

All About People

Why Leaders Need to Know the Human Side of Innovation

Innovation involves more than turning out high-tech gadgets, and innovators are complex human beings of different backgrounds and all types. Unfortunately, innovation has hit a wall in the workplace because the human component has frequently been neglected. Organizations focus too much on the mechanics of innovation and not enough on the underlying people-based principles. To promote innovation, leaders must first understand what drives it: people.

A lot is being said about innovation these days, but what exactly is innovation? According to conventional wisdom, innovation is what results in a better mousetrap—the complex widget that makes a toaster heat more evenly or a computer work faster. And the innovator, the figure who lurks behind the better mousetrap, is often thought of as wild-eyed and misunderstood, tirelessly working away in a dimly lit basement or an out-of-the-way barn.

Such popular conceptions have some truth to them, but they are severely limited. Innovation involves more than turning out high-tech gadgets, and innovators are complex human beings of different backgrounds and all types. I propose that *innovation* is a

creative act or solution that results in a quantifiable gain and that it is set in motion in the world of ideas but is realized in the world of human action. Organizations need innovation like plants need water; without it, they die.

I have been thinking about and working on innovation for a long time. My first job was as a chemist at Eastman Kodak in Rochester, New York, and my fascination with the topic of innovation led me, in 1979, to set up Kodak's Office of Innovation. Shortly thereafter, in 1981, I was one of the co-founders of the Association for Managers of Innovation. Then, in 1988, I decided to start my own company, Idea Connection Systems, to help organizations learn to innovate effectively.

by **Robert B. Rosenfeld**



After many years of experience with organizations and innovation, I must say that today we have a classic good news–bad news situation. The good news is that innovation is generally accepted as a key to organizational survival. The bad news is that the practice of innovation is still foundering in most organizations. By this I mean that there is so much more that could be done if innovation leaders knew more about the underlying principles that sustain innovation over time.

I believe that innovation has currently reached its limits in the workplace because the human component has frequently been neglected. And that's unfortunate because in the end, innovation is all about people.

Organizations focus too much on the mechanics of innovation and not enough on the underlying people-based principles. They have structures and tactics for innovation but ignore many of the human elements that drive it.

Innovation as I define it takes place when leaders and the people they work with are guided by eight principles:

1. Innovation begins with people converting problems into ideas.
2. Innovation needs a system.
3. Innovation is fueled by people's passion and pain.
4. Innovation requires co-location for effective exchange.
5. Innovation requires leveraging differences.

6. Innovation includes, from the beginning, the seeds of its own destruction.

7. Innovation is shaped and guided by soft values.

8. Innovation flourishes in a setting of trust and love.

BEGIN WITH PEOPLE

To promote innovation, leaders must first understand what drives it: people—or more specifically, people with problems, or even more specifically, people who think about problems and come up with ideas for possible solutions.

Consequently, for the innovation process to thrive, an organization must welcome problems and encourage inquiry. This contributes to a constant flow of the new ideas that are necessary for innovation to take place.

Many managers and executives understandably want to find quick solutions. But this approach can short-circuit the idea process. For instance, I have worked with groups that spent 10 percent of their time trying to understand a problem and 90 percent coming up with solutions. I have also worked with groups that devoted 90 percent of their time to thinking about the problem and only 10 percent to developing solutions. In my experience, the latter groups generally come up with the best answers.

People deal with problems both within the work they do (their assigned responsibilities) and outside the work they do (not their assigned responsibilities). There are two types of innovation that correspond roughly with these situations.

Planned innovations are part of the normal management strategy of setting a course for a company's future direction. Many such innovations are developed in response to formally defined problems or challenges. Companies plan innovations as a normal part of business in order to improve existing products or

processes systematically. Such innovations tend to be incremental.

Compared with planned innovations, *unplanned* innovations tend to be untidy, erratic, and unpredictable. Ideas can come from anyone and anywhere. Mistakes, failures, and false starts have been the basis of a host of innovations, and so have serendipity (where one thing was sought and something else was found) and idle curiosity, chance, and creative inspiration. Most really big innovations are unplanned.

Leaders must pay attention to people dealing with both situations. They must help people in their jobs and also find a way to stimulate people's thinking outside their jobs.

