PUBLIC

# Podcast: Process Transformers

## Episode 37: How to Make Open Innovation Work | Feat Diana Joseph


**Fig. 1 – Cover art of Process Transformers podcast**
Figure description – A square cover image with decorative geometric designs representing workflows and connections with blocks, circles, and arrows in varying shades of blue. The title “Process Transformers” is featured at the top of the image, and logos for “SAP” and “SAP Signavio” are featured underneath the image

**Transcript**

**Lukas Egger:**

Hello and welcome to Process Transformers, the podcast that talks about business transformation at the intersection of Processes and AI. For those of you who have listened before, welcome back, and if you are new to the show thanks for tuning in. My name is Lukas Egger. I'm the Head of Innovation at SAP Signavio. And I'll be your host for today's episode titled, How to Make Open Innovation Work. My guest today is Diana Joseph, a design thinking leader and founder of the Corporate Accelerator Forum. Diana's work shapes how organizations think about entrepreneurship and learning inside of large corporations. Also, she has a new book out titled Open Innovation Works in which she demystifies open innovation.

Welcome to the show, Diana.

**Diana Joseph:**

Thanks so much for having me.

**Lukas Egger:**

Well, it's our pleasure. Diana, Open Innovation sounds intriguing. Everybody loves innovation. Let's get like a level playing field. What does open innovation really entail? What are the key parts? Because it's distinct, right? It's not any type of innovation.

**Diana Joseph:**

Right, right. So, when we say open, what we mean is there's a partnership going on between the large organization and some other entity, a startup,

maybe a nonprofit, maybe a peer, a university. There's a real partnership going on that includes an exchange. So, there are resources and knowledge flowing beyond the walls of the corporate and also flowing in from outside. That's what we mean by open. And then maybe goes without saying, by innovation, what we mean is there's something new going on. So we're not doing this just to have a better brand of toilet paper in the bathrooms or something, right? We're doing this because we're making something or learning something manifestly new together.

The real key to it though what makes effective open innovation is that what we're doing together is something that the large organization could not do alone. If you could do it alone, you should just do regular innovation, right? No need to add this complexity. But in the places where you as a large organization are running into the binds, just the realities of being a large organization and you can't explore in a certain area, that's where open innovation becomes really powerful.

**Lukas Egger:**

Hmm. Now everybody wants to be good at innovation, right? No CEO gets up and says like, well, I kind of want to be mediocre at innovation. Yet it's really hard and it feels even harder as you extend the people who are involved. Mm-hmm. Especially if they're beyond like, let's say, the premise of the organization.

So why would you say that it's so important to get good at the open part of innovation?

**Diana Joseph:**

Large organizations have limits, like any entity, like any person, right? There are things that will be strengths, and there are things that will be really challenging. In the case of large organizations, there are some pretty serious binds that you run into.

Some of that is regulatory. Of course, anybody in the same industry has some of those regulations, and there are in some arenas, special regulations that

apply only to the large organizations. But it's not just that. The nature of being a large organization is that you have a lot of people trying to move in the same direction consistently. In order to make that work there are structures, right? There are job descriptions that people have signed on to. There are ways that people's performance is measured and rewarded or punished. There are just social agreements between people that make that alignment happen. And then there are even tensions in the organization that help to keep the organization alive, right?

So the legal department wants to make sure that the brand is always present. We can't have stuff going on secretly, but the marketing department wants to make sure that the logo's only used when we're doing our most polished work. So you run into places where either the level of communication we would have to do to do something new is so high that we just can't make it happen. It will happen too slowly. And we run into places where there's an experiment we simply can't do because the stakeholders have opposing requirements.

**Lukas Egger:**

Makes sense. So in that regard, what I'm hearing is that the open part overcomes inabilities that the organization is otherwise facing.

**Diana Joseph:**

Exactly.

**Lukas Egger:**

And we know that for innovation to succeed you need to have the ability to execute on the de-risking of the ideas. Right? And so you need to bring all these parts together. Now, maybe another question just to make it clear.

**Diana Joseph:**

Yeah.

