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Features

89 Crucial Accountability
By **Kerry Patterson**
Confront slackers

90 Purpose of Power
By **Gary Hamel**
It gets things done

91 Preparing Leaders
By **Elaine Varelas**
Develop the next generation now

92 Developing Leaders
By **Jack Zenger, Kurt Sandholtz, Joe Folkman**
Apply five insights

Leadership Myopia

Gradually over time, we have become overly obsessed about managing tasks. In our quest to produce results, we have lost sight of the importance of engaging people. **P.17**

- | | | | |
|---|--|---|--|
| <p>4 Do Leaders Stifle Talent?
Ken Shelton</p> <p>5 Crucial Accountability
Kerry Patterson
Confront slackers</p> <p>6 Purpose of Power
Gary Hamel
It gets things done</p> <p>7 What Leaders Won't Do
Patrick Lencioni
Deal with nonperformers</p> <p>8 We Need More Heroes
Deb Cheslow
Show remarkable courage</p> <p>8 Disruptive Heroes
Bill Jensen
They're the innovators</p> <p>9 5 Talent Myths
Wendy Axelrod and Jeannie Coyle
These kill development</p> | <p>10 What's Your Mission?
Marshall Goldsmith and Patricia Wheeler</p> <p>11 Active Accountability
Eric Papp
It counters abdication</p> <p>11 Leader Competence
Mike Hawkins
It's the differentiator</p> <p>12 Growing Talent
Ann Herrmann
Use the whole brain</p> <p>13 Coaching Culture
Alan Fine
Boost performance</p> <p>14 Corporate Gravity
Ryan Fisher
Overcome it to spur more innovation</p> <p>15 Organizational Gravity
Tony Kubica and Sara LaForest
Opt for performance</p> | <p>16 Soft-Side Leadership
William D. Mayo
Focus here to excel</p> <p>17 Leadership Myopia
Michael Lee Stallard and Howard Behar
Connect with people</p> <p>18 Confidence to Lead Change
Phil Buckley
Lead the four phases</p> <p>19 Culture of Innovation
Soren Kaplan
Create one in six ways</p> <p>20 Involving Others
Terry Pearce
Boost engagement and commitment</p> <p>20 Wired to Lead?
Andrew Graham
Look for these three sure signs</p> | <p>21 Leader Crisis Looms
Gerald Purgay
Identify and develop future leaders</p> <p>22 Preparing Leaders
Elaine Varelas
Develop the next generation now</p> <p>24 Developing Leaders
Jack Zenger, Kurt Sandholtz, Joe Folkman
Apply five insights</p> |
|---|--|---|--|

Culture of Innovation

Here are Six Ways to Create One

by Soren Kaplan

Every organization is designed to get the results it gets. *Poor performance* comes from a *poor design*. Superior results emerge when strategies, business models, structure, processes, technologies, tools, and reward systems align in symphonic unison.

Savvy leaders shape the culture to drive innovation. Knowing that culture—values, norms, unconscious messages, and subtle behaviors of leaders and employees—often limits performance, they design interplay between company strategies and the ways people actually relate to one another and to the organization. Here's how to influence the soft stuff.

1. Be intentional with your innovation intent. Most visions and missions sound alike: *Become the #1 provider of blah, blah, blah.* Such generic, broad-based goals do little to spark ingenuity. Perhaps the worst thing you can do is give *innovation marching orders* without any guideposts. That's when the focus gets lost and teams spin their wheels. The goal: Frame the way you want to change the world, and *make it about the customer.* For example, Intuit—developer of Quicken, QuickBooks, and TurboTax—makes its mission clear: "To improve our customers' financial lives so profoundly they can't imagine going back to the old way."

2. Create a structure for unstructured time. *Innovation needs time to develop.* People get so consumed with *putting out fires* and *chasing short-term targets* that they can't think about the future. Giving up control when the pressure is greatest is the ultimate innovation paradox. That's why iconic brands like 3M and Google give their employees 10 percent *free time* to experiment with new ideas. The software company Atlassian encourages employees to take *FedEx Days*—paid days off to work on any problem they want. But there's a catch: like FedEx, *they must deliver something of value 24 hours later.* Intuit uses time as a reward because they believe it's the *biggest motivator of intrapreneurs.* Intuit gives its best innovators *three months of unstructured time* that can be used in one big chunk or spread out over six months for part-time exploration of new opportunities. Using time wisely creates a major incentive to get more time to play with wisely.

3. Step in, then step back. Rather than try to *over-engineer* the innovation process,

give just enough structure and support to help people navigate uncertainty and tap into the creative process without stifling it. Many good tools for building employee skill sets are freely available, such as the *Stanford Design School's Boot Camp Bootleg.* Intuit applied the design thinking underlying Stanford's model to create its *Catalyst Toolkit*, a guide for cooking up innovation. People as diverse as software engineers to HR managers used the toolkit to innovate processes or create new



products, including SnapTax, which lets customers file their taxes in 15 minutes on their mobile phones. Promoting such toolkits help convince employees that leaders care about their development while they also promote best practices that can be adapted to the needs of the individual or team.

4. Measure what's meaningful. Peter Drucker said, "*What's measured improves.*" You get what you measure. For many companies, the challenge is turning ideas into something real that delivers an impact. So what metrics should you use? First, you have to figure out what to measure. In its early days, Facebook measured how often its users returned to its site. Everything they did focused on blowing out this single metric.

Customer-oriented numbers are essential, but other indicators can drive internal innovation, too. After Proctor & Gamble realized the importance of outside partnerships in driving market breakthroughs, the company decided to measure (and increase) the percentage of new products that used breakthrough technologies from partners. Externally driven innovation jumped from 10 to 50 percent and resulted in new products. Other metrics that promote innovation

include: percent of revenue from products or services introduced within a certain time; a pipeline of new ideas that includes a set ratio of short-term products or services and longer-term game changers; percent of employees who have been trained and given tools for innovation; percent of time dedicated to discovering, prototyping, and testing revenue-generating new products, services, or business models (say, 10 to 20 percent).

5. Give "worthless" rewards. Recognizing success is critical, but most companies stop there. An *annual innovation award* isn't enough to catalyze a culture of innovation. Formal rewards are good for the short term, but they don't keep people truly engaged. The most powerful and robust recognition often occurs *informally.* Several members of Colgate-Palmolive's Global R&D group initiated a *recognition economy* by distributing symbolic wooden nickels to colleagues who had made noteworthy contributions to their projects. The fortunate recipients passed them on to others who had chipped in on projects that they had led. Such informal acknowledgments encourage a collective spirit and promote the free flow of ideas.

6. Get symbolic. Symbols represent underlying values, and come in many forms—values statements, awards, success stories, posters in the hallways, catch phrases, acronyms, and, yes, wooden nickels. Those who curate the innovation symbols of their companies essentially curate their innovation cultures. Intuit installed the kitchen table where Scott Cook dreamed up the company with his wife in its innovation center—and employees sit around it for idea jams. Symbols can also be poignant experiences that live on as stories and folklore—and shape the mindsets and behaviors of employees.

Every culture is different. So when you're cultivating innovation, you're cultivating a unique system. Align your approach with the values and goals of the company—and make it easy and rewarding for the people whose roles and dynamics influence the innovation culture you're trying to cultivate. **LE**



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