Few companies have good methods for stimulating and developing unplanned ideas. Even companies that make an effort to use unplanned ideas are likely to experience severe limitations. A major hurdle is that many people will not come forward with their ideas for fear of encountering rejection or ridicule, getting into trouble, or having ideas stolen and developed by someone else.

In general, leaders committed to innovation must locate, stimulate, and encourage fresh ideas wherever these ideas may originate. Leaders must be dedicated to making sure that such ideas and their creators receive proper support and recognition. And they must foster an environment that welcomes asking questions and exploring problems. Such leaders understand, deeply and fully, that people who are encouraged to come forward with their ideas become the organization's most valuable asset.

SYSTEMS ANALYSIS

A key issue for most organizations is having a system for drawing on the ideas available in the hearts and minds of employees at every level of the organization and in every department.

All organizations have innovation systems. Some are formal, designed

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by the leadership, and some are informal, taking place outside established channels. In large organizations, the difficulties, obstacles, inefficiencies, and time delays in an informal system can be enormous. Systems (and therefore ideas) integrated into an organization's structure are the ones most apt to produce quantifiable gains. During my years in working in this field, I have found only five formal systems for innovation:

1. *Originator-assisted innovation*, a process that helps employees transform their own ideas into business opportunities (usually driven from the bottom up).

2. *Targeted innovation*, a process for developing solutions to meet specific needs (usually driven from the top down).

3. *Internal venturing*, a launching process for new initiatives that do not fit into the company's current lines of business.

4. *Continuous improvement*, a process for incremental improvements that in aggregate lead to cost savings or increased quality.

5. *Strategic transfer*, a process of transferring technology or knowledge from one point to another in order to leverage capabilities.

The first system, originator-assisted, is the least understood, written about, and used. But it is the one I focus on here because it is the most people-focused system and consequently has the greatest potential for producing breakthroughs.

An originator-assisted system is a way of finding unplanned ideas and feeding them into a development process. The three phases of this process—idea generation, sifting, and securing a sponsor—comprise seven steps.

Phase 1 has a single step, *idea generation*. When someone generates an idea, that person is the originator and starts the process.

Phase 2 consists of steps 2 through 6. Step 2, *enhancement*, is a crucial part of the process and involves the originator and an innovation advocate. The advocate helps the originator view the idea from several perspectives, with the intent of building on the idea's positive elements. At the same time, they examine the idea's weaknesses and consider whether something already exists that does what the originator wants to accomplish. This is the time when the potential pitfalls of and obstacles to driving the idea through the organization are explored. The innovation advocate and the originator also have the opportunity to determine whether the latter has enough passion to face the problems associated with taking the idea further.

During the *business concept and documentation* step, the innovation advocate works with the originator to transform the idea into sound business and technical concepts. The idea is written up and supporting documents are assembled.

In the *peer review* that follows, internal consultants who can perform an initial screening of the idea are selected. Several groups of people may be assembled to examine the idea from different perspectives or at different phases of its development.

In step 5, a *team of experts* is formed to move the idea forward. Prototypes may have to be built.

Step 6 also takes place while this team is working; one or more *champions* are sought who are excited about the idea, are able to secure corporate resources (time and possibly money) for the project, and will do whatever is necessary to move the project along.

In phase 3, the final step, *sponsor connection*, takes place. The team of experts and/or the champion(s) search for and find a sponsor who will provide financial support. The sponsor becomes the new advocate. The idea is then placed in an appropriate place in the ongoing stream of business development.

Experience shows that the originator-assisted system can work. After 2,500 ideas had been submitted to the Office of Innovation at Kodak, we found that 10 percent of these ideas made it to the sponsorship stage and 4 percent were adopted. Although there were few successes from a percentage standpoint, these few reaped huge rewards. The ideas that made it through to production produced the current equivalent of \$550 million in new ventures, products, and product extensions, with a projection of \$2.2 billion over the following five years. There was an additional \$44 million in bottom-line cost savings for the company. It cost the company less than \$14.6 million to fund the Office of Innovation.

The process can be compared to mining for gold. The percentage of successes is not as important as the impact of those successes. Of equal importance is how the originators, the teams of experts, and others associated with the initiatives are treated along the way. Remember, a very high percentage of the ideas won't make it; therefore how these people are treated is critical to keeping the flow of new ideas coming and maintaining the sustainability of the system.

