

# The answer to business growth is innovation

By [Vukani Mngxati](#)

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In the midst of a major technology revolution, South Africa continues to face multiple challenges such as high unemployment, slow economic growth and declining productivity to mention a few. Innovation - driven by digital disruption - is opening up new opportunities to create jobs, boost economic growth and address fundamental socio-economic and development issues.



Vukani Mngxati, CEO for Accenture in Africa

South Africa needs to isolate the innovation gene and replicate it in all endeavours in all sectors of society where it can create value. This is not just the can-do kind of innovation that South Africa is known and recognised for, but true systemic, repeatable, collaborative, problem-solving innovation of the first order – the kind that disrupts and defines successful and resurgent nations.

Disruption is an inescapable and growing challenge for all industries in South Africa. Though executives in the region are aware of the threat, they are not adequately prepared to face it. South African companies must ramp up their innovation capability and compete with global giants who are seeing Africa as the next mechanism for exponential growth. They need to invest in the talent at scale and rise to the next wave of challenges and opportunities.

Accenture recently released the Innovation Maturity Index, an in-depth study on the opportunities that technology innovation presents in South African businesses, and more importantly, a measurement of their ability to turn opportunities into value. Companies that thrive in the age of disruption actively innovate. This is both an exciting and daunting reality, depending on where you stand in the business innovation perspective.

Our study has shown that of companies that are beating disruption, just 7% of South African companies compared to 14% of companies globally, are innovating, using digital technologies to grow and reshape their core businesses into new businesses. Businesses that aim to drive growth and thrive in the digital era have much to learn from these companies.

### **Vulnerable to disruption**

The majority of companies in South Africa (62%) are vulnerable to disruption. There is an acute weakness in some industries, from a lack of innovation to insufficient investment, become apparent. In this stage of vulnerability, incumbents benefit from the continued presence of high barriers to entry and, instinctively, many rely on these defences to fend off disruption. This blind spot distracts many from a great opportunity: scaling up new ideas and venturing into new markets by harnessing innovation.

Only 9% of South African industries demonstrate broad resilience and achieve consistent performance, counteracting the disruptors to remain a distant threat, for now. Instead of purely sustaining the status quo, these companies have a great opportunity to seek and experiment with new business ideas.

One needs to recognise that business is changing and with it the business landscape. The old paradigms are being shifted by disruption and industries are converging to create channels to multiple services from singular entry points. Clear examples are seen where telecommunications and banking are converging with transport, retail and hospitality. Soon arrays of lifestyle services will be accessible from single points of entry like super apps and digital delivery portals.

The Accenture team conducted interviews with 100 South African C-suite executives from 14 industries to understand how their businesses are preparing for and are positioned to deal with disruption and we found that 50% of South African companies conceded that they were not prepared for disruption. This comes against the backdrop that 75% of companies expect their industry to be disrupted by new innovations in the next three years, especially from new competitors and technologies.

### **Deliver on digital promise**

Our latest Technology Vision 2020 further identifies five key trends that companies must address over the next three years. It suggests that as companies enter the decade of delivering on their digital promises - and in a world where digital technology is everywhere - a new mindset and approach is required, a new way of doing business and a new focus on innovation.

To manage it all and evolve at the speed demanded by the hyper-competitive market today, organisations will need to establish their innovation DNA as part of the way they do business. Collaborative innovation action is needed by all stakeholders in South Africa to define effective digital policies and strategies, as well as guide investment in digital transformation to deliver the greatest benefits for business and ultimately all in our country.

Companies that are not actively building enterprise-wide systems that are fully optimised for all of the rapidly maturing

technologies will find it difficult to catch up. No one company can address unemployment and drive economic growth alone. South Africa needs the support of all participants in the innovation value chain – industry, government, the professions, finance, non-governmental organisations, significant influencers, media, universities and much else besides. Innovation is vital to compete in a digitally disrupted world, create job opportunities and grow the economy.

## ABOUT VUKANI MNGXATI

CEO at Accenture

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