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Four Conditions That Leaders Create for Innovation to Thrive

This post was co-authored with Markus Spiegel.

Much has been written about how difficult it is for a mature company to innovate – to be open to finding new business models, or to allow alternative goals and operational metrics. Even when this kind of flexibility is created however, it's still not clear what leaders should do to really foster innovation success.

To answer this question, we conducted an 18-month research effort to examine pairs of successful and unsuccessful innovation teams in six different companies, in both Europe and the U.S. What we discovered was that leaders have the ability to create four particular conditions that are favorable to innovation – irrespective of the type of project, or the nature of the team. When leaders actively made sure that these four conditions were present, innovation thrived. But when they either ignored or dropped even one of the four, the chances of success were significantly diminished.

Based on this research, here are the four conditions that managers need to create:

Energy from Beginning to End

It takes energy for a team to stay in the "innovation zone" where they are questioning assumptions, challenging old business models, and dealing with organizational pushback and frequent frustration. One of the key jobs of the manager is to fuel that energy, to keep the teams excited. In the case of our successful innovation teams, leaders did this in a number of ways – by conveying their own passion, by providing direct exposure to customers, by challenging the team with finite timelines and by giving the teams ongoing attention and support. These managers were careful not to overstep, however, and would make sure the team itself was excited by the opportunity and felt empowered to contribute. In one of the successful teams for example, members reported that "It felt like being at camp" and another one reported that the manager checked in multiple times per week. In comparison, a lower-performing team in the same organization saw their senior leader only once in the beginning and at formal reviews. In other less successful teams, managers would be part of a kick-off where they get everybody fired up, but then were never seen again. This left the teams questioning the real importance of their project and contributed to the evaporation of energy levels.

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Creative Friction

It may seem obvious that innovation requires rich, dynamic, interaction between team members – but some managers make it easier for this to happen than others.   One of the striking differences between successful and less successful teams in our study was the frequency and quality of interaction between team members, even when the teams were working from different locations. More frequent, higher-quality interactions allowed teams to develop serendipitous solutions to problems, explore and empathize with different perspectives, generate new ideas, and get unstuck quickly. As successful team members said, "There was open dialogue"; and "It's a process of building on each other's ideas." Others said, "You walk to the office next door and discuss things with a whiteboard"; and "The idea came up in a lunch conversation." Members of lower performing innovation teams would talk mainly in their weekly meetings, then go off to work independently on their parts of the project.

Just Enough Structure

Another building block for effective innovation is to ensure that teams have just enough structure to effectively collaborate, but not so much that it makes them bureaucratic and rigid. This allows teams to have the flexibility to self-organize and react to new insights. Typically this means keeping the teams relatively small (three to six) and interdisciplinary, and allowing them to make autonomous decisions within agreed-upon parameters. For example one of the successful teams decided to form small interdisciplinary work groups to develop critical new deliverables. They were free to move quickly and reported that "People had an affinity to the problem…not to their function." In comparison, lower functioning teams reported struggles with unclear decision authority or direction, and needed to seek approvals in committee meetings that might only happen once a month.

Excellence at Experimentation

While innovation teams all seem to have different frameworks and tools for how to get their work done, the one capability that differentiated successful from less successful teams was the ability to think and act experimentally, and then change course based on what they learned. The better teams for example, focused on early experimentation and iteration to determine customer needs. This forced these teams to make their ideas tangible early on, with mock-ups and "funky" prototypes. They eventually iterated these to "high fidelity" prototypes and pilots. In contrast, the less successful teams more rigidly followed their company's specified innovation gates or steps, without the spirit of experimentation and early testing. For example, one team that suffered from an over-determined process said, "Once a project is approved with the

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specifications and the business case, there is no way back." Another team spent 18 months developing a product, and felt very proud that they delivered the specified functionality on time and on budget – but then learned that the output was not something that the customer wanted anymore. The result was another year of rework. In the same organization, members of the highly successful team not only tested their assumptions with end users much earlier, they also treated the innovation process more flexibly. They would pick and choose the process's most relevant requirements, and sometimes work phases concurrently. One of them described it this way: "Besides some compulsory milestones the process is only seen as support and assistance."

Road Map for Leaders

The key takeaway from this research is that there are indeed conditions that determine the success or failure of innovation in mature organizations. Since managers – both at the team level and higher up – have the most influence over these conditions, it is up to them to make sure they are in place.

Markus Spiegel is a senior member of Schaffer Consulting. His work, both in Europe and the U.S., is focused on how organizations innovate and change in a dynamic and complex world. He holds an MA in International Business Administration and Economics from the University of Innsbruck and earned a PhD in Business Economics from the University of Liechtenstein.

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