



How to establish a values-based innovation culture for sustainable business impact? Ethnographic insights from European firms and responses from TÜV Nord Mobility

Conversation transcription of a podcast by Prof. Dr. Henning Breuer (HB) and Kiril Ivanov (KI) talking to Roman Meier-Andrae (RM) of TÜV Nord Mobility, provided by [UXBerlin](https://www.buzzsprout.com/1774837/13770610) 2023

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HB: Hello and welcome to our second podcast in the European Erasmus+ IMPACT project. I am Henning Breuer from the HMKW University of Applied Sciences for Media, Communication and Management in Berlin. With me today is my assistant Kiril Ivanov. We will talk about **how values-based innovation cultures enable organizations to succeed in innovation, and to reconcile economic achievements with contributions to sustainable development.**

KI: Sustainability is a megatrend in today's business. It is acknowledged for its extreme relevance and urgency by both political and commercial actors. There is wide consensus that to achieve sustainability transformation we need to move **from cosmetic activities** that improve companies' image with "green" credentials **towards anticipation and compliance with increasingly strict regulations.** For instance, the "European Green Deal" requires a radical change of business strategies, operations, offerings, and stakeholder relationships to achieve a net zero carbon economy by 2050.

HB: At the same time, companies prioritize economic, social, and environmental goals not only because of external rules or incentives, but start to embrace them as **drivers** rather than constraints **of** their innovation efforts.

Many firms tried to better understand, what their customers, their employees and other stakeholders care about, and also what they can contribute to sustainable development. Now they use these insights to drive what we call **values-based innovation.** Many firms have adopted values of corporate sustainability **and** defined according strategies. However, very few succeed in putting these values and strategies into practice, and to establish what can be called a values-based and **sustainability-oriented innovation culture.** Despite increased attention to values, translating them consistently into effective practices and cultures that support sustainable innovation remains to be a challenge.

KI: In the **IMPACT project** we address this challenge in cooperation with 5 SMEs and 5 large European companies and educational institutions including HHL Leipzig, HMKW Berlin, Florence University and Foundation for Research and Innovation, Complutense University Madrid and Technical University

Cracow. Today we will discuss some of the project results. We will discuss some of the recurring barriers to sustainable innovation as well as practices and methods to overcome these barriers.

We are here with **Roman Meier-Andrae** to talk about some of the key insights that we obtained in an elaborate ethnographic study.

HB: It's great to have you on our podcast, Roman. You are an innovation expert and member of the executive leadership team at one of the largest inspection companies in Europe, which is also strongly dedicated to sustainable innovation. You are deeply involved with topics such as innovation culture, values, practices and sustainability. Can you tell us a bit about your work and the goals of your company?

One thing that impressed me was when I found out that **TÜV always was a values-based company**, focussing for many years to serve values of safety.

RM: Yeah. I mean for sustainability, we have a long history of emission testing and so on. There's always been a high level of cognisant testing around sustainability topics. Today we do see this getting much broader and having a much more different standpoint in the industry. I think that's a good thing. Regarding innovation, I must say being an engineering driven company, that is kind of **being paid for finding the error**, right? Our inspectors are looking for the fault and the error. So that **doesn't** always **make it very easy to experiment**, to engage in, you know, open ended explorations, but is rather deterministic. Really finding out: Is there something wrong or not? And do I, as an expert, would say this is safe to use. Where innovation sometimes comes around in many different clothes and many different flavours, which are much more around making a progress and one step forward, two steps back and then starting all over again. I guess this is kind of the test bed for really employing innovation methodologies and **opening the mind** up to a whole different domain of how to solve problems.

HB: Actually, that's an interesting observation we made in several of these companies [in the IMPACT project] that this kind of engineering mindset that is widespread in these technology-oriented companies, keeps some of them from fully embracing **a failure tolerant, stakeholder, inclusive and more sustainability-oriented culture**. One challenge we also saw is that we encountered quite **different notions of sustainability even within one single company**, right? Some employees in the same company having one and the same sustainability strategy, would stress the environmental aspects. Others would only talk about the social dimensions. Some were focused on balancing the triple bottom line of economic, social and ecological outcomes, whereas others argued against the practicality of such an approach and recommended to focus on system value and on sustainable development goals instead.

One way to deal with this kind of sometimes **Babylonian confusion** even about the basic terms, was one company where they establish a kind of **cultural dictionary** that associated a clear definition of basic terms with desired activities and actions to implement these values that they defined. I wonder how do

you deal with these different concepts of sustainability at TÜV NORD, and how do you ensure that there is a shared and actionable understanding about the basic terms and the desired behaviours?

