

ROWAN GIBSON



Interview with Rowan Gibson

What is the key to teaching people to innovate? What are the biggest obstacles which prevent them from doing so?

Before you can teach people how to innovate, the first thing you need to have is a deep understanding about where innovation actually comes from. This might sound blindingly obvious, but most of the senior executives I talk to have a very vague idea about how the innovation process works. Many of them still ascribe it to a mysterious mix of happenstance, individual brilliance, and the occasional bolt of lightning. So asking them to teach their employees how to innovate is like expecting a blind person to teach a bunch of students how to paint a beautiful picture.

The starting point, therefore, is to demystify the innovation process, which is essentially what my new book "Innovation to the Core" is all about. Once you understand where innovation actually comes from – how great innovators discover their breakthrough insights and generate game-changing ideas; how they can tell if an idea has the potential to be really big; how they put the necessary people and capital behind their ideas to move them forward; how they pace their investments to the underlying speed of market development; how they de-risk radical growth opportunities; and so on – you can reverse-engineer this process in any organization, whether it's an 80,000-person global corporation or a tiny, local company. And you can begin to teach ordinary people how to become extraordinary innovators.

What we have come to realize is that innovation is not the exclusive province of creative geniuses and highly-gifted business leaders like Steve Jobs, Richard Branson, Bill Gates or James Dyson. British historian Paul Johnson went back and studied great creators throughout Western history—from Beethoven to Disney—and his conclusion was that there is creativity in all of us, and the only problem is how to bring it out. Once companies accept that innovation is a skill that can be taught, they can begin to seriously tap into and maximize the latent innovation potential throughout their organizations. I know of one company that has already trained upward of 30,000 employees in the skills and the tools of innovation.

However, building a truly innovative company is not a matter of simply teaching people to innovate; it's a matter of positively changing the things that today diminish or stunt the organization's innovation potential. These are the obstacles you referred to in your question. They are typically practices, policies, and processes inside the organization that are toxic to innovation, like traditional management processes — strategic planning, capital budgeting, product development, management compensation, leadership training, succession planning — that systematically favour perpetuation and incrementalism over new thinking and innovation.

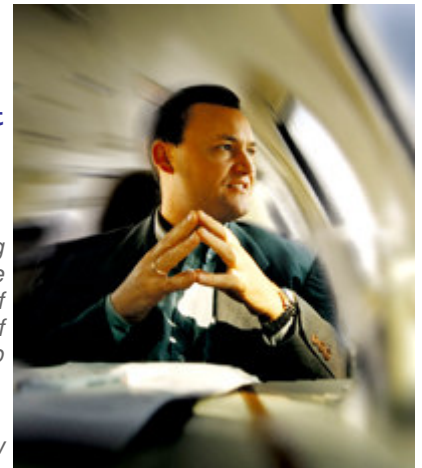
For example, most companies would admit that the criteria they use in their new product development process tend to kill great ideas too early. Or that allocational rigidities in their budgeting process make it difficult to get resources behind new ideas. Or that their senior managers don't seem to care about innovation, because the company's metrics systems don't measure them on it, and the compensation systems don't reward them for it. So the challenge is to identify these impediments that are frustrating innovation, whether they are outdated values, cultural behaviours, organizational structures or political structures, and start developing a game plan for solving these things. I call this "Management Process Makeover".

Please elaborate on your four lenses of innovation.

When my co-author and I looked at over 200 cases of breakthrough business innovation, we found that an interesting pattern began to emerge. Specifically, what we found is that, time and again, innovation came not from some inherent, individual brilliance but from looking at the world from a fresh perspective—if you will, through a different set of "lenses." It came from an alternative way of seeing things: a particular angle of view that enabled the innovators to look through the familiar and spot the unseen. In fact, four essential perspectives—four "perceptual lenses"—seem to dominate most successful innovation stories and often characterize the entrepreneurs or companies behind them.

