

INNOVATE OR DIE: SIX WAYS TO FAIL AT INNOVATION

By Paddy Miller and Thomas
Wedell-Wedellsborg

The recent economic crisis has made innovation a company-wide imperative. But what are the pitfalls of driving innovation? Here, IESE's Paddy Miller and Thomas Wedell-Wedellsborg offer what they believe are the six major mistakes business leaders make when trying to foster more creativity among their teams, departments and/or companies.

The economist John Maynard Keynes famously stated that, "in the long run, we are all dead", but for many companies, given the current economic climate, death may come a lot sooner than that. And that makes life quite complicated for those leaders responsible for driving innovation in their teams, departments or companies, because what use is innovation if you are not sure of surviving tomorrow? In other words, should innovation wait until the storm has passed?

The answer is both yes and no. High profile, capital-intensive new projects may have to be sacrificed in order to save jobs and workplaces here and now. But in another sense, innovation has just become more important than ever – not in spite of the financial crisis but because of it. As once the inevitable firing rounds are over, and it becomes time to look to the future, what else is left but innovation? With a drastically reduced workforce, and with costs cut to the bone and beyond, business people have no other option than to find new and original ways of doing their jobs. Innovation may be optional in good times, but in times like the present, it becomes a basic business necessity, a simple means to survive. The financial crisis actually increased the need for ordinary leaders to master innovation, not as a luxury good but as an option of last resort.

But what kind of innovation is feasible? Hiring freezes and budget squeezes mean that spending your way to success is no longer an option. It appears there are few options other than the most basic one: to work with what you have. Leaders must, in our terminology, learn how to become *Innovation Architects* for their teams, departments and companies, creating a space that allows their people to unleash their creative potential as part of their regular jobs.

However, the path to a more creative culture is a treacherous one, and many attempts at making innovation happen fail spectacularly, leaving a wake of wasted

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efforts and frustrated employees. In the following, we have outlined the six major mistakes that Innovation Architects can make in the pursuit of a more creative culture.

THE SIX MISTAKES OF THE INNOVATION ARCHITECT

1. Not knowing where you want to go

Saying “we want innovation” is like saying “we want to be successful” – it’s a good start, but it doesn’t really help anyone in deciding what to do. And yet, when we talk to senior business leaders, they too often remain at a very high level of abstraction about what they want. They tell their employees that they want more innovation, ‘Think differently! Be the change! Go outside the box!’ but it remains unclear what they actually mean by that.

Asking for innovation is not enough because ‘innovation’ is not just one thing. There is radical and incremental innovation. There is innovation in marketing, finance, product development, branding, process, services, experiences, and even in the way we lead our businesses. There is innovation aimed at becoming market leaders, and

ecological or improving image. Innovation comes in so many guises, and can be pursued in so many ways, that it is easy to get lost if you don’t have a proper idea of where you want to go. For this reason, it is the first task of an Innovation Architect to craft an innovation strategy that dovetails with the company’s strategic playbook, and that is specific enough to help people make operational decisions about how to pursue innovation.

2. Thinking communication is enough

Once managers realise the need for more innovation, they often turn to their favourite tool: communication. ‘Our people are not innovative,’ they think, ‘because they haven’t really understood how important innovation is for our business.’ This is where the PowerPoint presentation saying “Innovate or die!” traditionally enters the picture.

The problem is that most employees have heard it all before. Our experiences working in companies have taught us that most employees over age 25 have encountered the ‘innovate or die’ spiel before – and that they are sceptical of it because their leaders too often fail to

because once we as leaders understand that there is such a thing as a free lunch, we start to think that *all* lunches – even the five-star à la carte meals – should be attainable without paying anything for them. This attitude, combined with lofty ambitions, is a recipe for disaster. It can create tremendous amounts of frustration and bad will when managers insist on getting the next iPod from their people, but aren’t willing to put money on the table to get it.

The fact is, if you want the big breakthroughs, lunch starts to get pretty darn expensive. You need to dedicate real time and real money towards pursuing major-league innovation – and since nobody has free money floating around, this entails making very hard choices about from which other activities the money should be taken away. This exercise in prioritising innovation is singularly painful to go through, and hence many managers shy away from it, insisting that it should be possible for their people to make radical breakthroughs in their spare time. This doesn’t work. The ambition of your innovation strategy must be reflected in your willingness to invest in innovation; in other words, if you aren’t willing to put money on the table, stick to the little league, or don’t play the game at all.

Leaders must initiate a space that allows their people to unleash creative potential as part of their regular jobs

innovation aimed at just keeping up with the Joneses. There is innovation for the sake of improving efficiency, increasing satisfaction, reducing costs, retaining employees, attracting talent, becoming



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Andy McFarlane, Marketing Leader, Vodafone Global Enterprise Ltd

An innovation architect who avoids these traps would be a wholesome addition to any leadership team. Personally I always like to pick an architect who has strengths in engineering, has gotten their hands dirty and who has proven success at a grass roots level. That combination would be my pick for the ideal innovation architect!

follow through on their exhortations. It becomes a charade, a game in which all of the participants know that innovation is one of those things we pay lip service to, but don’t really prioritise. Communication is both good and necessary, but if you subsequently fail to put your money where your mouth is, the only change you will see is increased cynicism. Employees generally understand that innovation is important, but don’t expect them to change their behaviour until you, as their manager, have changed your own behaviour first (and not just your words).

