

## Heritage and Innovation

### **Leveraging innovation drive with corporate cultural heritage?**

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## Introduction

A potential bridge between corporate history and identity, *corporate cultural heritage* shares with *corporate innovation* the theoretical prospect of a “one-way-journey”: as a matter of fact, heritage building and innovation processes head constantly to a common blurred point in the contemporary company’s future life, from where there is no turning back.

As both heritage and innovation reach deeply with the company’s most strategic interests, the understanding of their relationship appears as a new area of research:

- Could corporations (through all their dimensions: economical, societal, historical) be considered as the major resource for their innovation strategies through their cultural heritage prism?
- If to innovate is generally interpreted as at some point “getting rid of the past”, is there a contradictory approach that could interrogate this assumption, and therefore help to resolve the inherent paradoxical connection between heritage and innovation?
- Could corporate heritage stand up as a source material and/or a leverage to output productive innovation processes?

After highlighting the major keystones and prospects driving corporate heritage issues (I), we will develop the hypothesis of causality links between heritage and innovation (II), and then go through practical examples of the possible exploitation of heritage by innovative companies (III).

## I. Corporate heritage: keystones and prospects

### Section summary

- Corporate cultural heritage will take its place somehow as a bridge between history and identity, and also as an independent set of forces capable of offering the most coherent image of various identity components.
- Corporate heritage is a complex aggregate made of specific cultural assets provided over time by collective memory as well as production activity. These cultural assets can be tangible (machinery and tools, places like head-quarters or plants...) or intangible (ethical values, expertise...).
- Corporate heritage and brand heritage are necessarily correlated, corporate heritage standing as a step toward brand heritage qualifying processes, thus leading to sustainable brand preservation and identity improvements.

### a. What is corporate heritage?

Corporate identity enhancement, logical follow-up of its global and shared awareness, has been for years one of the most promising challenges for all types of organizations involved in a more and more competitive and multicultural economic world. Understanding corporate identity, and working on it, requires enlightening the key role of one of its essential vector: corporate cultural heritage. But how then take advantage of corporate heritage, how exploit it according to a unified value-creating vision?

Board representatives, top/middle management and consultants are likely to find in corporate heritage the foundations of a forward-looking project, likely to generate development and social link.

### i. Corporate history, identity and heritage

The corporate identity representations (sensory, ethical, cultural, social, territorial) are enriched by several sources (brand and products, knowledge and expertise, teams...), equally crossed by historical dimension. History, even though answerable to subjective perception and a certain form of corporate politicization, appears indeed as a major entry point to all cultural issues' better understanding. But to clarify the causality link between history and identity and enhance its exploitability, we need to get through a transitional and structuring stage: there we postulate *the critical usefulness of the corporate heritage concept*.

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### ii. An asymptotic relationship

