

Sustainable Innovation Cultures

Lessons learned from European projects on values-based innovation cultures and strategic foresight for sustainability

Prof. Dr. Henning Breuer of [Media University Berlin](#) and [UXBerlin](#) – Innovation Consulting, interviewed by Lucija Barisic of the International Society for Professional Innovation Management ([ISPIM](#)), transcript of the interview and podcast for EU Erasmus Days 2024, recorded on Oct 11th 2024

Summary: *How can organisations turn sustainability strategies into daily practices? Henning Breuer shares insights from the literature and from empirical studies on sustainable innovation cultures. How should they be conceived, and how can they be created and cultivated to deliver sustainable innovation on a regular and reliable basis? The approach is illustrated by a small project conducted together with a large French manufacturer.*

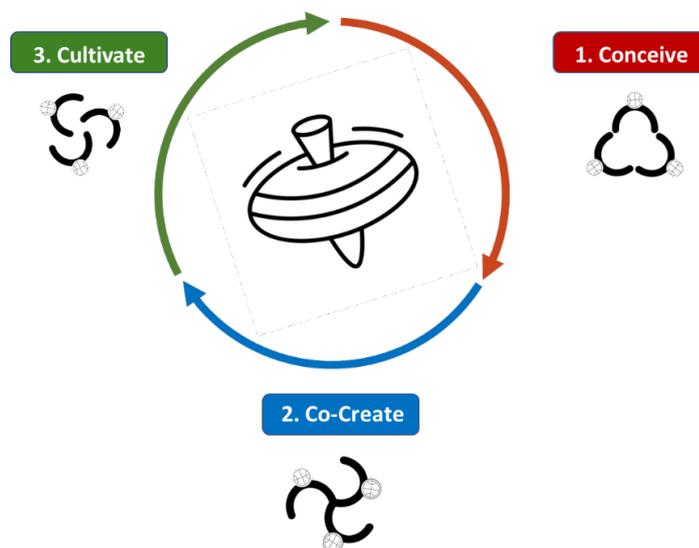


Image: 3c practice framework with three sets of activities—conceiving, co-creating and cultivating (courtesy of the author)

Hello, Henning. And welcome to our podcast. Tell us what brings you to the Erasmus Days this year?

Thank you, Lucija. Today I'd like to share some insights from two Erasmus+ projects. They will be part of the introduction to a book on 'Sustainable Innovation Cultures' that I am writing together with Kiril Ivanov and some of our other project partners.ⁱ The first project—called IMPACT—we've already completed. It deals with 'Values-based Innovation Cultures for Sustainable Business Impact'. The other project focusses on Strategic Foresight for Sustainability—or SF4S for short; that one is still running. Details about these projects, their research results and the educational materials we created can be found on the project websites. You created those websites Lucija, didn't you?

Yes, and you can find them at www.impact-project.site and www.sf4s-project.com. There is a lot of valuable materials there for students, teachers and innovation professionals.

Right, but today let's not go into these detailed results. Instead I'd like to share some lessons we learned from these projects. We hope they will inspire and support students, teachers and innovation managers who are trying to meet the sustainability challenges facing many organisations in Europe.

So, this won't only help companies, but start-ups and public organisations too?

That's right. Once we've acknowledged the size and multitude of these challenges, it becomes apparent that it will take more than one-off improvements or innovations in processes, services or even in business models to master the urgent need for transformation towards sustainable development. There's a well-known saying that it takes a whole village to raise a child. For sustainable development, I would say it takes a whole culture to bring it about. In other words, it takes sustainable innovation cultures to bring about desired changes towards sustainability on a reliable basis.

Ok, so what's a sustainable innovation culture?

Let me start with the three terms: culture, innovation and sustainability. First off, organisational culture has long been treated as something that mainly operates at an unconscious level, as a soft or residual factor that escapes rational planning. However, just as what we repress to the unconscious mind still shapes our lives (psychoanalysis refers to the return of the repressed), the unconscious “organisational mind” can cause all rational efforts at management to fail. This is what Peter Drucker was getting at when he said that culture eats strategy for breakfast.

However, there's another very important side to the story. Culture can also play a key role in enabling sustainability and innovation strategies to succeed. And this is what our upcoming book is all about: the generative aspect of culture.

Culture is not just a bunch of hidden practices and implicit beliefs. It is the production site for innovation—the place where strategy is turned into effective practice. As such it involves sustainability-related values such as equity and wellbeing, but also requires related practices and mediating artefacts. In other words, a good cultural fit for an organisation means aligning mindsets, skillsets and toolsets – and often datasets too.

