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COVID-19 and its lessons for innovation

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By Patrick Tan

As COVID-19 forces organisations to adapt, it also presents opportunities to innovate

The COVID-19 pandemic has upended our lives. Globally, countries are under lockdown, lives have been disrupted and businesses have shut. Some economists are predicting that the economic downturn will be the worst since World War 2. In Singapore, to help businesses and citizens tide over these difficult times, the Government has drawn on past reserves to save jobs and protect livelihoods. In less than 2 months, the government released three budgets totalling S\$59.9 billion (approximately US\$42 billion) to fight this war. This war, however, cannot be won by relying on the government's assistance.

Even though the immediate future may look bleak for many enterprises, yet in every crisis, there are opportunities. The COVID-19 pandemic provides a natural experiment that allows us to examine conditions that have prompted innovation and to observe and learn how organizations have responded.

For a long time, the Singapore government has been encouraging local companies to innovate, but many CEOs and executives are too caught up in the day-to-day running of their businesses they have not devoted time to work on the business. The existing models have worked well for many of them and there was no urgency to change until now. This pandemic gave new impetus for companies to innovate.

The risk of doing nothing and remaining status quo is now greater than the risk of trying something new. While no one wants a crisis for the sake of innovation, necessity is the mother of invention. Innovation drives success and highly effective companies know that the source of competitive advantage is their ability to continually innovate.

To be human is to be creative and innovative. Instead of waiting for more aids from the government, managers must grab this opportunity now to build a sustainable innovation strategy and turn this crisis into an opportunity for growth. It starts with adopting an innovation mindset. Here are 4 simple steps that managers can adopt and build a replicable part of their company's innovation practices.

1: BE PROACTIVE IN CHALLENGING ASSUMPTIONS AND BELIEFS

To be innovative, companies need to proactively challenge widely held assumptions and beliefs about their business models, value propositions, customers, products, and competitors. Most of the assumptions and beliefs may be true at one point in time and may have worked well in the past.

But, things have changed with this pandemic. Identifying and challenging those assumptions is a critical first step for innovation. For example, the pandemic has pushed scientists and medical companies globally to challenge assumptions and beliefs in developing faster diagnostics and screening tests and vaccines to stop the spread of the virus.

In Singapore, the NanoBio Lab at the Agency for Science, Technology and Research (A*Star), developed a rapid test that can tell if a person has Covid-19 in as little as five minutes, much faster than the standard lab tests which can take days¹. This has helped Singapore controlled the rapid spread of the virus.

Challenging assumptions and beliefs should not happen only in a time of crisis. Companies can and should regularly challenge their assumptions about the business. Grab, the ride-hailing company, started in 2012 by asking a few basic questions, “Why can’t we have a safer way to hail a ride?”, “Can’t we give drivers better working conditions?”, “What if we could make life just a little bit easier?”² which challenge the business model of established taxi companies.

Executives should therefore regularly ask themselves: “What assumptions and beliefs we hold to be true are no longer true?”, and “Are any of our assumptions or beliefs limiting our growth opportunities or putting our business at risk for disruption?”.

2: THE BENEFITS OF CONSTRAINTS

Regulatory restrictions or constraints are often viewed negatively as a hindrance to business. COVID-19 pandemic has resulted in quarantine measures imposed in many cities across the world. From Asia to Europe, across to the USA and down to Australia, few countries have been spared from a total or partial lockdown. With the constraints placed by social distancing rules, it is a whole new world out there.

Companies can no longer operate in the usual manner. Managers are forced to be creative and to find different ways of generating revenue. Viewed positively, constraints can help to accelerate innovation, rather than inhibit it.

For example, while most restaurants and bar owners are complaining about social distancing rules that have decimated their businesses, Theodore’s, a family-owned and operated snack and refreshment bar in Melbourne Australia morphed into Ted’s Grocer, selling bread, coffee and deli goods, as well as take-home meals.

Managers don’t need to wait for a crisis to hit and constraints imposed before looking at how to make significant changes to their business. Managers should force themselves to consider uncertain future scenarios as part of their long term planning. Some of these future scenarios may appear even extreme or unlikely, but it can help the company be prepared for different eventualities.

Scenario planning has been in use by Royal Dutch Shell since 1965 and it has helped to shape the company’s thinking and weathered through economic turmoil and the oil crisis. By considering how your business would need to operate under different scenarios or circumstances, you will be able to develop innovative ideas and solutions and be prepared for any eventualities.

Some of the questions that managers may want to ask includes, “How would you grow your business if certain extreme constraints, new regulations, a cut in supply chain, etc are imposed on your industry? “If the supply of a key component for your product is suddenly cut off, how would that affect your production and sales?”

3: OPEN INNOVATION AND COLLABORATION

Responding to a complex situation, such as COVID-19 pandemic, often requires a multi-disciplinary and collaborative approach. Learning from past experiences during SARs, Singapore has placed great emphasis on a multi-disciplinary and collaborative approach to research and development on infectious diseases that spans A*STAR the universities, public hospitals, and etc.

To help food and beverage companies respond quickly to the lockdown, DBS bank partnered with government agencies Infocomm Media Development Authority, and Enterprise Singapore, as well as technology startups Oddle and FirstCom, to set up an online food ordering site within three days³. And, to help with contact tracing and control the spread of the virus, Apple and Google have formed an alliance to embed a coronavirus-tracking feature into their operating systems⁴.

Company regardless of size are finding it increasingly difficult to do everything on their own because of the accelerating rate of technological innovation and complex product ecosystems. Open innovation and collaboration with external partners is key to great breakthroughs and is the new competitive advantage.

There are many ways for companies to collaborate with external parties; ranging from forming alliances, licensing arrangements in which the firm buys or sells its technology to another company, to investments in start-ups or entering into joint-venture. Companies can also collaborate with universities or research institutions to conduct cutting-edge research or test new business models, etc. For example, SMU offers SMU-X courses where student teams work with real companies to develop new business models or solve real business issues.

STEP NO. 4: THINK BIG, START SMALL, MOVE FAST

The COVID-19 happened very fast and within a few short months, the virus has spread across the globe with more than 1.5 million people infected and 88,000 dead. It is a big problem to solve. Some governments have moved fast to stem the spread. The four Asian Tigers, South Korea, Taiwan, Hong Kong, and Singapore, seem to have controlled the spread much better than many other countries because they acted fast, adjusting their responses as they move along.

Companies need to move faster in commercialising innovation and in responding to a fast-changing marketplace. Instead of waiting for the product or process to be perfected, they should learn and iterate to make it better. This would, however, require companies to learn to be more tolerant of risks. It is inevitable that you will not get it right the first time and mistakes will be made. That is why it is important to start small and move fast as it helps minimize the risk and cost of failure.

Even though the COVID-19 pandemic is still evolving and the fight is not over yet, there are many great lessons we can learn about innovation from this fight. Companies can learn from these lessons and apply them to their own organization to remain innovative.

About the Author

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