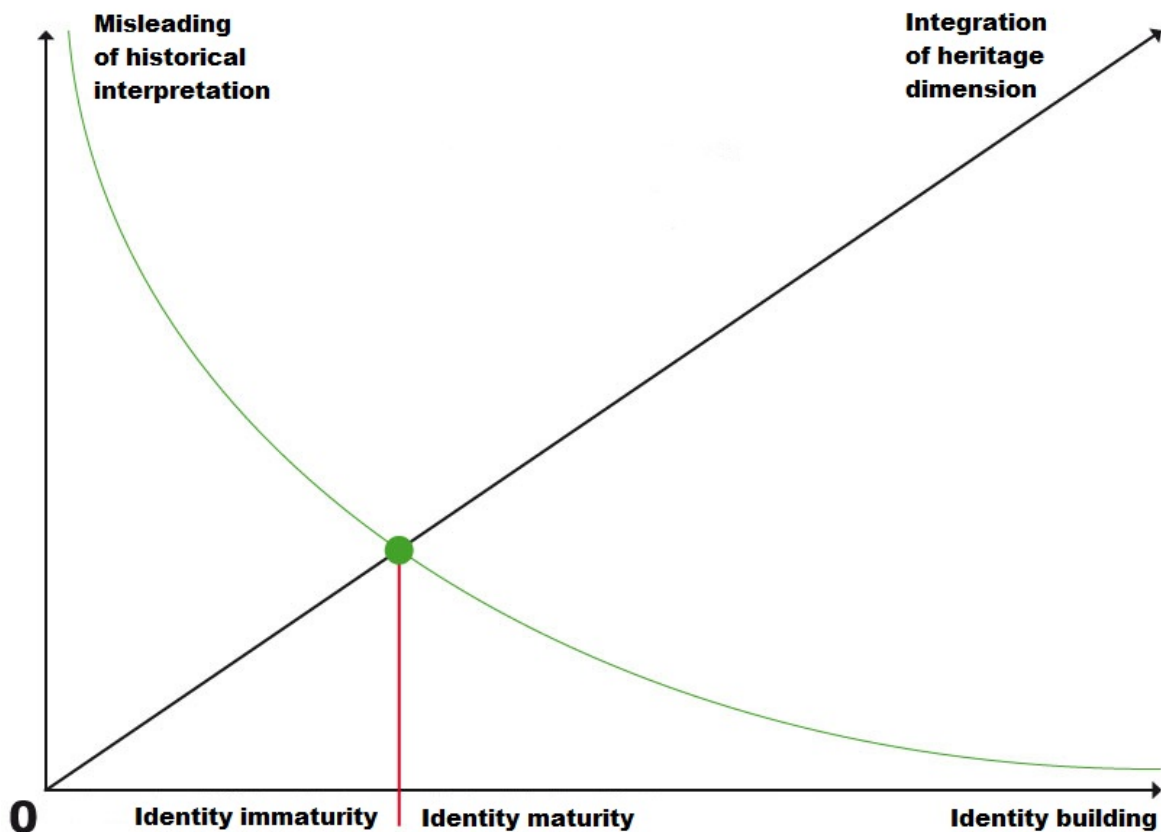
The transition phase between corporate history and identity seems very much like an asymptotic relationship: *identity building increasing indefinitely as misleading of historical interpretation*

decreases. Confusion of historical interpretation cannot get to a zero point because there will always be a distortion between tangible reality of past events and their qualitative measurement.

The *integration of heritage dimension* is the theoretical leverage that will help to lower interpretative confusion, while getting through a sort of *equilibrium situation* between:

- **Identity immaturity** (zero to little brand/corporate identity consciousness);
- **Identity maturity** (effective brand/corporate identity consciousness).

After reaching identity maturity stage, a synergic/virtuous circle will reflect the *necessary coherency between collective representation and collective action* from companies' operators and staff.



## b. Corporate cultural assets

### i. Corporate heritage issues

Relationship between men and heritage is a major civilizational issue.

This relationship has been so far widely unexploited in the corporate world, in spite of an obvious interest considering the highly positive spin-off of its systematic consideration.

The corporate heritage perspective serves to look at corporate organizations not only as economic entities designed to generate positive income statements, but also as meeting points between men, values, places and memory.

Corporate heritage is a high potential resource of growth momentum and positive image for the company, *as potentially a strategic part of brand management, of human resources management and of marketing and communication management.*

It can indeed enhance productiveness and add value at each key phase of the company's life: early stage and creation; development based on external and organic growth; transfer.

Corporate heritage is a complex aggregate made of specific cultural assets provided over time by collective memory as well as production activity. These cultural assets can be tangible (machinery and tools, places like head-quarters or plants...) or intangible (ethical values, expertise...).

The more particular the heritage asset is, the higher the impact, and then the urge to take it into account.

Identifying corporate heritage implies both the inventory and the weighted classification of its components. We shall refer to this methodology as “cultural assets ranking”. This only, can lead to the organized building of a rational recovery and valorization plan, which can be divided in three operating processes:

Cultural animation - Cultural mediation - Communication

Corporate as well as brand heritage valorization relies principally on two types of supplementary and obviously combinable actions: events, and publishing. (Print and digital)

Corporate heritage and brand heritage are necessarily correlated, corporate heritage standing as a step toward brand heritage qualifying processes, thus leading to sustainable brand preservation and identity improvements.

