How Can Innovators and Organizations Cope with Uncertainty?

It's an incredibly intense time when an innovator and an organization introduce their invention to a growing market interested in purchasing it. It's also a time full of uncertainty. Will the product be successful? Is anyone going to buy it? Will it be a 'hit'? In a stable environment, this uncertainty is mainly focused on the product-market fit. However, over the past few years, there seems to be a growing global instability. Whether an inventor is in Brazil or in Canada, the Covid-19 Pandemic up-ended ways of working and communicating. Countries are struggling with unstable, post-pandemic economic conditions with high inflation and interest rates. On the political front, there has been a continuum of populist and authoritarian governments, including oppression of minorities and even war. Finally, there is a wave of global talent mobility, as countries compete, not only for physical and financial resources, but also for human capital such as highly-skilled immigrants. These exogenous issues have an exponential effect during the most uncertain times of product validation: the product launch and expansion. We'd like to talk about how innovators and organizations might deal with this uncertainty by building sustainable hype and capitalizing on global knowledge flows.

Product Launch and Expansion

The hype cycle graphically represents the communication curve of new technologies, dividing it into five sequential key phases: technology trigger, peak of inflated expectation, trough of disillusionment, slope of enlightenment and plateau of productivity. When launching a new product attention, excitement, and expectations must be created in potential markets. It's human nature to be attracted to novelty and to want to be part of the latest trends. The development of hype begins with a stage of heightened expectations, as actors seek to persuade a larger audience of the certainty of their invention, and by doing so, retain a stronger sense of control over its rollout. This exaggeration creates a hype that is unsustainable, and the audience then moves to a stage of disillusionment. From 'Tulip Mania' in mid-seventeenth century Holland, to the dot com bubble of the 1990's, hype has created a speculative bubble that implodes. This seemingly inevitable decline in the hype cycle might be avoided, or at least significantly reduced, through practices that provide some social proof that the invention can live up to the hype. Innovators can be actively involved in generating proof by continuing to tell their story and by building a culture around the innovation. However, entrepreneurs often use heuristics, or mental short-cuts when making decisions and this creates a propensity to exaggerate a technology's potential. The more that innovators involve third parties in product development and launch, the more likely their product will meet market expectations and build legitimacy.

The propensity of innovators and organizations to "fall in love" with an innovation is a widely known phenomenon. Its source is related to the cognitive processes that distort how innovators evaluate context. The selective perception of stimulus is an unconscious process that causes individuals to apprehend information that confirms their beliefs, and discard information that questions their beliefs. For innovations it can be very dangerous, as the development and launch of successful new products depends heavily on accurate communication with its potential consumers and markets. Innovators, as well as organizations, should avoid this mistake by establishing an environment that fosters a realistic image of their innovations.

Dealing with Uncertainty and Hype

Innovation resides in the application of knowledge. Knowledge is intrinsically dynamic, fluid, and mobile. An environment highly connected by information technology is a particularly fertile scenario for innovation. Technological developments are fueling an increasing flow of talent (physically) and brain circulation (physically and virtually), thereby creating a welcoming context for both radical and incremental innovations. Twenty-first century careers reflect increasing mobility and customization to meet individual requirements. Individuals plan their career based on the development of competencies and knowledge acquisition. Managers should pay attention to

the resources they have available and should understand the potential for innovation that resides in an environment where knowledge actively circulates. In a time of uncertainty there is an expectation, and even need, that employees of any venture handle a broad reach of duties, and this can and should be extended to include a holistic consideration of their experiences, culture, language, and networks. By fully engaging key employees early in a product's development and expansion, innovators will have access to global market information which may help to control uncertainty. This will enable innovators to have access to knowledge that can reduce their perception distortions, thereby facilitating the understanding of consumer needs, expectations, and behaviours.

The talent flow is increasing diversity in the workforce in a global context. All over the world a growing number of organizations hire employees coming from different countries, with varying backgrounds, languages, cultures, and experience. A context with a great potential for meaningful circulation of rich information that should be nurtured by innovators and organizations, as it has the potential to function as a virtuous circle, with technology promoting and supporting knowledge circulation and likewise, with knowledge circulation promoting and supporting technology development.

To make this happen, organizations should map all the competencies of their workforce, their knowledge, abilities and attitudes, which include not only technical knowledge, knowing what to do, but also knowing how and why to take action. A diversified and globalized workforce has a rich set of different cultural backgrounds and life experiences, and also a unique set of personal and professional networks (in person and connected by IT tools). Organizations should develop formal networks and foster informal networks that acknowledge the unique characteristics and networks of its workforce and should establish connections between employees directly involved with innovation projects and the expanded workforce. It is important that innovation projects have members, or at least internal consultants, responsible for mapping and connecting relevant international networks and knowledge from different cultural backgrounds.

The modern competitive environment is characterized by a pressure for constant launching of innovations. The acceleration of processes is a favorable context for ignoring the previous life experience of employees. Making use of the enlarged experience and professional networks of a multinational workforce is a valuable asset in a time of intense innovation. Global talent flows and associated global knowledge circulation have the potential to generate knowledge for innovators and organizations which will help them to better deal with the uncertainty associated with the product launch and expansion phases and, consequently, sustain innovation hype cycles.

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Further reading:
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Logue, D., & Grimes, M. G. (2022). Living up to the Hype: How New Ventures Manage the Resource and Liability of Future-Oriented Visions within the Nascent Market of Impact Investing. *Academy of Management Journal*, 65(3), 1055–1082.
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