



Leading Through Disruption

Powerful conversations with prominent leaders on navigating this era of relentless change



Annalisa Gigante

When You Get The Culture Right, Everybody Contributes To Innovation



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Annalisa Gigante, who serves on the boards of Cambridge Enterprise, Henry Royce Institute, and INTO University Partnerships, shared her key leadership lessons with me in my latest "Leading Through Disruption" interview. Subscribe [here](#) to receive future interviews.

Lauterbach: Did the pandemic change the way you lead?

Gigante: I observed that working on innovation became more visible to people outside of R&D. The environment facilitated it as we all watched how people developed new respirators or vaccines. The whole world became more

transparent. Whether on boards or in executive teams, I found people more open to change. As always happens, even in the deep, dark testing territory, there is always some light.

In innovation, ninety percent of trials will not work, but ten percent will. The last three years have enabled me to explain better that innovation doesn't just happen by chance. It is a discipline.

On a personal level, I've always been attentive to the people around me and how they felt, but I've become more deliberate about making sure where people stand. You don't know what else is happening in their lives that might affect their ability to work or deliver to meet deadlines. The fact that people were at home, where you could see kids, cats, and everything, made the human factor real.

Finally, watching how much innovation depended on water cooler conversations became interesting. "I'm working on this. Do you have a solution to that? Oh, I know somebody over there." These conversations after meetings did not happen for two years. We found out how much innovation is dependent on serendipity and networks. Having coffee with somebody or a dinner conversation might bring you a connection that powers the next step.

Lauterbach: How do you ensure the whole organization stands behind a push for innovation in a traditional business?

Gigante: You need to speak two different languages, and you need to translate back and forth, explaining to one group of people why another group is different, why the whole organization requires a particular new skill, and why this other group has its way of doing things. You need to speak finance, business, and tech simultaneously to secure a growth engine for your business strategically.

Once you find growth, don't expect it to last forever. When things go well, the most dangerous time for your company starts. You might become complacent and risk-averse. In such a time, you must address a company's culture more than ever. When you get the culture right, you ensure that everybody can contribute to innovation, no matter how

small. Innovation can be a technology breakthrough, but it can also be a new business model or repackaging existing features to make it easier for customers to find you.

Lauterbach: As a board, how do you prevent innovation and R&D budgets from getting cut in times of market downsizing, turbulence, or uncertainties?

Gigante: Whenever people talk R&D, they think of costs and input firsts. But a market opportunity exists whether your company decides to go after it or not move at all. When you start discussing outputs, the tone shifts. Suddenly, you think the same way as in the case of an investment portfolio, where risks require mitigation and you can build a portfolio of projects with deliverables at different timelines (from 18 months to 5 years plus) and different degrees of project risk. At least 5 to 10 percent of projects can be speculative and risky, where learning is just as important as output. On average, a well-constructed projects portfolio delivers the critical mass of outputs your company is after.

Lauterbach: How do boards balance their focus on an immediate risk and long-term outlook?

Gigante: Even the most-admired technology businesses today go from a culture that wants to serve customers better and do new things to a culture that protects something already in place. All of a sudden, critical conversations on boards focus on the defensive side, at which point the barrier for coming up with some new idea is higher. Today's business model is perceived as too critical to question when this happens.

When things go well, the most dangerous time for your company starts.

It's all about perception because you will spend your time differently with a different mindset. The defensive mindset is in your way because you expect to be punished for failure. That's why innovation-focused culture is essential. Any company would want a future that includes growth, higher margins, and new areas of development.

The most painful discussions arise when a business is in

crisis because that sucks all the time and energy out of the room. In an acute situation, it becomes more difficult to think long-term. A persistent outlook around sustainable and durable success requires alliances in the boardroom.

Lauterbach: Can you bring an entire board into the mindset of learning?

Gigante: In a boardroom, you encounter highly accomplished individuals. Still, most of today's C-Level executives and board members built their careers in times when linear growth was typical. One of my favorite sayings is that things never stay the same. Today everything is about exponential growth.

You must remind yourself daily that we need people with different perspectives in a room to generate better outcomes and that everything today involves technology. Just look at the car industry and tech. Ten years ago, we saw them as two completely different industries. Today they converged.

Thankfully, pandemics helped to shift boards' perspective into the exponential era. Businesses and boards witnessed that technology became a backbone of innovation. Looking for interesting data and bringing an outside perspective has never been as crucial as today.

Lauterbach: When you interview leaders for their ability to deliver in R&D and innovation, while still taking the rest of the organization with them, what kinds of questions do you ask?

Gigante: I look for two things. One is problem-solving. How do you go about solving a problem you've never seen before? Do you try to reach out to people and see what other experiences are out there?

The other part is stakeholder management because there's no use being right if you can't move things at speed. Understanding psychology and people has become far more critical in leadership than it used to be in the past. Innovative leaders need to be fantastic communicators, capable of bringing the organization along.

Lauterbach: What is the most challenging part of

leadership for you?

Gigante: Leadership is about making tough choices every single day. Whenever something is more straightforward or repetitive, it already has an owner in the organization. Tough things arise because of timing, questionable ethics, or mere complexity. You need to perform a bit like an elite athlete, with a combination of skills, hard work and exercising mental strength.

Finally, choosing where to show up and what you do on a very personal level becomes strategic.

Lauterbach: How do you think about ethics from the perspective of a board director?

Gigante: It's not something that is automatically on the board agenda unless there is an acute risk issue, and then it takes up all the agenda. Ethical outlook goes beyond compliance. Compliance means you've done the minimum, just "paid your taxes." You can keep trading. Is this a competitive advantage? Not yet. Think about ethics strategically, with a long-term view. Ethics underpin your fact-finding process. They are about your strategic choices and investment choices. They are about the longevity of everything you put into a market and are an integral part of your competitive advantage. Boards must focus on sustainability of a business, and therefore on ethics.

Lauterbach: When you mentor executives as a board member, what kind of themes reemerge?

Gigante: There are two main buckets of topics. The first is how to make a difference. In a large organization, there is so much coming at you. You must be clear about the outputs you want to achieve, and what the company can most benefit from. This requires various skills, from handling your time and mental state to managing stakeholders to mentoring your team.

The second has much more to do with what's it like being a diverse candidate. What if you're the one woman around the table? Understanding the difference between what the environment is expecting from you and what limitations you put on yourself is critical!

Lauterbach: What were the most important early influences for you?

Gigante: I had a great aunt running an R&D department for a chemical company. Every time people told me women couldn't do STEM or women couldn't do leadership positions, I knew it wasn't true, even if it wasn't the easiest path.

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