## **ii. Heritage qualification and maturity stage**

Three representative curves equally proceed from the company's “cultural big bang”, starting from the early creation stage and evolving synergistically:

Historical interpretation - Heritage qualification - Identity building

These curves' theoretical crossing point (in a 5 to 10 years process) calls upon a maturity stage, a crucial crystallization step where:

- Corporate cultural assets get fully measurable and exploitable for brand-related purposes;
- Heritage operations can be implemented, either by in-house teams or by a third party.

Several technical skills (evenly regarding analysis, classification, protection and valorization) can therefore be put into action and produce positive effects on each type of corporate heritage: tangible, intangible, and online.

## II. Heritage and innovation: A mutual causality

### Section summary

- Corporate heritage and innovation share some common features regarding their application field, their process approach, their output in the long run for the company's stakeholders, their long-term vision, their creative methodology, and their strategic approach.
- Innovation artifacts enrich the ground on which heritage assets are bred and exhumed, mainly because of the close relationship between innovation and tradition. Innovation is then a potential source for heritage, through two phases: emergence and integration.
- In return, heritage is also a potential source for innovation: as a crucial process step in the necessary observing/auditing phase, and as a firm argument (tangible and/or intangible) for innovative products inspiration (mainly regarding incremental innovation).

To challenge the mutual causality between heritage and innovation, we will successively consider: a. their common features, b. the hypothesis of innovation as a source for heritage, c. the hypothesis of heritage as a source for innovation, and d. graphic representations of their relationship.

#### a. Common features

Innovation relates to heritage (and vice versa) by sharing some common characteristics:

- They both produce positive effects on *brand control*, regarding:
  - Awareness
  - Image
  - Identity
  - Development
  - Value
- They both rely on the importance of *outsiders' insights*: insiders being in most situations in a position preventing them from getting an objective analysis level matching the company's needs.
- They should both ideally be managed through a *non-conventional process approach*, so as to give its best chance to the production of new ideas and to generate the most enthusiastic team spirit in project management.
- For all stakeholders, they both provide in the long run a combination of:
  - Increased benefits and high added value;
  - Decreased disadvantages and constraints.

- They both imply a long-term vision of a “work in progress” alternating *vertical and transversal corporate investigations*, breaking up hierarchical barriers.
- The success of heritage/innovation creative methodology equally rely on the relationship between two underlying and clearly separate phases:
  - *Divergence*, going through the operating principles:
    - Suppose
    - Wander
    - Associate
    - Morph
    - Inquire
  - *Convergence*, going through the operating principles:
    - Sort
    - Order
    - Adapt
    - Refine
    - Select
- *Design thinking*, a key strategic and rather new approach to innovation, is as well largely applicable to heritage (more specifically in its valorization phase), at least through the first 3 of 5 steps:
  - Empathizing; (With company’s ecosystem)
  - Defining; (Specific heritage valorization needs)
  - Exploring; (Heritage assets potential)
  - (Prototyping); (Heritage valorization plan)
  - (Testing). (Heritage valorization operating sequences)

## **b. Innovation as a source for heritage**

Innovative products and services, whether or not they prove to succeed (i.e. meeting their targeted customers), are not only key indicators of a company’s capability to stand up in the long run in the competitive field, but also best-qualified future heritage components.

Looking at innovation as a new tradition helps to understand how groundbreaking artifacts can actually feed and enrich cultural assets:

- The relationship between innovation, tradition and time implying that:
  - A good innovation is a future tradition (i.e. it will be seen as a tradition when looking at it from the future)
  - A good tradition is an ancient innovation (i.e. it was seen as an innovation when looking at it from past time)
- It is then rather obvious that new products and services (if considered by the company’s ecosystem as truly innovative) will soon be spotted and highlighted as *new key historic elements* (milestones in the company’s timeline), and therefore constantly add up new layers to the corporate heritage body.

Two phases are likely to infer from the innovation starting point:

### i. 1<sup>st</sup> phase: *Emergence*

The new innovative artifacts take place in the company's ecosystem scope.

