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A new mind-set for European business

TEXT BY SABINE REMDISCH

Prof. Sabine Remdisch using Design Thinking to create learning experiences

DOSSIER
VIEWPOINT

Silicon Valley offers a new mind-set to fuel German innovation

I see Silicon Valley as a network of people and ideas, and my experience has been that every idea can be improved when it is shared with enthusiastic peers. There is a palpable culture of innovation, permanent change and development. Silicon Valley is fast, disruptive and driven by entrepreneurial spirit — as well as an unprecedented culture of failure. Here, failure in founding a company leads to second, third, fourth attempts — whatever it takes until a successful idea can be realized and the first million pours into the account. There is a distinctly different risk culture than in Germany, which promotes experimentation, reaching limits and even the possibility of miserable failure. Both entrepreneurs and companies want to create new, exciting ideas and move on them with speed, zeal and curiosity. This combination of knowledge, drive and a strong culture of networking is a recipe for success in Silicon Valley and an excellent example of how we can structure the future of business in Europe.

The question then arises as to which methods, attitudes and mind-sets German companies could adopt to advance their ability to innovate. Naturally, attitudes and mentalities can't be altered or transplanted, and rather must develop; however, certain principles and methods can be adopted that develop a culture-changing power. An example of this is promoting a spirit of entrepreneurship and encouraging networking between companies and universities. Look at Stanford University: companies come and go on the campus regularly, send guest representatives, and encourage joint projects with researchers and students. This interaction leads to innovation and economic impact. The many commercial successes stemming from Stanford are a demonstration of the innovative power that can be created by an entrepreneurial spirit in combination with knowledge and resources. According to the Stanford Alumni Innovation Survey, companies formed by Stanford entrepreneurs create annual worldwide revenues of nearly \$3 trillion.¹

¹ Easley, C. and Miller, W. (2012). Impact: Stanford University's Economic Impact via Innovation and Entrepreneurship. SSRN Electronic Journal.

A focus on cooperation, networking and entrepreneurship has resulted in a lasting, meaningful culture of innovation at Stanford and in Silicon Valley as a whole. This innovative culture is a key factor in shaping companies successfully; and despite differences between Germany and Silicon Valley, there are lessons to be learned for the future of European business.

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In Germany, we have companies with histories of sustainable success and traditions based on values, standards and efficient process management. Unlike, for example, Google, which was launched as a digital company with a digital business strategy, Germans and, more generally, production-oriented firms are now starting their digital transformation and looking for new digital business models. In the course of this digital transformation, they must question their past methods. The main challenges we face now are encouraging employees to undergo a "mind-set shift" and, especially, motivating leaders to be open to innovation and change.

I often get questions regarding the fundamental difference between German companies and Silicon Valley, and it is true that Germany and Europe as a whole have a unique ecosystem and way of doing business. However, we should not let that stand in the way of implementing the best practices of Silicon Valley, but instead recognize that they must be adapted for the European ecosystem and designed for the strengths and characteristics of the German and European economies. I would like to see German companies proactively using the ideas of Silicon Valley to move to the front of the pack, instead of always trying to catch up.

More information:
www.leadershipgarage.de

Photo: Hannes Harnack