**Lukas Egger:**

What open innovation for you encompasses. There's so many things like accelerators, incubators, academic collaborations. If somebody says open innovation. What would be, let's say, out of bound and what would be inside? What is a typical setup that makes sense and where do you feel like it gets overstretched the concept?

**Diana Joseph:**

I think when people first started using this term open innovation, maybe 25 years ago, they were really talking about just exposing customers to ideas that were not products yet.

Now we call that design thinking, or we call it design. It's just very common. It's kind of table stakes. If you're going to do well in business, you have to be exploring with customers before it goes out in the world. So I no longer count that as open innovation. Having a customer advisory board does not count as open innovation for me. Doing customer interviews doesn't count as open innovation for me. Everybody should be doing that. Certainly anybody who wants to call what they're doing, innovation has to be doing that. For me, it's open innovation when you're leveraging the different strengths of different types of organizations.

So I mentioned as a large organization, you have certain bonds, but you also have enormous strengths, right? Just the scale, the customer access, the awareness of those kinds of compliance rules that I was talking about. And your partners have different strengths and different challenges. So a startup, for example. It doesn't have anywhere near as many people to make every decision, it doesn't have anywhere near as many budget buckets to choose from. They can make a decision very, very quickly. They can pivot very, very quickly, and that's powerful. But they can't scale by themselves. That's

incredibly difficult. And so when you put these two entities together, you get a kind of synergy.

You get powers that they don't have separately. So when it comes to deciding what type of open innovation you're gonna do, which engine, for example, are we like, should we be doing an accelerator? Should we be doing CBC? Should we be partnering with the university? What should we be doing? Those decisions depend on what you're trying to achieve and who has those complementary capacities that you need, right?

So if you need to know what's going on the edges of certain area of technical research. It doesn't make any sense for a large organization to spend money studying something you don't know if it's ever gonna turn into something commercial or not, but it does make sense to pay close attention to what the researchers are doing in the university.

So then you're gonna be looking at a university partnership. You're not expecting an answer quickly. You don't have to invest a whole ton of money. You get this insight and they get resources, right? On the other hand, if what you need is to understand what's happening in a really fast-paced arena an accelerator might be a great place to look because you have startups that are spinning up pretty quickly.

They need not a ton of resources real early, and they need access to your platforms, your materials, your supplies, your customers, your advice, and there's a synergy there and, and that's I think, really the key. I'm gonna be willing to call something open innovation if what you're doing is leveraging the differences between different capacities.

**Lukas Egger:**

I love that. Like not looking for the absence of weaknesses, but really playing into the strengths that each party exactly can provide. That's very powerful. Now, you mentioned engines in a way like, hey, there's accelerators, incubators, and whatnot. Right? And every different construct can be the right tool or the wrong tool.

Now the obvious next question is how does a leader know what good looks like and what are maybe the most salient features that you would advise

looking at? Because again, nobody wants to be bad at it, but it's not intuitively easy to understand what are maybe the most important criteria to look at. So in your work how do you advise and how do you put attention on the most important parts?

**Diana Joseph:**

I just wanna say you're completely right and that's in many ways the motivation for writing the book in the first place. Organizations know they need to do innovation. They often want to do open innovation. It's pretty sexy, but what they have to work from is examples.

So they know that an accelerator exists in the outside world. They know that other corporations have built corporate accelerators. They know that a CBC, that a venture capital firm exists in the outside world. They know there's such a thing as a corporate one, and they kind of go like, let's try that. But actually there are really specific criteria to consider.

It's so important to us that we've actually baked it into the physicality, the physical material of the book. Okay, so here's what I mean. On the back flap of the book, we have a list of these criteria and it's laid out in terms of a scale. So what we're saying is you need to take a position on each of these criteria, and then what you do is you flip the book open like a bookmark.

I'm using my hands, and this is gonna be audio. I don't know how it's gonna read. When people see it, they'll understand. So you fill out your position on each of these criteria, and then you can flip to a page of the book where you can use that back page, like a bookmark and compare. What can each of these engines provide in comparison to what I am saying are my positions?