### ii. 2<sup>nd</sup> phase: *Integration*

The new innovative artifacts mix up with the actual corpus of heritage assets, so as to produce an enhanced ground for future consideration or valorization.

## c. Heritage as a source for innovation

The most challenging hypothesis regarding the theoretical connection between heritage and innovation relies on establishing a way to resolve this paradox:

How various assets originated from a company's history and cultural background can produce valuable and positive effects on its innovation strategy? How deeply anchored and highly stable heritage items shaping a company's present life can also be inspiring for effectively shaping its future?

### i. A necessary process step

Heritage is a primary stage in a 3-steps process for newly hired product managers:

- Observing/auditing the cultural heritage assets of the line of products on which one can rely on
- Getting in touch with clients/customers and users experience
- Proposing a strategic plan for the next 5 years

### ii. Conciliating heritage with “getting rid of the past”

Getting rid of the past, generally considered as intricately linked with innovation processes, appears at first thought as totally conflicting with the inclusion of heritage in the process.

The confusion underlying the idea of “past” must be here clarified:

- “Past” does not relate with heritage, but with history. It is indeed history, and more specifically the *misleading interpretation of history* (see above: I. a. ii.) that connects with the idea of a past we should get rid of to innovate.
- On the other hand, the heritage mindset relies on *bringing to life in the most effective way the company's unquestionable cultural presence*. Heritage being its *crystal-clear materialization* (mainly through potential events and publishing works), it cannot therefore be considered as “past” and should not be considered as conflicting or even contradictory with innovation.

### iii. Best-qualified heritage assets

What are the corporate cultural assets most likely to leverage/feed/inspire the innovation cycle in its first phases of definition and discovery?

At this stage we consider that innovative products and/or services, if based on organized and stimulating process approaches, get significant inspirational inputs coming from:

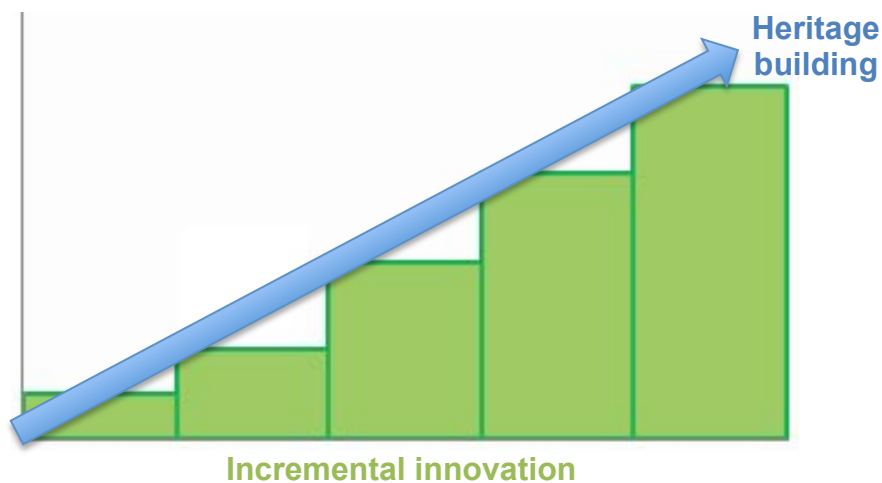
- Tangible heritage
  - o Ancient innovative products
  - o Ancient innovative tools and/or machinery
  - o Historic and contemporary places (head-quarter, production facilities...)
- Intangible heritage
  - o Corporate identity (especially in its territorial representation)
  - o Ethical values
  - o Recognized specific know-how and expertise

#### iv. Taking in account the typology of innovation

The typology or nature of the innovation matters significantly to determine the level of matching with heritage building. The corporate heritage body will obviously grow with time, in its volume and complexity. The heritage growing pace being necessarily slow, it could strictly be coordinated (in a mutual causality relationship) with a type of innovation following the same pace level:

- *Incremental innovation* (the dominant form of innovation), with its *progressive evolutionary curve*, will be closely connected to the slow quantitative increase of heritage assets.

