

Motivating Innovation

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Human resource executives command many tools to foster innovative workplace cultures.

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By Kathy Gurchiek

When U.S. athlete Dick Fosbury sailed over the high jump bar at 7 feet, 4¼ inches during the 1968 Olympics in Mexico City, he set a record with the "Fosbury Flop."

Twisting his body, he arched his back to sail over the bar with his feet above his head. The odd technique was a revolution from previous methods—the scissors kick, the California western roll, the straddle—and garnered Fosbury a gold medal and a place in history. It soon came to be the dominant method of high jumping.

It's a lesson for leaders on the importance of innovation, said Vijay Govindarajan, business professor at Dartmouth College in Hanover, N.H., and chief innovation consultant for General Electric. The challenge for organizations, Govindarajan said in a recent webinar, "is to make money with your scissors [technique] while simultaneously transforming the scissors" to go for the gold in the marketplace.

This is especially important during a recession, he said. "If you don't take the right actions in the recession, you don't participate in the expansion. There are going to be new winners and new losers."

Forward thinkers foster a culture of innovation to gain competitive advantage, and their efforts can take many forms—from new products and market expansion to ways of doing business.

However, investing in innovation may be viewed by some organizations as too risky at a time when they are scrutinizing every expenditure, the Society for Human Resource Management (SHRM) notes in its 2009 *Workplace Visions* article, "Innovative Work Teams in a Challenging Business Environment."

For organizations up to the challenge, though, the SHRM researchers point out, "it's the kind of strategic investment that will pay dividends now and in the years ahead."

It falls to HR professionals to help their organizations cultivate an atmosphere in which all employees see innovation as an investment in the future instead of an expensive indulgence during flush times.

"Creating the future is really all about creating new capabilities—and building new capabilities is the function of human resources," Govindarajan said.

Building Blocks

Organizations and employees require five core values for innovation to occur, according to Judy Estrin, author of *Closing the Innovation Gap: Reigniting the Spark of Creativity in a Global Economy* (McGraw-Hill, 2008):

- Curiosity and a natural ability to question the status quo.
- Risk-taking and a willingness to learn from failure.
- Openness. Organizations with strong silos tend to be less innovative, Estrin says.
- Patience, tenacity and the sense of giving an idea a chance to grow.
- Trust, underpinning the other values.

"As keepers of the corporate culture, HR can help promote these values and instill them into the process of building work teams," SHRM researchers say in the report.

HR should partner with leaders to drive those values through companies, Estrin says. That entails considering any barriers to innovation and looking at systems, such as social networking and other collaborative tools, to foster exchange of ideas and information.

Consider FedEx's "portfolio approach" that includes incremental and future-growth innovation, says Estrin.

Incremental innovations are customer- or process-driven. They keep current customers happy and organizations competitive and efficient.

But leaders also need to look at what's going to drive their future business, including new products or markets, Estrin says. "Disruptive" or "breakthrough" innovations drive future growth. They call for looking at problems a different way, she says, pointing to the iPod as the result of rethinking portable music.

A culture that embraces both types of innovation features small groups released from daily restrictions, she insists. Employees performing heads-down business don't have the time or mind-set for big-picture innovation.

"It starts from a real commitment from the top to set by example how important innovation is to the company," she says.

Fostering Curiosity

Innovation should be viewed as a process, according to Estrin. The board member of The Walt Disney Co. points to Pixar as an example of a culture where innovation is encouraged.

California-based Pixar Animation Studios, a subsidiary of The Walt Disney Co., is known for its Academy Award-winning

movies "Toy Story" and "Monsters, Inc."

Its process for developing technologies and movies entails collaboration and sharing ideas early on, Estrin says.

In these early stages, Pixar has no tight processes or metrics associated with innovation, Estrin says. While metrics can measure incremental innovations, innovation geared toward the future can't be measured while it's happening, she points out.