RM: Obviously this is a great challenge because the topic is so broad. And I mean, if you look at the SDGs, it's such a broad range of topics that come to mind here and I think **focus** is of utmost importance here. But we went through the IMPACT project, **through ethnographic research**, where we both, Henning, have a little history in employing this kind of methodology. And I do see the value in that because I guess a really deeply understanding of where people stand today helps us really understand, to have a baseline of understanding of where we are, especially in such, I would say hard to frame, hard to put into concrete boundary topics such as sustainability. This really helped us to get a firsthand impression of where we stand here and what challenges might be and where we could communicate better, be more transparent or more focused. But this also kind of created or brought to the daylight really interesting **insights** around how our people think today and how broad also the perception of that is. Also in a very positive sense, where we have in some instances a very, very active understanding and very proactive people. And in the other end, you know more what you said as Babylonian confusion, where people don't actually know how to deal with it, see it as important, but don't get a handle on it.

HB: Yeah, that was our experience as well, and that's why we selected such an ethnographic approach here again. I mean, you mentioned previous projects the two of us have been working on using the ethnographic approach, usually in a context of customer research. Going outside the organizations, trying to better understand what certain customers or clients really need in their lives and how services of an organization can better support them. Here we kind of applied that whole approach more internally, and talked to and observed different stakeholders within the organizations in different hierarchical levels, different organizational units and tried to really get a very good and **deep understanding** of their **different perspectives and** their understanding of the **implications of the sustainability strategies**. And I would say some of our insights came out of this typical ethnographic digging deep into the phenomena, into the respondents understanding, revealing different layers of cultural meanings, so to say. Another one came from observing contradictions between what different people, for instance, on different hierarchical levels of the organizations were associating with such a concept of sustainability.

Another issue we observed doing that had to do with the ecosystem challenges, right Kiril?

KI: Yes, exactly. We saw that many companies who are actually spearheads in the sustainability transition could, but rarely do **empower strategic partners and their business ecosystem to put values of sustainability into daily practice**. And I know that you have some initiatives and ideas at TÜV NORD to empower the ecosystem as well. Can you tell us about them?

RM: Yeah, sure. I mean, we are a trusted third-party company. We also always need the other parties in the game. We are kind of **an ecosystem player** because without, you know, producing companies or end customers, there would be no need for our service. We are always playing in a game where we are in a network of customers, of regulatory authorities. So that's very important for us and always has been. But very concretely, we use the results from this workshop, from the study to conduct full day workshops on really understanding **values-based business development for new digital services**. Because in the future we will much more see digital solutions, help us bring these goals to life and help people and companies to actually achieve these targets that they have for themselves, for the planet, but also for their business. And I guess this is really important to start exploring on even a broader level than probably before, where we worked after the regulation or with the regulation. But nowadays it's really valuable to **understand new digital concepts in that space even before regulation together with our key customers**, for instance, **or our key partners in our existing ecosystems**. And funnily enough or I mean gladly enough, we also have regular exchange with our customers who come to us to ask us about: "How could we solve this issue here?". Because there is a new regulation or there is a new target that we have set for ourselves. But now you know: "What can we do about this?" This is the ideal segway into really making these ideas and these insights come to life.

HB: Right. Maybe we can share an example of that. One of your typical customers or clients are car workshops and dealerships, where you do the technical inspection of their customers' cars. It's a kind of B2B2C business in that regard. And I know that beyond the technical inspection, you do, or consider offering some kind of **sustainability related inspection services**. Is that one of the directions that you're going in in order to empower your ecosystem to also become more sustainable in its operations and its offerings?

RM: Yeah, absolutely. [This is] what our customers, our workshop customers want, but also what their customers, the car owners want, in the whole mobility ecosystem. We also have a lot of fleet customers. But I mean very concretely we do several experiments, as I would call them at this stage, understanding how we can have an impact here and how we can help in a very pragmatic, and I must state that – I can't state that enough – neutral and impartial way. Because there's a lot of buzz going around. There's a lot of great ideas also going around. But I think many are looking at institutions like ours when they really want to have **the impartial perspective on how to achieve certain goals**. And that really helps us. And this is also where we experiment a lot. That starts with probably things like *'How can I insure my electric vehicle is not only safe, but how my full carbon footprint of my electric vehicle develops over the life cycle'*, up until, *"How is the current actual footprint of the energy in the network right now"*. So that's kind of one angle to that.