The second term is innovation—which together with its management now has its own norms from the International Standards Organisation. ISO 56000 is a family of standards that defines innovation as an outcome – as a new or changed entity—that creates or redistributes value. In line with this understanding, we see sustainable innovation as producing outcomes that are ecologically, socially and economically valuable. How sustainable value is created using sustainable business model patterns is described in yet another project, this one together with my colleagues Florian Lüdeke-Freund and Lorenzo Massa.ⁱⁱ But that's another story.

The third concept, sustainability, is complex, and the confusion around the different interpretations of the term is already a major barrier to sustainable transformation in most organisations we worked with. Today many companies are concentrating on getting in place their reporting of environmental, social and governmental information—ESG for short.

This is necessary to remain in compliance with legal regulations, as well as to meet the requests from their own clients and investors. But so far only few companies embrace more fundamental and far-reaching change by transforming their business models and cultivating sustainable innovation.

The narrow focus on compliance is opposed to more ambitious approaches to organisational sustainability—ones that further both sustainability transformation and economic competitiveness. Some outstanding companies already pursue an ambitious approach to context-based reporting: using real data rather than estimations, and recurring to science-based thresholds and ethical norms conducive to sustainable developmentⁱⁱⁱ. For example, Weleda Group and GLS Bank have already used context-based indicators for their sustainability reporting.

Besides, such companies don't just report ESG data in order to comply with legal regulation, they are actively managing and improving their business processes and relations to drive innovation. And this approach enables companies—as well as non-profit organisations, to transform themselves over the long term through sustainable business models and a sustainability-oriented innovation culture. In the mid-term, they will even gain a competitive edge by uncovering and developing new markets for sustainable value creation.

In the proverbial nutshell, sustainable innovation culture is a configuration of values, practices and artefacts that generate ecologically, socially and economically valuable outcomes. By identifying sustainability-oriented values and embedding them deeply in the fabric of the organisation, a company can drive sustainable innovation in a reliable and repeatable manner. Culture, we can say, translates values into added value.

I'm intrigued. But I'm guessing this doesn't happen by accident. Or by simply following commands top-down from management. What does it take to establish such a culture?

I'd start by saying that it's crucial to align the different dimensions of culture: namely, its notions—in particular its values as notions of the desirable — its human practices and its material artefacts.

Notions of what is desirable—in our case, of sustainability—will only be realized if they are aligned with related practices and material artefacts in a way that engages stakeholders. But if these three dimensions are not aligned—if major tensions and values-action gaps persists—then an organisation will fail to achieve a desirable impact.

If, for instance, the entry hall of the office building is decorated with high-flying statements—which do not guide daily decision making and practice, the company’s employees will experience discomfort at this contradiction between rhetoric and reality. Some might feel tempted to leave – a phenomenon called “climate quitting” by human resource professionals.

Or, if top managers celebrate collaboration in talks to their employees, but the only space for casual meetings is a cramped lunchroom—which doubles as a stockroom for office supplies—then something might be going wrong. Likewise, if the company website announces that it is pursuing a dramatic transformation, but its employees lack much needed skills, software tools or datasets. Then not much will happen other than frustration.

Right. So not only values and mindsets, but also skills and tools need to be aligned to drive sustainable innovation. I get the theory, but how can a company create such a sustainable innovation culture in the real world?

We have conducted expert interviews, literature reviews and our own empirical studies in European companies like TUEV Nord in Germany, Baker Hughes in Italy, 3M in Spain, and a Polish Cleantech Cluster.^{iv} We’ve identified practices and methods that promote sustainable innovation cultures. We then classified them into three sets of activities—namely conceiving, co-creating and cultivating—which form three steps towards a sustainable innovation culture.

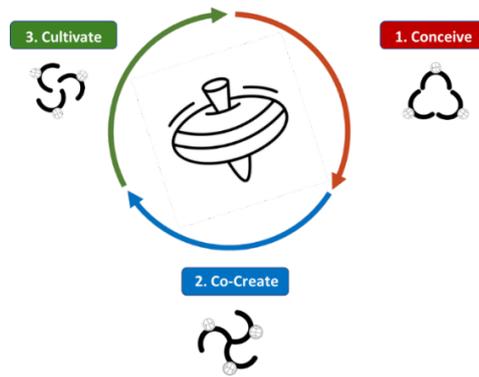


Image: 3c practice framework with three sets of activities—conceiving, co-creating and cultivating

First, we need to understand our current organisational culture. The question here is: *How can we conceive our cultural practices so that we understand our values, their tensions and the gaps between values and action?*

The second step is to co-create interventions to address specific tensions and gaps—as well as to build on existing strengths for sustainable innovation. The question here is: *How can we create sustainable innovation practices—and strengthen existing ones—with targeted interventions?*

The third step is for an organisation to cultivate its values, practices and tools so that sustainable innovation is deeply embedded in its daily practices and in the long term. The question here is: *How can we cultivate virtuous circles that lead to new sustainable value as outcome and to ultimately achieve the desired impact?*

In our book we provide answers to these questions. We describe and exemplify 36 methods and 40 practices that help companies establish their own sustainable innovation cultures.