Tips for Fostering Innovation

The following suggestions can help foster a culture of innovation:

- Have leaders and managers explicitly discuss their definition of innovation, give examples and explain why innovation is important to the organization's survival.
- Consider incremental and future-growth innovations.
- Treat innovation as a key source of economic growth, much like machinery, capital, labor-force size and skills—as an investment, not an expense.
- Write a Declaration of Innovation and have top managers sign it.
- Partner with leaders to determine barriers to innovation; identify systems to foster an exchange of ideas and information.
- Have managers verbally solicit ideas from employees at weekly meetings.
- Set up workshops to generate ideas.
- Critique each other in a non-threatening way.
- Make innovation fun; throw a "make-your-own-pancakes" breakfast.
- Publicize implemented ideas: how they save money, make the company more efficient or lead to new products.
- Establish rewards.
- Recognize that innovation can happen on a small scale.
- Plan for and celebrate failure.
- Praise all suggestions to develop an atmosphere in which employees feel safe to voice ideas.
- Get cross-functional involvement to gain buy-in from various departments.

"Innovators need more freedom to wander around," she says. "You can only measure [innovation] in hindsight. When it's happening, you don't necessarily know where you're going"; measuring can "overly constrain the innovation.

"They plan failure into their schedules because they do not believe you can do something right the first time. ... You want to fail fast, and they want to learn from that failure and move

on."

Don't personalize failure, recommends Lori McAdams, Pixar's vice president of HR. "We don't tie it to the individual. We just talk about it in the [appropriate internal] forum": a team meeting, with a small group or with the affected individual.

Pixar's 1,000 employees also learn "plussing" in orientation and training.

When an idea is offered, it's restated and added to, she explains. "We don't say 'no, but.' We say 'yes, and.'"

" 'Yes, that would work and if we also blah, blah, blah.' The good stuff continues, and the bad stuff goes away. Without being judgmental, you get to a better solution."

All employees use this process, she says, whether to develop a movie character, create a technical approach to shooting a film or assemble various cross-functional teams.

"We all consider ourselves filmmakers even though we don't all directly work on a movie," she explains. "We try to 'plus' each other's work because we end up with better results."

Taking Risks

Whipping up a pancake breakfast for 120 employees at a Massachusetts health care technology and communication company demonstrates the surprises innovation yields when risk is embraced.

Yogurt, hot sauce and leftover Chinese food were among the mix-ins employees grabbed from the company refrigerator. As pancakes "got crazier," so did the line to get them, says Alexandra Drane, co-founder and president of Eliza Corp.

Using leftovers "comes back to the economy. We want to be reminding people all the time that we don't live in the same world we did six months ago," Drane explains.

One lesson: "How can you be leveraging all the tools and resources in creative ways to make the most out of something?"

Some employees' pancakes were revelations.

Declaration of Innovation

HR managers can champion innovation, says Tom Kuczarski, author of *Innovation: Leadership Strategies for the Competitive Edge* (McGraw-Hill, 1996), by creating a Declaration of Innovation listing the roles innovation plays in company growth. Is it:

- To become a leader in a business category?

- To protect the company against a key competitor?
- To expand globally in new markets?
- To enter new segments of the industry?

Include criteria for screening ideas, such as the investment the organization is willing to make, and have top managers sign the declaration.

"That forces a dialogue to take place by the people at the top," Kuczmarski advises.

While yogurt was a "surprise contender" and the inspiration of the head of HR, taking a risk with ingredients such as hot sauce became as much a badge of honor as playing it safe concocting good pancakes, Drane says proudly.

In an innovative culture, employees feel safe offering ideas. They understand some will fail and don't feel shame for failures, she says.

Case studies of failures are part of the company's onboarding: Video training segments show how leaders and employees support mistakes, as long as they're recognized and fixed quickly, Drane says.

Failure is "100 percent intrinsic to successful innovation," notes Tom Kuczmarski, author of *Innovation: Leadership Strategies for the Competitive Edge* (McGraw-Hill, 1996), who suggests throwing failure parties so people learn from their mistakes.

Being Open

"Increasingly, teams are considered the engines of innovation and creativity that lead to future products and services," SHRM researchers say in the report. Most HR functions, they note, can be described as pulling different aspects of the organization together as a team—from recruitment to rewards to reconfiguring teams for the future.