PASSION AND PAIN

Innovation needs people who have a passion for and are excited about what they are doing. Passion has many facets. It is more than being highly motivated or wanting something intensely. It is being so obsessed with wanting to accomplish something or solving a problem that people forge ahead despite formidable obstacles. In fact, obstacles may even energize people and make them work harder.

Here are some of the features of passion:

Tenacity. People are determined to stay the course when others might give up.

Confidence. People don't just think something will work; they know it will.

Resilience. Passion prevents setbacks from defeating the process. In fact, when people have passion, it is hard for them *not* to rebound.

Focus. Passion keeps people from becoming distracted.

Ability to withstand criticism. Innovation naturally generates a lot of negative reactions, but people with passion aren't dissuaded by such reactions.

Unfortunately, however, instead of being valued, passion often scares managers. They often do not understand it, and they can't control its intensity or see where it is heading. People with passion are often seen as disruptive, arrogant, and rebellious—and to be truthful, many of them are. Passion can be threatening. Managers know that passion can disturb their whole department, generate unpredictable events, and upset the comfort level. And passionate people have been known to be wrong, making cautious managers wary.

Passion presents another challenge. Anytime there is passion, there is also pain. This pain comes from many sources. People may feel great anguish and frustration as they try to figure out the nature of a problem and attempt various solutions that don't always work. They may have sleepless nights. They may meet with rejection and ridicule as ideas are ripped apart by friends, colleagues, and supervisors. Co-workers may become jealous or may feel threatened by the work being done, or they may find that their workload has increased because of the efforts being made on the project. There may be people who try to sabotage or halt the project.

Such challenges notwithstanding, to sustain innovation leaders must learn to manage passion. They must identify people with passion and commitment and provide them with

encouragement and realistic support. They must intercede when necessary by heading off adversaries, becoming a buffer, and building allies for the project and its people.

BEING TOGETHER

Why do companies spend billions of dollars every year transporting people all over the world for business meetings? Because it works. Co-location—being in the same place—is the most effective way to communicate.

It is not clear why proximity is so important. What is clear is that co-location affects people physically, mentally, and emotionally. Trust and confidence between people are enhanced when all the human senses are involved.

When an innovator is working alone, co-location is obviously unnecessary, but the process of innovation is generally not an individual activity. It typically requires teamwork. Co-location is crucial, especially at the start of new ventures. Words can be sent via letters and e-mail, voice intonation can be heard on the telephone, and visual cues can be seen on video screens, but for innovation nothing takes the place of being together physically.

VIEWING DIFFERENCES

When differences between people are viewed as complementary qualities, they produce enormous benefits. When viewed as antagonistic characteristics, they can destroy innovation.

There are many kinds of differences that can divide people. Consider these examples:

Culture and gender. Volumes have been written about the different ways in which people of different cultures or genders understand and react to the world. It is the very power of these differences that gives them great potential in the innovation process.

Jargon. Every working group develops its own technical language, or jargon. This language has meaning for group members and sets them apart from those who are not part of their group. This common vocabulary also defines the group members' values and influences how they think and process information.

Learning the jargon used by people of different organizational cultures eases communication with those people. This is critical for the success of anyone who is leading innovation.

Nonverbal communication. Forms of nonverbal communication also vary from group to group. Being able to interpret nonverbal cues—such as choice of clothing or the body language that indicates an interested listener—correctly is important because such cues can reflect cultural subtleties.

Currency. Currency is a medium of exchange and a tool for establishing importance. But not all people value the same things in the same way. In Western societies everyone uses money, but money is not the only currency. Some people value power, peer acceptance, political influence, or organizational growth more than money.

Cognition. Cognition is the mental process or faculty of knowing, including such aspects as awareness, perception, reasoning, and judgment. Cognitive differences are the varied ways in which people view the world and access and process information. Such differences can be leveraged for innovation.

There are many good instruments—for instance, the Myers-Briggs Type Indicator and the Kirton Adaption-Innovation Inventory—that can assess people's cognitive styles, help them to gain a better understanding of different thinking processes, and allow them to work together effectively.