I'd like to hear more about the practices and methods you are using in the project on Strategic Foresight for Sustainability.

Sustainability foresight of course plays a big role. I define this as the application of future-oriented practices and methods to facilitate sustainable development.^v And it feeds into all three sets of activities we have just discussed. Conceiving a culture can only be successful if we understand its future outlook.

This is typically done through *ethnographic methods* or through *policy reviews* of strategy, mission and vision statements.

Most companies do this on a corporate level, but not for each business unit. In order to specify and leverage their sustainability foresight, they can use co-creation methods like *local envisioning*, *back-casting* and *road-mapping*.

But of course, anticipating possible, probable and desirable future outcomes is not the only concern of a sustainability-oriented culture. It is also about delivering those outcomes and creating an impact. Cultivating sustainable innovation means not only embedding foresight in daily practices, but also getting an organisational learning cycle up and running by developing needed skillsets, toolsets and datasets to validate *result chains* and to *assess impact*.

Can you give me an example for one of these methods?

Sure, let me take *local envisioning* as an example. One of the fundamental challenges in our Erasmus+ project on Strategic Foresight for Sustainability was learning how to best bridge the gap between high-flying visions of the future and corporate sustainability strategies on the one side, and daily practices on the other. For instance, with one of our industrial partners, the French tyre manufacturer Michelin, we worked to help them specify their sustainability policy and strategy so they could be implemented in their mobility business, and start doing so in their hometown.

In this short-term project, we prepared a day-long workshop with participants from different functions like foresight, corporate social responsibility, business modelling and research and development. As preparation, we reviewed Michelin's values and mission statement as well as its quantitative sustainability ambitions and related activities—and then summed them up on printed cards. We also provided the participants with vision seeds for sustainable mobility in the near future, about ten years from now. Finally, we prepared some templates with photographs of local sites in Michelin's hometown Clermont-Ferrand, sites like the train station, a car park, a repair shop or the city centre.

In a sequence of collaborative sessions, participants then selected and combined the most relevant components for Michelin's future mobility business. They depicted detailed scenarios that showed how Michelin could create ecological, social and economic value in the different local sites of Clermont Ferrand and across France. For instance, one scenario described how the city could be turned into a testbed for sustainable mobility solutions, featuring new platforms for mobility sharing at the train station and bundled delivery services in the city centre. Each scenario involved reflection upon the challenges and the potentials for sustainable business models incorporating, for example, use-oriented services or values-based ecosystems.

Through role-playing and a staged discussion, we also explored and enacted the different roles that EU legislators, executive managers and CSR specialists play in facilitating this transformation. This allowed the participants to specify in detail a corporate strategy with new sustainable business models in the mobility business division and show the desired impact on local sites. The contributions required from key stakeholder groups from inside and outside the organisation were also specified, which provided further insight into how the strategy, now specified for the local mobility business in the near future, could be implemented.

That should indeed be much more actionable than just a generic vision or strategy. But tell me, once a company has envisaged sustainable business future, what should it do next?

The next step would be to involve the stakeholders, and to bring the whole system – or at least essential parts – into the room, to review and test the scenarios on a small scale first.

However, this only describes the application of one of the methods. With regard to cultural development, it is important to test and select practices and methods that are suitable for your own organization and to integrate them into everyday activities.

I understand, so this is just a beginning.

To come back to our two Erasmus+ projects, in this podcast we were only able to touch the surface of the practices and methods available to develop a sustainable innovation culture. For more on practices like *experimentation* or methods like *external stakeholder integration* or *values-based ecosystem modelling*, just dip into our upcoming book on “Sustainable Innovation Cultures”. It will be published by deGruyter with online open access.

Great. So, to summarize, what would you recommend to companies?

Well, in order to grow a sustainable innovation culture in your organisation, first understand and specify your organisational values, tensions and values-action gaps. Once you know where you are now and where you want to go, co-create targeted interventions, and cultivate sustainable innovation practices and methods.

A great closing statement. Thank you for these insights, Henning!

And thank you Lucija—and heartfelt thanks also to our colleagues and research participants in both Erasmus+ projects!

Acknowledgements

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