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Leading Innovation

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Let me start by stating the obvious: The world in which we operate today is not the same as it was in the past and not the same as it will be tomorrow. In our flattened world, challenges are more complex, change is constant, resources are scarce, and competition is fierce. Organizations that cannot evolve and innovate will be left behind. Just how important is innovation? In a recent research project, hundreds of senior executives were asked about the key drivers that will impact their organizational strategy over the next five years. Ninety-two percent reported that the No. 1 driver is innovation.

What is your perception of "innovation"? For many of us, when we hear the word, we think of R&D, technology, research labs and new products. While that is part of it, here is a broader definition: "people creating ideas and putting them into valuable action." That can be a new service, a different process or a creative way to gain new customers, among other things.

There are hundreds of resources dealing with the structure of innovation, but the focus here is on the human and social aspect of innovation. How can you lead people to be innovative, and how can you create an organization where innovation flourishes? This requires new skills and perspectives beyond those that worked in the past. It requires what we call Innovation Leadership. There are two dimensions to this. The first is becoming a more innovative thinker yourself, supplementing traditional business thinking with innovative thinking skills. This way of thinking is more intuitive, not tied to the past, relishes ambiguity and focuses on possibilities.

The second aspect of innovation leadership is creating an organizational climate and culture where others apply innovative thinking to solve problems and develop new services and products. Research suggests that there are several important factors within an organization that enhance creativity and innovation in organizations. The first of these is

Organizational Encouragement. Does your organization have a shared vision that innovation is critical? Does it recognize and reward innovative work? Does it have mechanisms for encouraging and developing an active flow of ideas? Closely related is Leadership Encouragement. Do your leaders actively support and value individual contributions? Do they nurture creative people? Do they help remove organizational impediments to innovation, such as a culture of risk avoidance or too much emphasis on tradition? And most importantly, do they personally model innovative thinking for their people?

Another important factor is giving people a level of freedom and challenging work. Innovation expands as people feel a sense of freedom in deciding how to do their work. Also, innovation and productivity increase when employees are challenged by their work and see its importance. Do you help your people set challenging goals and give them reasonable freedom to accomplish their work? Of course, not every employee is ready for this, but many are.

Innovative organizations also foster teamwork and collaboration. I want to emphasize this factor because I believe that it is one of the most difficult to achieve — but the one that can have the greatest impact on innovation. Some hold the stereotype of the solitary genius who comes up with a brilliant innovation, but that is not how innovation typically occurs. No person is creative by himself. It happens in organizations that have set up an environment feeding creative exchange and allowing collaborative inquiry. It comes through sustained dialogue between various groups of stakeholders. Innovative organizations create a structure that encourages individuals and groups to interact and dialogue with each other, and this intergroup communication can result in new, innovative ideas. Finding ways to connect people leads to the cross-fertilization of ideas and to continuous learning. This also is important for building the trust and respect that is essential to the innovation process. It also increases the possibility of greater exchange of information, stimulation of creative thinking and critique of ideas during their formative stage. This can add more complexity, but getting the perspectives and ideas of a broad range of people can pay off. The invention of Post-It Notes at 3M is a good example of this type of collaborative effort. The unique glue that made them possible was developed by a research scientist, but the end product was truly a collaborative effort involving a new product manager, another researcher, a vice president and many others.

These ideas have been confirmed in a separate research study, called "Boundary-Spanning Leadership." When senior executives were asked about the boundaries that they must work across to be successful, and which boundaries are the most challenging to cross, 71 percent of the executives identified horizontal boundaries as the most challenging to manage. Horizontal boundaries are the walls that differentiate groups according to function or expertise, or when two organizations merge. Traditional silos, internal competition and working in a matrixed organization were the most pressing challenges for them.

When you remember that for most executives surveyed, innovation is a key driver for the future, I think you will readily see the connection between the ability to work and collaborate across boundaries and increasing innovation in the organization. This is not an easy task. One executive from a government R&D agency said, "My organization consists of eight functional units and seven laboratories, each with its own management culture, but more and more of our problems require interdisciplinary solutions." As organizations become more complex, working across boundaries becomes more challenging, but innovation requires this internal

collaboration across functions, regions and among diverse groups, as well as interaction with stakeholders.

Organizations in Russia must adapt to meet the complex challenges facing the country. Talk of modernization and innovation will be just that, unless real change happens in organizations and when leaders learn new competencies for innovative leadership. This may be a challenging task for managers who cling to an outdated hierarchical view of the leader as the main decision maker and center of power at the top of the organization. Because innovation can and does occur at any level in the organization, the winners of the future will be those companies that unleash the creative power of the entire work force.

Whether you lead a large company, a government agency or a small entrepreneurial business, constant innovation is the path to a sustainable future. And leadership is the key to making that happen.

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