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How successful innovation teams develop creative spaces within organisations

Innovation departments are increasingly being pressured to generate results and returns. But formalising innovation within a company introduces processes and expectations that can undermine the serendipitous qualities essential for new ideas. Lucia Garcia-Lorenzo and Lisa Whitelaw call this the “paradox of institutionalising spontaneity”. Here they analyse an alternative approach used to experiment within structural limits.

The pressure on corporate innovation has never been more intense. Research published in 2025 by **ITONICS**, a software firm specialising in innovation management, found that 91 per cent of innovation departments feel that the era of innovation “theatre” is over. Senior management now demands measurable results – today. If teams are not delivering clear revenue growth, cost savings and transformative products, their budgets face the chop.

Yet **our three-year ethnographic study** (undertaken between 2016 and 2019 and due to be published in 2026), following six innovation projects at a multinational technology company, reveals that well-designed innovation structures are not enough. Innovators must continuously create room within existing organisational constraints.

The paradox of institutionalising spontaneity

Many large, potentially innovative, organisations face what we call the “paradox of institutionalising spontaneity”. While they recognise the need for innovation, and create structures to support it, the very act of institutionalising innovation introduces formal requirements, processes, accountability

measures and expectations of strategic alignment that can inadvertently constrain the spontaneous, emergent and serendipitous qualities often essential for breakthrough innovation.

Many scholars advocate **separating innovation** from core operations through dedicated teams, external incubators or corporate venture units. These structures can provide essential resources and legitimacy. But they simultaneously create constraints through formal processes, reporting requirements and strategic alignment demands.

As organisations face pressure to demonstrate impact of innovation, the paradox intensifies. A **study** published in 2025 found that 84 per cent of chief executives believe that innovation is crucial for strategic growth and sustainable development, yet only 6 per cent express satisfaction with their performance in this area. The innovation satisfaction gap appears even to have worsened in the past decade with satisfaction rates dropping from around 20 per cent in 2015 to just 6 per cent by 2025, while the prioritisation of innovation has remained consistently high.

Tactical creation of spaces for play

Our research was undertaken at “MultiTech”, an anonymised name for a real multinational technology firm specialising in complex systems for the defence, aerospace, security, transportation and space sectors. The firm has 60,000 employees in 56 countries and had been named as a top global innovator. In 2015 MultiTech had established a research, technology and innovation (RTI) function tasked with catalysing growth. The unit was partially autonomous, with mixed funding and given the freedom to explore new markets.

Yet the innovation teams faced persistent pressures: demands for return on investment, technical and product-focused mindsets and rigid processes. The wider company showed risk aversion towards activities with uncertain outcomes. In response MultiTech’s innovation teams created temporary environments that provide freedom to experiment whilst remaining within structural limits. We call these tactical “spaces for play.” Rather than being permanently established they must be continuously recreated through sophisticated organisational navigation.

Our study revealed a recurring pattern of three distinct phrases. The first is the “opening”. Innovators secure legitimacy and sponsorship by aligning projects with strategic priorities, even whilst pursuing unconventional approaches. An **innovator** we call Patrick (not his real name), working on a project to address the need of controlling drones in civil aviation, proposed market exploration rather than the technology roadmap he had initially been asked for. To overcome resistance, the team used business planning processes. “The plan is a bit of smoke and mirrors to keep some people happy. We will deliver you a report in six months. And then they go ah, that’s a deliverable.”

The second stage is “maintaining”. Teams leverage organisational resources and market position to explore opportunities and develop new understanding. The drone team identified and connected with industry stakeholders and secured additional resources through informal channels and by tapping into leadership development programmes, graduate communities and internship schemes.

The third stage is “reconstituting”. Project members reconnect with core business operations, crafting narratives that resonate with stakeholder interests to secure continued support. Projects must realign with company strategy at each cycle to reopen space for play. Those failing to achieve this strategic coupling either stopped or pivoted to another strategy.

Six tactics for creating leeway

Innovators employed several tactics: creating space for imagination by cultivating senior sponsorship; structuring basic project frameworks within business planning processes; engaging with the market by developing and testing ideas with customers; “making do” by using available resources creatively; creating common interests by tailoring communication to diverse stakeholders; and working on the self through constant reflection and adjustment.

Strategic coupling is essential. The drone team continuously recreated space for play by aligning their work with evolving organisational priorities. When their initial low-cost, high-volume solutions no longer fit MultiTech’s business model, they realigned with the organisation’s “Open Innovation” agenda, designed to accelerate innovation and reduce uncertainty by strengthening internal capabilities with external knowledge. Later they connected their work to the wider firm’s emerging interests in digital transformation and data services.

Projects that failed to demonstrate alignment with organisational interests either stopped or pivoted. A project which focused on critical infrastructure around power generation ended when the business area’s strategic priorities changed. The drone team was working on a consumer app for hobbyists which “failed” when the firm decided that it did not fit their business model. But the team pivoted by incorporating their work into the company’s commercial plans instead.

These efforts generated important micro-level impacts: personal development, enhanced customer perceptions, cross-company collaboration and development of new methodologies. Innovation emerged as cumulative synthesis – a distributed process where initial efforts, including “failures”, created foundations for subsequent possibilities. The methodology Patrick’s team developed was subsequently adopted across the RTI function.

What this means for innovation leaders

Our findings at MultiTech challenge common assumptions about innovation management. ITONICS found that 63 per cent of innovation departments plan to structure their innovation projects more precisely, with organisations seeking unified innovation playbooks. Yet our research recommends a more nuanced approach. Organisations cannot choose between providing structure or preserving spontaneity: they might benefit from embracing both simultaneously. And while the paradox of institutionalising spontaneity cannot be permanently resolved it could be continuously managed.

Successful innovation requires political and tactical skills, not just creative insight, to negotiate organisational structures. Innovation teams benefit from developing deep understanding of strategic context, business planning processes and stakeholder interests to demonstrate alignment whilst pursuing novel approaches.

Innovation isn't linear problem-solving but cyclical work requiring different practices at different moments. Teams who continuously adapt their tactics in response to evolving circumstances tend to be more successful. Designing innovation structures is necessary but insufficient. Organisations might consider recognising and supporting the continuous tactical work innovators perform to create and sustain space for play.

Navigating corporate innovation involves understanding the balance between providing organisational support for innovation and preserving room for experimentation. This means accepting that innovation cannot be fully controlled. It also involves providing resources and legitimacy whilst preserving room for spontaneity. "Failed" innovation projects can generate valuable lessons as initial efforts create possibilities for subsequent breakthroughs. When innovation budgets face scrutiny, understanding this longer-term value creation becomes increasingly important.

This post is based on *Creating and Sustaining Space for Play as Leeway for Innovation*, forthcoming in *Technovation*.

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