Incremental innovation is potentially leveraged by heritage



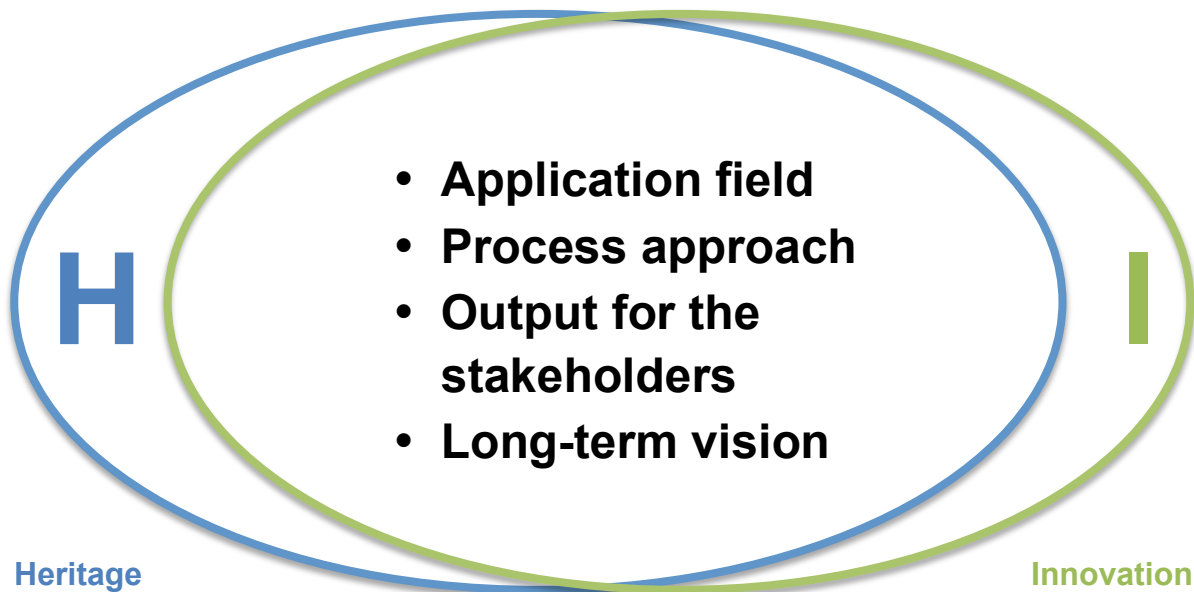
- On the contrary, *disruptive innovation* will require a radical change in the market and/or values approach, and therefore a *breaking-through attitude* regarding the relatively stabilized form of heritage assets.