Helping teams succeed includes recognizing that innovation's different stages may require different kinds of support—teams working on the front end developing a new idea may be hampered by too much process management, while those on the final stages may benefit from process improvement standardization, according to the report.

Tools to help foster the collaboration process can be as simple as allowing off-site work or setting aside a room for employee input on a project. For example:

- PBwiki Inc., a California company that provides wiki tools, creates quiet time so people can concentrate. People can work off-site on "no-meeting Thursdays." Small groups might gather in a coffee shop or a home to work on breakthrough

projects, for instance.

Because they have no distractions, "they can be phenomenally productive," says Chris Yeh, vice president of enterprise marketing.

Approximately 25 percent of the company's product innovation is driven by off-site gatherings and "skunkworks"—small teams working independently on potentially breakthrough projects, Yeh says. During one quiet time, a team developed the idea of customizing a customer's web site by using the colors in the company's logos as signature web site colors, he explains.

- Advertising agency Allen & Gerritsen in Massachusetts turned a conference room into a technology incubator, where its 88 employees test gadgets from video games to DVR technology to social media applications.
- The development process for Eliza Corp., which creates and delivers automated, interactive phone calls to help health insurers reach members with targeted information, lets all employees "kick the tires" by experiencing all aspects of a project—such as wording of the script and phone voice prompts—before release to clients.

Diversity Works

Cross-functional innovation teams ease buy-in from various departments, which is vital when it's time to create a prototype, says Tom Kuczarski, author of *Innovation: Leadership Strategies for the Competitive Edge* (McGraw-Hill, 1996).

Sharon Flank, who holds six patents and has another six pending, assembles unlikely teams to stimulate innovation. Flank is CEO of InfraTrac, a Silver Spring, Md., company that tracks and detects counterfeit drugs.

"Here's what has worked with my teams," she says:

- Select people with different perspectives, backgrounds and expertise.
- Make sure the team does not solely consist of people who work together regularly.
- Bring teams up-to-date on the challenge, the state of the art and the options to date. E-mail is good for this purpose.
- Give team members the time and an informal atmosphere to incubate ideas.

"Once they're prepared, put them together for a while. After

an hour or two, feed them," she says. "The conversation will continue informally, and you may get better results.

"Creativity will continue after this session, so don't despair if you don't get anything right away."

For one client, Eliza employees developed a program on mammogram awareness for women age 40 and older. They wrote a script for telephone calls to find out whether that population had recently undergone mammograms and, if not, to inform them where they could get them done.

This "eye-opening" approach, Drane says, enables even the newest employees to challenge the work of veterans and "old biases about what makes for engaging, effective outreach."

Patience, Tenacity and Growing Ideas

Fostering innovation can be a challenge in a free-fall economy when the impulse of leaders is to cut people and other resources. Reluctance to change, though, is a mistake during tough economic times, warns Tony Zamora, manager of HR and administration at The San Jose Group, a Chicago-based consortium of marketing communications companies aimed at Spanish-speaking Americans.

Its 54 full-time employees are expected to be involved in creating innovative "vibes," says Zamora, who works with the vice president of account services to put idea-generating programs into motion.

One approach: twice-monthly, hour-long all-staff summits in the main conference room. Employees suggest improvements—to their department, other departments or the company as a whole. Suggestions must meet three criteria: be original (although they could use an existing idea in a different way), include a concept for packaging or delivery, and be substantial—benefiting the company and employees "financially or efficiently." Successful ideas generated include:

- Supplying clients with webcams and software for web-conferencing. Face-to-face meetings and presentations now take place without added expense and travel time.
- Improving the web site. Every page was printed and posted in the conference room, and employees jotted ideas for improvements on them.
- Creating an internal social network for employees. Using it grows Web 2.0 skills companywide and fosters relationships.

Some employees doubted their ideas were welcome, despite what they were told, until the company began giving tangible rewards. But innovation doesn't have to be expensive, Zamora says. Because it's watching the bottom line during the

turbulent economy, his organization rewards employees with extra days off, or occasionally gives gift cards or Visa check cards, for innovative ideas.

A rewards system demonstrates to employees that their ideas matter, according to Joe Frontiera, managing partner of West Virginia-based Meno Consulting, which focuses on culture change.