So for example, how fast do we need money? If you need money real fast, a university is the wrong partner, for example, right? How visible do we want this to be? Are we doing this because of that sexiness? Because we wanna put out a press release that says we're doing this. Or do we want it to be a bit quieter than that?

So if you want it a bit quieter, maybe what you're looking for is a prove out journey rather than a big sort of institutional block, like an accelerator or an incubator. So are we looking for this to have impact on our culture? Because

for that we're gonna need a really intimate kind of setting. I won't drag you through all seven unless that's where we wanna go.

But the idea is to take a position on each of these. I don't need it to be really fast, but I do need to be aiming for a lot of money in the long run. Now, maybe what you're looking at is a CBC, but if you need it to be faster, then maybe you need to relax your goals on the amount of money that it will make in the long run, and then an accelerator starts to make more sense.

So that's the idea. Does that make sense?

**Lukas Egger:**

No, it makes perfect sense and very often innovation gets like presented as just like this. It's good. It's amazing. Everybody loves it. Rarely people like to talk about the trade-offs and the shortcomings because there is no free lunch. And so I like the connection to reality because there is just no case where you have infinite time resources where you know, like something's gotta give at some point, right.

So just because this is really interesting, what would you recommend people, then let's maybe also connect it with we're in the of AI. Yeah, right? GenAI,  AI has materially impacted how we think about innovation. What would you say if somebody in a leading position wants to engage with more innovation, maybe doesn't even care whether it's called innovation, but just feels like internally, the pace of adoption of AI is not high enough, and let's put aside the show, the PR. I feel like we as an organization need to get better at exposure and adoption of this technology because I believe it will have a big impact. What will be, let's say, first good way of getting hands off experience with that, that would fit into the framework?

**Diana Joseph:**

The real breakthrough of GenAI as far as I'm concerned, is that it makes medium to high fidelity prototyping super, super easy. That is by itself transformative, and that's what I think large organizations should be doing, is making sure that their employees are prototyping out their ideas. It's just so

easy to do now, in the past, if you had an idea you maybe would draw it on paper or write out your requirements and show it to somebody, or pitch it to whoever has resources to get you a person who then designs it for you. It's months before you can see what that idea would really look like, and now we can just sit down, put a sentence into a tool and get a prototype right away.

So for me, that should apply across the board. I mean, unless what you're doing is literally just producing the same widget over and over, or producing a, like a hyper compliant exact report that needs to be done a certain exact way. Everybody else has ideas about how it could be better, how it could be more efficient, how it could be more powerful, how it could be more useful, and we should be prototyping those ideas.

So that applies in open innovation just like anywhere else in the organization. Folks whose title it has the word innovation in it, obviously, hopefully are maybe doing that already. Or certainly it should be very low hanging fruit for them to start doing it and make ideas, visual and interactive so that they can then go hunt for the right partners to explore them further.

**Lukas Egger:**

So paraphrasing what you just said with the impact of AI on innovation and bigger corporations, it's less about thinking in terms of, I don't know, like accelerators and hackathons. It's about is product discovery more efficient and do we empower our teams to make the de-risking part of what we're building faster and cheaper and, I guess, more fun with more participation of customers? Is that fair?

**Diana Joseph:**

Definitely. And I would even say that it goes beyond products that are for customers, right? Like people who are deep in the organization's operations have ideas about how things could go better and faster. So, I guess we could still say customer, but using a prototype to show an internal customer, hey, if we do it like this, would that be better for you? If we do it like this, tell me how you would respond to that and applying that to just our day-to-day

improvement as well as to big breakthrough innovation questions. I think it's game changing.

**Lukas Egger:**

Yeah. No, again, makes sense. I think if I now take the other position. One of the fears that people mention when engaging in such a model is that right now AI still feels like a little bit like the wild west, and I'm not only talking about compliance, also talking about like this capability overhang, and you don't really know where it's going and it goes so fast.

So when I talk to decision makers and leaders, they're often like. I don't know how to align that work with my strategy or know what will happen in the middle and afterwards and I think for us in the innovation space, that's par for the course. Right? But there must be some way of mitigating that as well.