Disruptive innovation is unlikely leveraged by heritage

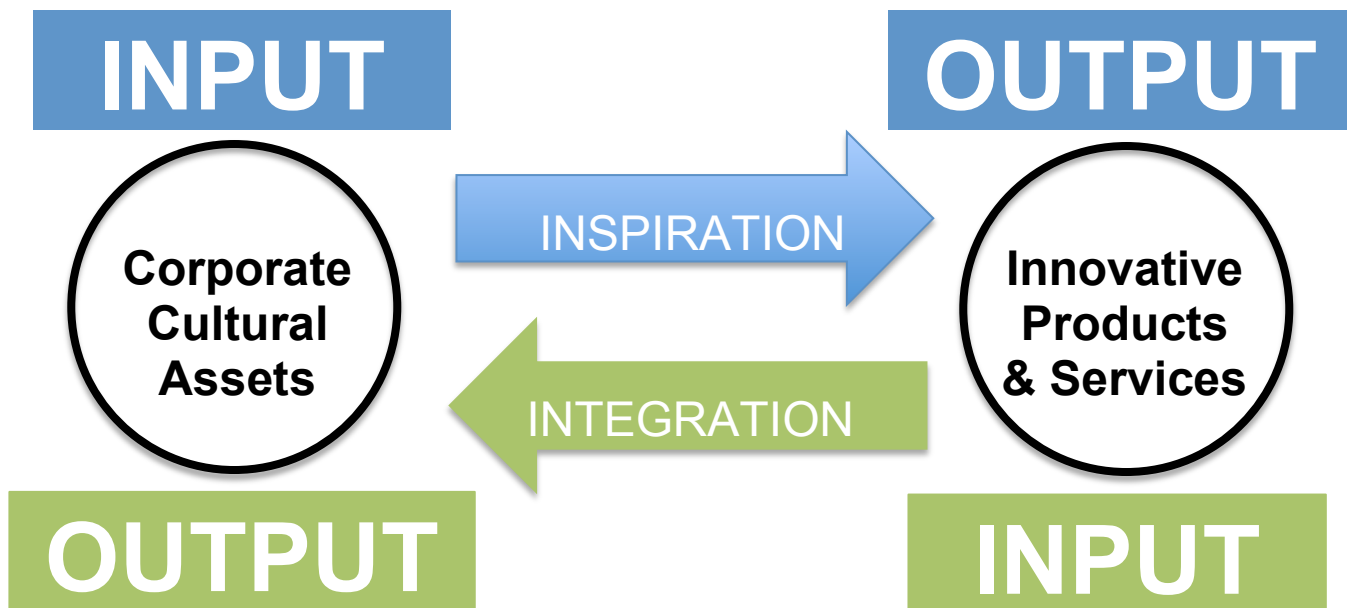
#### v. Concordance/dissonance table

Concordance Heritage/Innovation	Dissonance Heritage/Innovation
Including heritage as a 1 <sup>st</sup> step on auditing a line of products	
Considering heritage as at the heart of the company's present life	Considering heritage as part of the company's past life (i.e. history)
Best inspirational heritage assets	
Incremental innovation	Disruptive innovation

## d. Graphical representations



## Incremental innovation correlated to corporate heritage



## Corporate heritage enriched by innovation as a new tradition

### III. Heritage at the heart of innovative companies: evocations and practical examples

To position themselves in a most complex marketplace, brands must clearly separate cultural heritage from history, so as to incorporate innovative strategies likely to appeal to consumers' present and future needs.

This approach will produce positive innovative effects, in the fashion industry (for large companies like LVMH and smaller ones) as well as in other industries.

Effectively linking heritage to innovative projects in the real market world requires extensive researches and investigations that would exceed this paper work: we will then concentrate on a few key commercial innovations (already launched or to be launched soon) so as to highlight a possible connection with heritage.

#### a. Fashion industry

Fashion brands, especially in the *luxury market* where consumers are eager of the intangible social enhancements connected to the product/service, claim vigorously to rely their strategic development *equally on cultural heritage and on innovative processes*.

##### i. Louis Vuitton

- Innovation: Connected luggage (launch in 2017)
- Heritage field concerned: Core product & brand identity (Travel)



##### ii. Burberry

- Innovation: Online personalization experience
- Heritage field concerned: Values & brand identity



### iii. Hermès

- Innovation: Digital watch (collaboration with Apple)
- Heritage field concerned: Core products & brand identity (Leather)



### b. Other industries

#### i. Nestlé

- Innovation: Coffee capsules machines (Nespresso)
- Heritage field concerned: Core services and know-how (Quality coffee)



## ii. Apple

- Innovation: Handwriting recognition on a PDA (Newton)
- Heritage field concerned: Core products and know-how (Electronic)



## iii. Rolex

- Innovation: Automatic date change (Datejust)
- Heritage field concerned: Core products & brand identity (Horology)



## Conclusion

Crossing innovation strategies in many ways, cultural heritage, when applied to private corporations, demonstrates its ability to transform corporate artifacts (tangible or intangible) into powerful inspirational resources for product managers.

“Getting rid of the past” being not conflictive with the vision of an heritage (when isolated from history) constantly enriching the company’s innovative processes, it is therefore acceptable to state that heritage and innovation can stand together on a front line as realistic allies: one nourishing the other, and vice versa.

Furthermore, when looking specifically from the sourcing of innovation’ point of view, corporate heritage will be considered as a complementary and productive leverage, most likely to enhance other inputs, i.e. market needs.

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