Knowing how to leverage differences in ways that are fair, open, and

honest is probably the greatest challenge for an innovation leader. It's like being the conductor of a symphony. Not all instruments and players are the same—nor do you want them to be. Anything that seems exploitative or patronizing will backfire. Anything pursued without conviction is doomed. Innovation leaders must be truly comfortable with difference. It's not enough to just say they are; they must demonstrate it with their behaviors.

DANGER AHEAD

In every situation in business, as well as in life, the seeds of destruction are present at creation. For example, success at the beginning of any endeavor can be a seed for destruction because the world keeps changing. Profitability can mask the potential dangers lurking behind a rosy picture of strong profits. This often happens outside our awareness, until we wake up one day and discover that the elements that set the stage for success have changed. Personalities, personal relationships, life cycles, new processes, and entrepreneurial strength can all wreak havoc with successes over time.

It is difficult if not impossible to totally manage the elements of destruction. The best anyone can hope to do is to be aware of the areas where these elements can lie hidden, identify the specific elements, and take action.

SOFT VALUES

Beneath the tangible assets of an organization are soft values. Both the quantity and quality of innovation depend on the nature of the soft values present. That is why understanding soft values is so important.

Hard values are results, like scores and statistics in sports; soft values relate to how the game is played.

Soft values are the sum of both the positive and negative elements that

exist in an organization's culture. Soft values that create environments conducive to innovation include purity of motive, a positive attitude or spirit, a service orientation, open-mindedness, camaraderie, humility, and patience. Other soft values do not work well in innovation. Habits of contentiousness, stubbornness, inordinate pride or ego, discounting or belittling others, passive or uncritical advocacy, indiscriminate criticism, and domineering behavior will prevent innovation from flourishing. Innovation leaders are cognizant of the role that soft values play.

FOCUS ON TRUST

With healthy and positive soft values, leaders can create an environment of trust. In this setting, innovation has the potential to become everyone's job.

Trust is confidence in the integrity, ability, character, motive, and truth of a person or thing. Many smaller tasks in an organization can be done with little trust. Organizations cannot, however, innovate without bonds of trust. What can you as a leader do to instill trust?

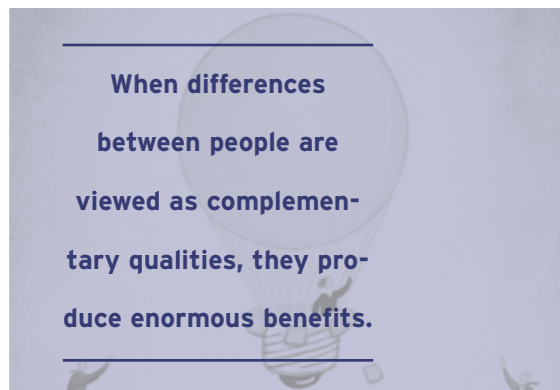
Create an explicit covenant. Covenantal relationships create stability, energy, and security in a work environment. Once you break a covenant with an individual, it is difficult to restore it. Many organizations suffer from trauma when the covenant is broken.

Choose your managers carefully. When looking at people to fill management positions, look for qualities of both commitment and competence: loyalty, steadfast devotion to the organization and to the development of people, a well-trained mind, recognized ability, mature experience, and healthy humility—and the ability to integrate these qualities.

With trust, together with love (that unspoken word in the business world) and an explicit covenant, innovations have the best chance to be successful.

PUTTING IT TOGETHER

It is true that methods, processes, and actions are necessary for innovation. Every innovation needs a system. But since the early days of developing the Office of Innovation at Kodak and in the many years since, I have consistently found that the human element of innovation matters more than the process. The measure of success is tied less to



the mechanics of innovation and more to the human dynamic. Assuming that people in an organization are competent, the human dynamics of innovation bind the business and technological dimensions together and make the whole system work.

So, by all means, leaders should learn the techniques, systems, and processes for innovation. They should set up structures, find champions, or even create an originator-assisted system. But they should also know that unless they nurture, engage, and support the people in the organization, the passion, trust, and commitment needed for innovation will dry up. Without people who are eager to contribute ideas and solve problems, and who are given ways to do this over and over again, an organization will become outdated, slow, myopic, and dull—and ready to be trounced by an innovative competitor. ✍

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