So I guess it's a complicated way of asking how do you help people to align strategy with innovation, and especially as other parties are involved from the outside, how do you keep it in a way, the communication lines open in, in harmony?

**Diana Joseph:**

Oh, there's so much to unpack in there. So let me, let me frame it this way.

There's a lot of risks when it comes to AI. Maybe even a more pointed way to put it is that there's so much uncertainty when it comes to AI. If I tell my employees to build things with AI, are they going to suddenly release all our customer social security numbers out into the world without meaning to.

Are we going to spend the world's resources on this and get blamed for environmental disaster? Are we gonna have people arguing about decisions in a way that they weren't arguing before? So those are all very real uncertainties and discomforts, and I have a lot of compassion for everyone in thinking them through.

When it comes to the sort of environmental stuff, that one's really hard. I don't know what to do about it. I'm using AI all the time and I am accepting that I'm, that I'm part of that journey. I don't know what else to say about that. When it comes to, are we going to do bad things if we create with AI, are we going to accidentally do bad things?

I think the way to prevent that is to just lean in on this word prototype. We're not inviting everybody to mess with everything. In production, we're inviting everybody to prototype and that's really important so IT departments can provide sandboxes or there are cultural things that we can do to help people understand the boundaries about which they should not draw.

I did an AI hackathon in Tokyo in September, and what we did there is we gave people clean computers that didn't have any connection to any company stuff, so they could do their prototyping there. The other piece though is I learned this term from Mohan Nair recently is the cost of conversion. So it's gonna change things.

If somebody makes a prototype and convinces themselves that there's a better way to do things, they're not gonna shut up about it, and we're gonna have to deal with that. It's on them to convince everybody else, but now we have all this convincing stuff that's happening. I think that's a good thing to have people sort of fighting for improvements.

We also need to communicate about the pace of change. We also need to communicate about what's possible in changing. Yes, we want you to try things and there's still gonna be a process at the other end before we are able to completely take on what you've come up with. And we aren't necessarily going to make every single change that's out there.

But the big win in dealing with all of that is everyone's eyes are open. As things are changing, everyone is paying attention, and that just gives us so much more capacity to weather the change as it comes.

**Lukas Egger:**

I like your perspective. I kind of wanna ask the question again, because I feel like on the side of the large organizations, yeah, they're built for compliance.

I mean, they have a very successful model of how to run the company. And in a way that's a good thing, right? Because it

**Diana Joseph:**

Absolutely

**Lukas Egger:**

pays for everything. And then it's like you wouldn't get into this situation without having a lot of success, but obviously your compliance muscle is stronger and more developed than let's do development of new ideas faster.

So you mentioned, among other things, sandboxing, the ability to connect with customers. What will be a couple of, let's say, ingredients that absolutely need to be there where you can say, Hey, if you don't focus on that, innovation won't happen. Mm. Obviously I feel like sandboxing and feedback from customers, yeah.

Needs to be an important part. But what are maybe the more unintuitive or not so obvious success criteria when you engage in that model where you actually give the tools and the empowerment to the teams?

**Diana Joseph:**

Well, I'll tell you the big surprise for me when I first started working in the open innovation space, and I'm talking about, I was inside the corporate side, the big surprise for me was I thought that the hardest part, that the biggest source of breakdowns was gonna be between the large and the small organization.

There's gonna be conflict and misunderstanding that does happen. But the biggest source of problems and the real reason why the, the real obstacle, the real, the thing that breaks down these projects, open innovation projects the most is inside the large organization. It's misconnection between stakeholders inside the large organization.

And so the centerpiece of our book is a dashboard. It's essentially an innovation canvas for the purpose of alignment of internal stakeholders. So we ask people, you know, synchronously or asynchronously to commit together to a set of agreements about what's gonna happen next in the open innovation work that we're gonna do, some really basic things.

We're all still on the same page, we're all still on the same mission, vision. We're all agreeing to the same strategy. Yes, the innovators are not gonna go off wild and do try to break this compliance model and mess things up for us. Right? So we're agreeing on that. We're agreeing on what it is that we're trying to achieve.