Another one could be really looking into what do we do with our customers. Right where they also have a lot of challenges now arising from new technologies that can help them but can also go in the other direction with more resource efforts than before. You don't want to actually have a digitalization project

where you end up being worse off than before on your old paper trail, right? These are things, that really need **measurements, comparable standards**, and I guess we're working on them, right? And it's a give and take, right? It's really exploring together with our customers what is needed here and what could be a thorough standard that holds true for many customers **to drive** trust. I mean, that's the ultimate idea here. Also, **trust in sustainability**. We don't see that, I guess, too much because you have the regulation you can trust. But when it really comes to how can I trust that all these sustainability goals have been actually achieved or that the results of any given sustainability evaluation are true and hold true also for testing? That is, where we come into place.

HB: Yeah, it's also interesting how that works both ways, right? So **inside-out [and outside-in]**, you're empowering and enabling some of your clients and business partners to improve the environmental footprint of their offerings and their operations. And also, you're taking in information that you gain from, for instance, inspecting vehicles of like very different OEMs, original equipment manufacturers, so to say.

RM: That's actually a good point because actually a lot of or most of our experiments start really as an **internal** kind of **test** because most problems that our customers have, we tend to have ourselves, right. And so that always helps us, you know, **to use what you produce** or even produce and use it yourself before you even think about selling it. So that gives us a way of testing and credibility and also directs the way of thinking how we want to innovate in the future for ourselves and for our customers, and ultimately for the planet, right?

HB: Yes, that was one thing I've found quite impressive in these ethnographic interviews, that many people we talk to actually seem to have this kind of **idealistic drive**, right? One respondent expressed that quite nicely, saying that he joined the company in order **to become part of the solution and not the problems** we are facing today. So, we also found in different companies that such idealism does not always translate into joint action to achieve the corporate values. Um, that's why we called this insight a kind of **hidden treasure**. I guess you know why we did that.

RM: Absolutely. I mean, there are a lot of those, and that's what I mentioned earlier. This is really amazing to see how much is already going on there and how many good starting points we already have. Channelling those and **bringing** kind of **the bottom up and the top down together**, I think this is the big challenge now that we are facing and that we've seen. We have a very **focused sustainability strategy** and we have **great people** who also bring great ideas to the table. So really integrating both is now one of the results of the study to really find the right ways to get both together.

KI: Can you recall any measures that you would apply to lift even more of these hidden treasures since you know they are there?

RM: At first, you know, making it transparent. Having **transparency** around that is always the first thing. Also, the first step towards trust **and** having **educative measures** to really help people understand also what we as a company want to achieve in that field and how our strategy looks like. And then enabling these people. We have a lot of, you know, corporate innovation programs, **upskilling academies** and things like that. But loading them **with** these **sustainability topics** is what we are trying to achieve right now. Really using the vehicles of training and understanding what we already have. That engages a broad range of our employees and then using them for these [sustainability] topics where we started off with digital topics a couple of years ago, and with design thinking. And now taking the next step here and really bringing these sustainability topics into the play, really changed a lot. And people see it. We are now nominated for the Nachhaltigkeit [Sustainability] prize, so it shows already, but there's also still **a long way to go**. And I'm really thankful also for the very clear suggestions and insights from the study that really help us to find this gap and [new ways] how can we close it.

HB: Thanks very much for that feedback. Recently I read again what John Elkington, the author of the Triple Bottom Line concept, wrote in 2004 about values. He said: "Most business people take values as a given if they think about them at all. Yet our **values are the product of the most powerful programming that each of us has ever been exposed to. When they change**, companies that have felt themselves standing on solid ground for decades suddenly find that **the world as they knew it is being turned upside down and inside out.**" That's a quite radical description, illustrating something that's also happening to a lot of companies these days. Have you experienced some of that in your own professional life?

RM: Yeah. I mean, maybe before my time at TÜV, when we were more of an almost official body, or perceived as more being a governmental body, then, with the liberation of the market, we saw the sales drive into gaining market share and really saving and securing market share, also bringing us back, I guess, to a phase where we really get back to **our core values**, and see that these **are the pivotal differentiator** for us in the market where we can really change things. As I mentioned earlier, **the diffusion of innovation also helped with the diffusion of sustainable innovation**. That's a really powerful vision and a very strong purpose, I guess, for a company. And that's extends not only to the objects that we inspect, but this can now also extend to making the world a better place, right? So that's kind of the ultimate goal behind that. And I guess **this broad vision**, bringing this down **in your daily work** and having really this angle that you see and you feel that in what you do on a daily basis, that's the real challenge, right? So that this isn't doesn't get lost on the way.

