



GLOBAL THINKERS

The race for
innovation
inside the
organizations



4th. edition

Pensar en el futuro. Cuestionar
los supuestos. **ELEVAR EL NIVEL.**

#ConnectingIdeas

Welcome! To the fourth edition of the *Board Leadership Center's (BLC) Global Thinkers* from KPMG Colombia. This time we'll have a birds eye view on the topic of innovation with the Advisory Leader for One Americas at KPMG US, Steve Hill. Aiming to underline how Boards can manage to add disruptive business models to their day to day basis while maintaining core beliefs, our expert provides us with key elements, examples and advice to encourage management to build an innovation culture.

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Steve Hill

Advisory Leader for One Americas, KPMG US



The innovation landscape is constantly evolving. What emerging technologies or trends do you see as having the most significant impact on the world in the coming years?

The challenge of determining the trajectory of the future is an imperfect and complex one. I look at four key areas of change in determining the direction and chronology of future conditions: Political/Regulatory, Economic, Social and Technological forces at work. The key to understanding the impact of "technology" trends is to understand how the other three quadrants of change will relate. For example, the simple combination of technological advances in internet, networking applications and telephones created massive shifts in social outcomes (e.g., Arab Spring). Given the framing, the key technologies that will impact our future include:

- Artificial Intelligence (AI), especially Generative AI
- Quantum Computing
- Cyber Security
- SaaS
- Metaverse

Innovation can sometimes disrupt traditional business models and ways of working. How can Boards navigate these disruptions and transform their businesses to stay competitive in the rapidly evolving market?

Traditional business models will continue to be disrupted political, regulatory, economic, social, and technological change. One area that I find most interesting to measure as a metric for disruption is productivity. Since the industrial revolution, we have seen disruptive advances in productivity created by human invention within a human generation. This cycle of productivity change has been ever increasing, primarily due to accelerated change in technology. It took 45+ years of innovation to drive progression from early data centers to the proliferation of the internet. Seismic change in technology has moved from years to months in more recent shifts, creating a “clock speed” dilemma for Boards and management teams.

Innovation often requires taking risks and experimenting with new ideas. How can Board of Directors foster a culture of innovation while also managing risk and ensuring quality outcomes for clients?

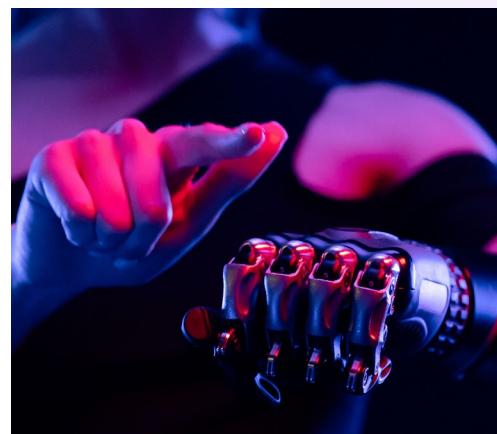
Boards can steer and encourage the company’s management team to build a culture of innovation across the enterprise, but not in the same way in all parts of the organization. Innovation requires institutional muscle to establish and experiment with new ideas, but also a production engine to take change to scale. The most successful companies understand how to take “ideas to cash” in harmony to strengthen a corporate culture of innovation.

Could you provide an example of a successful innovation project that you’ve undertaken with KPMG and share insights into the key factors that contributed to its success?

I have been directly involved in many major innovation efforts at KPMG. Almost by definition, all share characteristics of success and failure. In fact, I like to define the term innovation as “failure management.” Just like navigating a ship from NYC harbor to the port of Rio de Janeiro, the helmsman must constantly correct the rudder to keep the ship on course. Otherwise, wind, waves and currents will inevitably take the ship from its intended course to a trajectory of failure. Like a helmsman at the wheel, the best innovation leaders understand how to recognize the need for adjustment and course correct quickly.

A recent workshop with a large agricultural client helped them to rethink and reengineer processes, data analytics and human capital management for one of their largest agricultural businesses. Innovation in the project was set up in advance and facilitated by client members from various parts of the business, as well as ag business leaders and members of the KPMG client team.

This diverse group undertook 4 days of current state understand from different perspectives, visioning solutions to address gaps and opportunities within the business, and new ways of looking at and managing the business with data science as a key feature. The group was able to create over twenty important initiatives that, taken together, would dramatically improve economic and service level performance for the business.



Contact Us



Camilo Bueno Hardmeier

**Vicepresidente de Crecimiento y Estrategia
Socio Líder del Board Leadership Center**
KPMG Colombia

cbueno@kpmg.com



Estefanía Ramírez Uribe

Coordinadora del Board Leadership Center
KPMG Colombia

estefaniaramirez1@kpmg.com

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