where a company looks for opportunity and what kinds of business models it is willing to consider.

Take Kordsa, a Turkish manufacturing company historically known for producing reinforcement materials for tires. For years, Kordsa operated as a commodity supplier to a single industry, competing largely on price. Then leadership changed. The CTO became CEO, and under his direction, the company

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began to explore an idea: Beyond tires, what else might it reinforce?

Once the company stopped defining itself by a single product category in a single industry, and started defining itself by a capability, new markets and business models came into view. Kordsa has since expanded into construction, electronics, and even aerospace engineering. They achieved this not by abandoning their core business, but instead by expanding the frame around it.

Kordsa is now branded, simply: the Reinforcer.

### Fostering ambition through healthy competition

I like to describe organizations as running on two engines at once.

The first is the executive engine: budgets, targets, quality controls, delivery. It’s what keeps the company afloat and functional. The second is the innovating engine: new ideas, connecting those ideas to people and resources and, ultimately, forward momentum. Put simply: the executive engine

protects today's performance, while the innovating engine expands tomorrow's possibilities.

The mistake many companies make is trying to run that second engine on the logic of the first. They want their innovation engine to produce predictable outputs, on predictable timelines, against precise KPIs. What they get instead is a kind of innovation theatre: a lot of visible activity such as conferences and speakers with very little enduring change. We're seeing a lot of this currently with AI: money poured into discreet 'opportunistic' or 'faddish' projects without an underlying clear link to the broader mission and strategy of the company.

The solution is for middle managers to act as the hinge between the aspirations of innovation and an innovating practice. Their role inside the innovating engine is to create space for exploration, acknowledge contributions, protect time for exploration and connect promising ideas to the resources that can move them forward.

Another lesson from working across markets is that workforces do not all respond to the same forms of encouragement or incentives. The ingredients of ambition, or the kinds of incentives, that work in one setting might fall flat in another. I have seen some

companies emphasize extrinsic motivators such as financial bonuses, titles and fancy awards, when in fact many employees feel a greater sense of pride and influence simply from being given the permission to innovate, share their ideas and receive an acknowledgment and recognition for their efforts.

I have never fully subscribed to Silicon Valley's mantra, 'don't ask for permission, ask for forgiveness.' If an organization has genuinely given its people permission to innovate, there should be no need for forgiveness at all. What I have come to believe instead, after years of observing what actually moves teams, is that nothing builds momentum like visible success. Or put simply: make other people jealous.

I've seen this done in several simple and effective ways. At the German insurance company Allianz, for instance, one approach was to publish the sort of league table often used in ranking sports teams, but instead for middle managers in operational units — not of the most productive or the most efficient units but of the most innovative.

This created a straightforward but powerful social mechanism. No manager wanted to find their name at the bottom of that list. There was no bonus attached, no financial award; the point was



awareness. Innovation became something that was publicly recognized, discussed and, importantly, emulated. Managers began asking one another what they were doing differently.

Slowly but surely, innovation stopped feeling like a side activity and started becoming a legitimate managerial responsibility.

## Establishing a framework for innovation

Regardless of culture or context, whenever I begin working with a new company, I often run a quick, informal audit. One of the simplest questions I ask employees during this audit is: If you had an idea, where would you go?

In companies that are already taking innovating seriously, the answer is concrete. Employees can point to a manager, a governing body, a task force or a formalized process. In companies where the answer is vague, however, innovation is usually still operating at the level of rhetoric.

For frontline employees to participate meaningfully, organizations need a governance framework for innovating. I have seen this take different forms, depending on the industry, the country, or the company structure: for example, this can be academies, cross-functional forums and even internal start-up pathways that allow employees to apply for support in developing ideas.

At Bayer, for example, leadership chose to formalize innovating into an internal innovation network. The company appointed senior innovation ambassadors, trained a broad network of innovation coaches and created a platform where employees could post problems and invite solutions from across the organization. The new network emphasized and put the spotlight on innovation beyond technology and science, for example: new thinking in marketing, in prevention as well as cure and in services and solutions as well as products.

One of the most telling outcomes of this effort was that many of the strongest ideas came from outside

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of the unit or function where the problem originated. This is how distributed innovation works when put into practice. When people are not limited only to improving their own team's work, employees often see opportunities for growth and change across the whole system.

This is when innovating finally starts to truly become everybody's business.

## The tools of innovation change, the methods do not

Every few years, business leaders convince themselves that a new technology is going to fundamentally change how they innovate. Today, of course, that technology is AI. But before that, there was cloud. And before that, enterprise software writ large.

While the technology may change, the core goal of innovation does not. You still have a customer and you still have to create value for that customer. This means that even in an era as disruptive as this one, the path to growth and competitive advantage remains the same, as do the obstacles. —