KI: Do you know, any strategies that you would use to inspire such an awareness about the challenges in an everyday working environment?

RM: I mean, I guess it's really about delivering the right benefits to the market, right? If you have something for your customer that really helps them achieve their goals, especially in that field of sustainability, I guess that's the most telling way of living these values every day because you have something to offer for your customer and you are part of a company that offers the right solutions for the problems we face right now.

KI: I see, Roman. And how would you go about in practice to cultivate such an awareness among your employees?

RM: Yeah. We have, for instance, our Digital Academy, which has been founded a couple of years ago, and it's now also evolving into these topics very much right. And in addition to that, we do have a lot of **communities of practice**, which is a format that really works well for us because experts love to engage in communities and these are very focused communities that also exist only for a certain time and then deliver concrete results which could lead, for instance, into updating our strategy. Therefore, it's really, you know, top down, bottom up, where we try to integrate these two worlds together in a more of a communal and provide them discussion rooms right where this can happen and where this really can take place.

HB: This means, you are utilizing this kind of Digital Academy not only to update the skills, so to say in a technical sense of the employees, but also to create **a space for exchange and mutual inspiration and idea generation**.

RM: Absolutely. Every Digital Academy team has their own projects that they also take with them after the academy has ended and then bring that to life in their work time. And it's also about personal growth, right? Really learning to interact **across boundaries** in the company, really learn to bring forward your own project. This is really, you know, enablement that we want to see also in our employees and which also helps them to really **find their voice in a big company**, right?

HB: Can you recall any example of an **employee-led** idea or concept in **sustainable innovation** that actually made it into a new process or offering?

RM: We are currently deploying one of these projects which is around tour planning of our employees. And this is maybe the biggest source of CO2 consumption because you can imagine we send people to objects, right? That's basically what we do. So really understanding predictively what will happen tomorrow or the day after tomorrow and really having a solid prediction here and optimizing these

routes is really a very powerful way of finding new ways of optimizing our workflow, which is also interesting for other companies, by the way.

HB: Yeah, that's a that's a great example. Thanks a lot.

Let me summarize some of the key takeaways for our listeners, and feel free to add if I forgot anything here. So first I think we talked about how **competing values** in an organization, such as safety on the one side or risk tolerance in order to allow learning from failure, can play an essential, even though often hidden role in putting sustainable innovation into practice. And I think we agreed that companies need to establish a clear and shared understanding which activities, actually are desirable to instil this sustainability orientation and which cultural values are already supporting that.

Second, we briefly talked about **ethnography as an effective method to analyse innovation culture** and to reveal these often even implicit preconditions for sustainable innovation. We took a step back to the larger perspective of business ecosystems and found that **cultures supporting the development of ecosystem companies** can empower also their clients to advance sustainability-oriented innovation. And finally, we talked a bit about the **alignment between personal values of employees and the organizational values** of the organization. And I think you also highlighted the role of leadership and new ways of team building and collaboration to do that. Is there anything you want to add to those?

RM: Yeah. Maybe one more last remark. I guess what's really also helping to turn the needle right is a **thorough methodology**, and we've seen a lot of those as well, Henning, right? We worked a lot on methodologies and how to bring those things to life in a very pragmatic way, right? And really bringing our colleagues not only, you know, from the headquarters, but really from the operations into one room and using many of what we've seen also from you and your colleagues as workshop methodologies, as tools. That always helps a lot to make it more tangible and really part ways after a long and tense day of collaboration, but really take away a little bit of the spirit that we want to maintain here and that we want to convey.

HB: I fully agree. And it was also very motivating also to work with a lot of employees that have this idealistic drive also, right? That really **care about these issues of sustainability and the corporate values**. And don't leave them out on the parking lot, as somebody once said, but really bring them to the table and try to make them happen within their daily work environments and their daily practices. So that was really impressive to see a lot of that going on. And yeah, a couple of gaps are still open to be addressed. Thank you very much for these insights from TÜV Nord Mobility, Roman.

RM: Thanks for having me.

KI: And of course, many thanks to our listeners! **If you want to find out more about the values-based and sustainability-oriented innovation cultures please check out www.impact-project.site !**