Publicize successes, Frontiera advises. Talk about how ideas save money, advance efficiency or lead to new products. All managers should verbally solicit ideas from employees at weekly meetings "and praise any and all suggestions," he adds.

"This is how the value of innovation begins to be ingrained" to create an environment where ideas percolate and employees feel safe voicing ideas.

If innovation is not valued at an organization, it's likely employees have been discouraged by having ideas "shot down," Frontiera says.

To truly value innovation, leaders must empower workers. They must be explicit in what they mean by innovation and why it's important to survival—and they should share examples of ideas. It's important, too, to question the company's basic operating assumptions, he adds.

There is more to innovation, though, than identifying possible ideas, says Mitchell Gooze, who spent 20 years in the high-technology industry and managed four companies for Teledyne.

One of the biggest problems companies have, he says, is deciding from among many ideas which ones to implement—and sticking with those ideas. Often there is a disconnect between what the CEO thinks can be done and what is possible with the resources available, says Gooze. Alternatively, leaders of some companies keep changing their minds about what they want to do.

"They have the 'shiny penny' syndrome where they keep chasing after the next shiny penny," Gooze notes.

Establishing Trust

An environment where employees feel safe broaching ideas, trying new things, taking risks and failing is imperative to fostering a culture of innovation, and trust is key for such a culture to take root.

"Many people are scared to discuss their opinions because it might fail, so we encourage them to discuss all ideas," says Zamora. "Putting their heads together, we can make things work."

The CEO can set an example of keeping an open dialogue with employees and valuing individuals. At The San Jose Group, the CEO or vice president usually leads the twice-monthly innovation summits.

Mike Taylor, president of Innovative-e Inc., a technology consulting and services company in Atlanta, says a culture of innovation "begins with a solid value system that empowers workers to creatively evolve the business within a clearly understood framework."

An organization should have written values that are reinforced daily, starting at the top of the organization, and personal accountability that extends throughout all layers of an organization and peer to peer, he adds.

Employers also need to be realistic about available resources—including talent—to bring about innovation, according to Sue Chehrenegar, who worked as a research associate at a biotechnology company in Los Angeles.

Innovation Busters

"Not everyone will adore and support you" for trying to be innovative, observes Joni Daniels of Daniels & Associates, a Baltimore-based organizational development and management training company. Be prepared to address the following factors that Daniels says inhibit innovation:

- ▶ A hectic environment where there is no time for reflection.
- ▶ A sterile environment where creativity is not stimulated.
- ▶ Rigid rules and barriers that prevent people from connecting.
- ▶ Stress that saps creative energy.
- ▶ Routines that limit responses.
- ▶ Egos that keep organizations stuck.
- ▶ Fear of self-expression.
- ▶ Negative self-thinking.

"Administrators in some companies have difficulty understanding the limits of innovation," she says.

She was the first person there to culture cells in serum-free media, and her accomplishment led to a different project using a cell line she was familiar with.

That project accomplished, managers handed her a more challenging one—growing a "flesh-eating" bacteria. "They seemed to think that my abilities as an innovator should help me to accomplish a task for which I had no training. I had

spent years culturing various types of human and mammalian cells before I discovered how to grow cells in serum-free media. I had never taken a single microbiology course.

"The company seemed to think that an innovator could do anything. The company was mistaken."

Taylor advocates stretching beyond comfort zones while knowing some ideas will fail, but he advises leaders to be smart about the risks innovation can pose.

"It is foolhardy to blindly allow change without considering the possible scope of failure," he says. "If a team has an idea for a radical change to a service offering, don't test-drive it on your biggest, best customer all at once. Rather, try new ideas on small clients or a friendly [department] of a larger client."

It takes a while to implement ideas and show employees their work makes a difference, Zamora acknowledges. But, "if you're not afraid of the change, it's highly worth it."

And when the economy rebounds, leaders who have fostered innovation will see their organizations soar over the bar in their own versions—and visions—of the Fosbury Flop, leaving their less innovative competitors in the dust. Along the way, organizations will need HR professionals championing innovation and helping them go for the gold.

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