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**54% of companies struggle to align innovation and business strategy according to PwC’s Innovation Benchmark**

Companies are making blind bets on innovation with billions of dollars potentially on the line, according to a new survey of over 1200 global executives and business leaders. The PwC Innovation Benchmark examines how top companies are meeting innovation challenges.

Most companies (54%) struggle to align their business and innovation strategies, leaving many companies flying blind as they place bets on innovation. A finding that is especially important as the report also found that strategy, not size of investment, is the greatest determining factor in the success of an innovation initiative.

“It’s critical for executives and business leaders to meet innovation challenges head on, but often times they are unsure of how or where to begin,” says Volker Staack, co-author of the report and Principal, Global and US Innovation Leader with PwC’s Strategy&.

“This report identifies the pain points for executives across all industries to help find solutions to drive innovation that will align with business strategy and result in bottom-line success.”

The report also explores the different approaches to ideation and innovation models deemed most successful. Overall, companies are becoming more inclusive and are adopting open innovation models that bring more voices to the table, including employees across all levels and departments. Not only does this foster fresh thinking, it also establishes a more innovative culture. Furthermore, companies are looking to customers as partners as they look to create the next big breakthrough innovation.

Among these findings, [PwC’s Innovation Benchmark](http://pwc.to/2s9yAxV) also found that:

* **Leaders show low confidence in their company’s innovation prowess:**Just over one-quarter of respondents believe they lead their competitors in innovation.
* **Companies are embracing open innovation models:** The most innovative companies today are promoting innovation both inside and outside their organizations by breaking down traditional barriers to bring in a much wider ecosystem for ideas, insights, talent and technology. Sixty-one percent of respondents say their company deploys an open innovation model, followed by design thinking (59%) and co-creating with customers, partners and suppliers (55%), all well ahead of traditional R&D (34%).
* **The Innovation X Factor?** **Humans**: Big data can tell you that customers behave a certain way, but it takes a human to explain why they behave that way. As a result, most companies surveyed (60%) consider internal employees their most important partner for innovation.
* **Designing the next innovation breakthrough**: Technology companies set the pace in developing breakthrough innovations with 58% of respondents reporting their companies focus mainly on breakthrough innovation.

**Notes to editors:**

1. To explore the full survey findings, please visit [PwC’s Innovation Benchmark](http://pwc.to/2s9yAxV) section of the PwC website.
2. Methodology: PwC's Innovation Benchmark is a global study run by PwC and PwC's strategy consulting business, Strategy&. Primary data collection occurred online and by interview between September 12, 2016 and January 27, 2017. The results and insights in this report are based on responses from 1200+ CXOs, VPs and directors from 44 countries and all major sectors. Participants are clients of PwC, or were identified by third parties.  This report is based on the strategy module of PwC's Innovation Benchmark, which also has operational modules for innovation financials, corporate venture capital, incubation, open innovation, product lifecycle management, research and development (R&D), and R&D tax.

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