Are we trying to understand a new market? Are we trying to understand a new technology? Are we trying to shift the narrative about where the world is going on something? What is it that we're trying to do? What are we going to take care of tactically? Do we need to create a faster payment process in order to engage with certain types of partners?

Do we need to change the way we offer incentives in order to get the right people inside the organization moving? What kind of resources are we gonna put into? And at the end of the day, how are we going to catch what comes out? How are we gonna change the organization, and how are we going to grasp the learnings and translate them into our products and services?

Really the key is alignment, internal alignment.

**Lukas Egger:**

Now alignment can at times look like the following. You ask a leader, do you want innovation or do you want predictability?

**Diana Joseph:**

Yes.

**Lukas Egger:**

They'll go...

**Diana Joseph:**

Yes, I want that too.

**Lukas Egger:**

No, like there's a trade off, right? Yeah. And so I guess what I'm trying to say is it's very easy to narrow in or focus on the upside and the sexy parts.

Yeah. Now, you already talked about alignment, but that's. In a way, everybody knows that they have to do it. I guess that's just like cleaning your teeth. You have to do it even if it's not fun. Yeah. But we agree. We all do it. Right. And flossing.

**Diana Joseph:**

I hope so.

**Lukas Egger:**

But what are the more contentious downsides? What are the things that, where it gets really, in a way painful, but where you feel the resistance or people go like, ah, we didn't know that you wrote the book because if it were easy, everybody would be doing it and they wouldn't need a book. So what are the things that are hard?

**Diana Joseph:**

Yeah, just looking back at alignment for one second first. It may be that people know that they're supposed to do it, but I would say that they don't. Typically, we have not seen people actually do it.

I don't know what they mean when they say they're doing it, if they are doing it because we run into lots of times the innovation team has found something super juicy. And then they take it to the business and the business goes, what am I supposed to do with this? I don't have time, I don't have resources.

This hurts my customers at the same time that it's helping them. Why would I do that? And the conversation just wasn't really had upfront. It can also happen the other way around where the conversation was had upfront and the business wasn't serious. So that's why we try to like get really specific about what it is that we're going to do and put it on paper so that we can all look at it.

And what are the really contentious downsides beyond that? So there's this idea, and you are actually the one that reminded me of it most recently, this idea called the Frozen Middle or the Frozen organization. So this is another place where I had just so much compassion. A lot of the time innovators talk about this concept called the frozen middle, and what we're expressing is frustration.

What we're saying is, look. The leaders have told us they want us to innovate. They want us to make change. They want us to discover new things. They want us to disrupt even, and the frontline is super excited about it. So why are we not moving forward? Why are these middle managers this giant stack of middle managers, how come they're not moving fast enough on decisions and are not releasing the resources that we need? It's very frustrating. It's not compassion for that side, but also for those managers. Because what they're getting is clash between words and deeds. So the leadership is saying, thou shall innovate, but every single, you know, this is the way capitalism works, is there's a lot of priority on efficiency.

So every manager is working with barely, barely, sometimes not enough resources to achieve what they're supposed to achieve about the core business. They still have to achieve that. So when senior leadership says, thou shall innovate, and the frontline goes like, hurray, we're finally gonna innovate.

And then the middle folks, like nothing has changed about how they're incentivized.

Nothing has changed about their job description. Nothing has changed about the resources that they're being given. Nothing has changed about how they're being measured every quarter. What are they supposed to do? You know, these are forces that are pushing against each other very hard, and that is the source of that freezing.

So I think that alignment conversation can take into account that challenge and bring in those middle managers as stakeholders to say, look, at the end of the day, I cannot give you this person to work with unless you can backfill it. Unless you can backfill that person so I can continue to execute what I'm doing.

Let's have that conversation. And they're very difficult conversations, but I think they're worth having in order to move things forward.

**Lukas Egger:**

No. Again, that's the pragmatic way of doing innovation, the actual successful way, having those conversations early on and not get swept away by the excitement, and then incorporate depth in terms of like, we cannot do three things at once.

Now, in what way does that now change, or in what way does that need to be adapted because of AI and Agentic AI? Because it, everybody's saying AI will have such a profound impact simply because it's not just another tool. It is way of working that will change. Mm-hmm. So it's not just, oh, okay, we're layering on one more thing that we gotta do.