3. Chasing free lunches only

Often, you can get better at innovation through making very simple, virtually costless changes to the way you do things. And this is where the problems start,

4. Jumping into action

Following the false lights of cookie-cutter management books, a generation of business leaders has been trained to believe that they should focus on action and execution above all else. In the words of *In Search of Excellence*, leaders must show “a propensity for action.” If in doubt, fire before you aim.

This may be sensible advice for innovators, who often rely on trial and error. But Innovation Architects are different; they are more like doctors who must get the diagnosis right before they operate. If you decide to foster a creative culture in your workplace, you must first take the time to explore a key question: Why isn’t it happening already? What is stopping our people from being more creative?





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Andy Stefanovich,
Senior Partner, Prophet

Senior leadership must do more than set the innovation strategies, they must create space and time for others to participate. An innovative culture requires senior sponsors who support and encourage daily creative behaviours, not just an occasional meeting. Set the example and make space for others to join the movement.

The problem with corporate innovation efforts is that the people who lead them tend to jump into action before they understand what the real problem is. They invent a solution – typically the first idea they come across – and start implementing it, without checking whether the solution actually addresses the underlying problem. The result? They waste tremendous resources chasing down the wrong garden path. It is little use throwing money after, say, creativity training courses if the real obstacle to innovation is that you only promote people who never run risks. As an Innovation Architect, before you jump into action, it is paramount to take the time to understand what *really* is preventing innovation from happening in your company.

5. Thinking “fear of change” is the problem

A fallacy that deserves special mention is the obsession the innovation industry has



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Dirk Kronemeijer, VP Business Innovation,
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In the airline business we face the challenge of doing two things at the same time: improve our core business day by day whilst innovating our way out of a tiring cost and efficiency game only, whereby the latter requires tapping into hidden assets (inside out) and new competences (outside in). Why can't airlines do what Apple has done in IT? Where is our Blue Ocean/Sky?

Finding this rare breed of top management that can oversee and manage both sides of the innovation coin is the essential first step to take. Creating two hybrid innovation workstreams is the second. Getting it done in an agile fashion is the third. Creating strong innovation routines and culture comes on fourth. Brilliant communication in a tango with company execution is the 'X-factor' icing on the innovation cake. The last but so incredibly difficult factor: just do it.

with fear of change. According to this line of thinking, propagated by a willing horde of change management consultants, the only thing keeping you from success is the irrational fear of change that all the 'little people' in your organisation have. And so you must teach people, by way of training courses and expensive speakers, that they should learn to let go of their fear.

In fact, people are often reluctant to change, but not for the reasons you may think. People's desire to stick with business-as-usual is not an irrational instinct; it is most often a *deeply rational* response to the corporate ecosystem that they find themselves in. 'Business as usual' is efficient; it is what allows you to get home to your family in time for dinner. Doing something in a new way is time-consuming at first, and will often be punished by the management if it goes wrong (which it often does). Given this, is it strange that many people avoid change? Millions of pounds can be elegantly wasted on fear management courses while leaders totally neglect the systems and incentive structures that are causing the fear in the first place. The truth is, fear of change is not a problem – it is a *symptom* of a problem, namely a non-creative corporate ecosystem.

6. Treating innovation as a one-man, one-idea show

The cult of personality has never been more pervasive than it is in business today. It has become part of our cultural texture that iconic leadership in business and politics actually works. When something great happens, we look for the genius who had the idea. And this appeals to innovators. Who doesn't want to be declared a genius, with all that this entails in recognition, salary increases, better employment prospects and a dramatically heightened sense of self-importance?

But the idea that big innovations spring from a single, brilliant mind is a myth. Innovation entails getting things done in the real world, and scaling them so they can be repeatedly sold and have a marked impact on the bottom line. This inevitably involves the collaboration of dozens, if not hundreds of people, all aimed at bringing the idea to market. But what you often see in companies is that the rewards and the glory are only given to the person with the original idea; the people who improve it, build it and bring it to market get nothing. We think innovation is about fostering more Picassos, but it is really about building a sports team; the person who scores the goal is just the most visible part of the whole ensemble. We tend

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to ignore this, and as a result, our companies too often become full of wannabe stars running with their own ideas while ignoring or actively fighting the ideas of others.

CONCLUSIONS

Companies that want to become more innovative don't need seven step programs, creativity training or similar cookie-cutter solutions. What they need is for their managers to become Innovation Architects – people who understand how innovation really works and have the skills to drive it in their own teams, departments or companies. Only in that way, can we brave the storms of today and prepare for the smooth new waters of tomorrow.

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Thomas Wedell-Wedellsborg is an independent consultant specialised in innovation and creative methodologies, specifically the practical intersection between business, creativity and social media. He has collaborated with numerous organisations including Abbott Laboratories, Joost, MTV Europe and the Danish Parliament. Mr. Wedell-Wedellsborg is the founder of 13 MBAs, a professional network for Harvard, Stanford, Wharton, IESE, and nine other top-tier business schools.

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