Mm-hmm. One more tool in our collection of tools now in a way we all like, at least the people who say why it will has such a big impact, is 'cause it requires reshaping of processes and how people interact. Have you already experienced that? Do you already see that? And how does it relate to open innovation?

Yeah. Because I would assume, especially if you work with, let's say organizations on the outside, people are maybe already AI native, there will be now a bigger gradient than before. What is your experience so far?

**Diana Joseph:**

There's one positive piece to it all, which is finally people are worried enough. Most of my career senior leaders weren't worried enough.

Here's the most extreme case I ever heard is that senior leaders in a certain organization told their staff who were interested in innovation, that innovation wasn't necessary for them because the cash cow is giving so much milk.

**Lukas Egger:**

Mm.

**Diana Joseph:**

Like we will never have to worry about anything happening with this business because this cash cow is ours and there will never be a problem.

And I haven't heard anything like that in the last 2, 3, 4 years because everybody's worried. I've almost been waiting for that for a while. That might be honestly the biggest obstacle to innovation in general. That people, they're understating the risk of the status quo. With AI in place, Agentic or whatever, uh, you know, GenAI in general, with this happening, this phenomenon happening around us and to us, everybody's worried. There's some healthy concern that has been triggered here, and I think that's a good thing. What's it actually gonna do on the ground? It's hard to know. I'll say that. And I'm curious what you're seeing also.

Generally speaking, I feel like it's slower on the inside than it sounds if you look in the press, right? We're seeing that there are layoffs, but are those really

because AI has replaced people or is it really for some other set of reasons, or because they're anticipating that AI might replace people?

I'm still hearing organizations say that, like you said, they're not adopting AI fast enough, so we don't know what happens yet 'cause it hasn't happened yet. I think wise leaders will approach it with a sense of humility that we don't know what's gonna happen yet. It's not about finding the answer and checking the box and paying for that answer, and we're done.

It's about exploring. It's about making sure that our staff are exploring. It's about making sense of those explorations, being thoughtful about them, taking a deep breath and not necessarily jumping onto the urgency bandwagon, but purposefully exploring as we go.

**Lukas Egger:**

I like the part about humility that you just mentioned.

Because I often refer to AI adoption as the peacocking face of AI, in a sense that you wanna show your feathers. Look at me, look at me. I too can add like chat panel somewhere, a prompting interface, which from my vantage point is a first order approximation what an UI looks like. When you ask an engineer and you threaten them, you have to put an UI there and they're like, oh my God, okay, let it be checked. Right? And what I see is that we all, like a lot of organizations are very eager to show that they can play that game.

**Diana Joseph:**

Yeah.

**Lukas Egger:**

But in a way, to me it feels like not yet consequential enough because mm-hmm. We know as a fact in terms of just looking at history whenever there was

transformational technology, just imitation is not the winning formula in the long run.

And so I would contend that just putting AI somewhere probably will not get you far enough in terms of like, do I do something substantially better and different? Or did I just try to optimize a little bit more of what is already known? Mm-hmm. Mm-hmm. And I think it's fair to start with that, like the optimization.

But if you only optimize, you will probably with a transformational technology. You will not go far enough. At least that's my, my working assumption currently. Yeah. Right. But it feels scary.

**Diana Joseph:**

Yeah, it, it feels scary. But there's also this potential for joy in, when I think about agentic AI, I'm thinking about like, okay, I have to tell you that I'm an innovation consultant.

There's almost nothing that I'm doing that bores and annoys me. That's why I picked this path. It has its other trade offs, but I'm rarely bored. But a lot of people have substantial chunks of their job that are boring and draining and repetitive agent AI opens the possibility of people automating away the icky parts of their own jobs.

I think that has really substantial potential.

**Lukas Egger:**

And in what ways are you preparing your own profession for that change? What do you think will be maybe the non-obvious changes that we will be discussing about corporate structures and incentives and what we, let's say. All that is under the banner of alignment, which you laid out so beautifully, is so important to succeed.

**Diana Joseph:**

Yeah.

**Lukas Egger:**

What way will we have to adapt innovation profession to make that better in the next year?

**Diana Joseph:**

I think incentives are a real key here. Because the incentive system is set up pretty purely to invoke compliance. We're making sure, and you know, the better your metrics, the better your KPI or OKR system is the more it's tied level to level to level. Everybody's metrics depend on everybody else's metrics, and we agree on them at the end of last quarter and we carry them through to the next quarter. A quarter is a really long time now. So if what I've promised is to produce X, Y, Z by the end of the quarter, but there's a new AI tool out there that makes it possible to produce X, Y, Z by Tuesday, what am I doing with the rest of my quarter?

Or my job is to produce QRS and something came in that makes QRS redundant or even just a silly thing to do. Now what am I doing? So the incentives kind of can't keep going the way they're going. They need to be designed for a much more rapid adaptation to take advantage of this opportunity for individual staff members to take what they're seeing out in the world and make the case for what they should be doing, what they should be measured on.

What I would love to see is entrepreneurial behavior get baked into the incentive system inside of large organization. Wouldn't that be amazing?

**Lukas Egger:**

Wow. I mean, it would be amazing, but also equally scary, right?

**Diana Joseph:**

Yes.

**Lukas Egger:**

There will be big, big chunk of the incentive scheme that all of a sudden asks for transparency. I think that will be quite the game changer.

**Diana Joseph:**

Yeah. And I mean, yes, it's scary, but we're all already scared, so that might be okay. You know, something's gonna change and that's scary. And here's something. You know, that feels uncomfortable that we can do to help us explore this scary space. So there could be some comfort in that. That's what I wanna say.

**Lukas Egger:**

Yeah. And you know, I think there's also a beautiful part about it because feelings, lightly scared means that you are going fast enough.

**Diana Joseph:**

That’s right. That's right.

**Lukas Egger:**

Because if you're not just a little bit scared from time to time, there is probably no chance or a lesser chance that you're actually doing innovation.

So I really, really like that.

**Diana Joseph:**

Great point.

**Lukas Egger:**

And it also segues into the question of if we have to change incentive systems, what else would you like to change? Let's focus on one process. If you could change any one process, which one would it be and why?

**Diana Joseph:**

Yeah. Yeah. Probably the first one is the incentive things, but I already said that, so, so what other process would I change?

Okay. Here's one. This is speaking as an outsider with a little bit of inside perspective. A process that's gone real wonky with the addition of AI is the hiring process. So what we have right now, just in the last couple of years, is we have a hiring manager inside the organization, perhaps in partnership with an HR partner, maybe not anymore, writing a job description with AI. That gets posted, and then a bunch of candidates rewrite their resume to match the job description using AI.

They write their cover letter using AI, and then there's an AI system that evaluates that, you know, and you're just gonna miss so much, right? Because what the AI systems do is they are looking for the most likely, just the fundamental way that GenAI works. They're looking for the most likely next word.

So you're getting this averaging out of all of those systems and you're missing, like there could be somebody who's bringing something really powerful to this need that we have as an organization, or there could be a way to talk about our need that would bring in people with an adjacent skillset that's actually so much more relevant than what we know to ask for in the job description.

So I think it would be amazing. I don't have an answer for how to do it. I think it would be amazing to change the way that that front door of hiring works.

**Lukas Egger:**

It sounds beautiful, like changing the interface because that front door is probably one of the biggest ways in how to change meritocracy. Mm-hmm.

And also then the ability to execute on what the organization wants to do. So that's very thoughtful. And just a perfect way of talking about process transformation. Thank you so much.

**Diana Joseph:**

My pleasure.

**Lukas Egger:**

And with that, thanks for listening to another episode of Process Transformers. This podcast is brought to you by the dedicated effort and hard work of an entire team.

So a heartfelt thank you to Beril Duman, Jahanzeb Khan, Reagan Nyandoro, Erica Davis, Cecilia Sarquis, Fawzi Mourad, and Julien Thevenod. If you have questions or comments, email us processtransformers@sap.com, and until next time, for another transformative conversation.

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