The first lens is "challenging orthodoxies" – questioning deeply-held dogmas inside companies and inside industries about what drives success. The first thing one discovers about radical innovators is that they are, almost by definition, contrarians. They are people who take some piece of conventional thinking—that everybody in the industry has accepted as absolute gospel—and turn it completely on its head.

The second lens is "harnessing discontinuities" – spotting unnoticed patterns of trends that could substantially change the rules of the game. Radical innovators are not forecasters or scenario planners. They are not people who are trying to predict the future or imagine how the world might be ten years from now. Instead, they tend to be people who are aware—on some deep level—of things that are already fundamentally changing, and who understand the revolutionary portent in those things, in ways that others do not. The third lens of innovation is "leveraging resources". Radical innovators tend to view their companies not as business units or organization charts, but as portfolios of competencies and strategic assets. Usually, it's difficult to see things like skills, processes, technologies, assets, and values as distinct, stand-alone entities



because they are completely embedded in a company's current business model. But radical innovators have the ability to decouple particular skills and assets from the existing business and then leverage them in their own right to generate new growth opportunities.

And the fourth lens is "understanding unarticulated needs". Radical innovators are deeply empathetic; they understand—and feel—the unvoiced needs of customers. They bypass traditional market research methods, relying instead on "getting into the customer's skin." They recognize needs that customers don't even know they have yet. Or they solve some common frustration in a way that people could never have imagined—which is precisely why they are not articulating the need or asking for a specific product, service, or business to address it.

Here's the big news: in case after case, we found that radical innovators discovered their insights not by snatching them out of the air but by looking at the world—either consciously or subconsciously—through one or more of these lenses of innovation. And the core lesson we draw from this is that building an innovation capability has less to do with increasing personal creativity—long the accepted wisdom—and more to do with systematically using these lenses of innovation to uncover new insights and opportunities, and provoke a business breakthrough. That's something that literally any organization can do, starting today.

Companies have managed to make Total Quality Management a reality. How is it possible to make Total Innovation Management a reality?

The quality movement of the 1970s is actually a very good analogy. Back then, W. Edwards Deming and others taught us that quality could be turned into an intrinsic and ubiquitous capability rather than a specialized function—that it could actually be embedded and institutionalized in an organization's core DNA. That involved considerable effort across a whole range of interdependent dimensions. It required new training, new tools, new IT systems, new metrics, new values, new management processes, and so on, and all of these mechanisms had to tightly integrated—or "nested" together—for the system to function effectively.

Similarly today, we're finding out that innovation can become a deep, systemic capability, and not just a specialized unit called "R&D," or "new product development," or "corporate venturing." But this will only happen if a company is willing to recalibrate all its core management systems and processes to make innovation an everyday "part of the system" – something that becomes reflexive and natural to everyone. This can't be done piecemeal. An innovation reward program here, a corporate venture fund there, or a few days of brainstorming somewhere else isn't enough. But the message is that it can be done.

Again, the quality movement sets an encouraging precedent. Look how adept today's organizations have become at systematically manufacturing world-class products. Who would have thought that what once seemed so daunting could become almost run-of-the-mill business practice? In the years to come, I see no reason why corporate innovation systems shouldn't become just as efficient—and just as commonplace – as corporate quality systems.

What can you recommend to business leaders who recognize the importance of innovation but they simply don't know how to go about it?

I would say, "Go back and look at how you achieved quality. Now do the same thing with innovation". The point is this: any enterprise capability has some common components to it—leadership, organizational infrastructures, corporate values, enabling processes, tools, metrics, and skills. And each of these elements of "organization" already exists within any company. So, if you are going to make innovation an intrinsic and systemic competence, your challenge will be to alter these organizational elements accordingly— in ways best suited to your company's culture and ambition.

That's exactly the transformation process we describe in "Innovation to the core". The goal of the book is to provide a basic understanding of what innovation can look like as a systemic, highly distributed, and sustainable capability—as the work of every employee, every day, and not as the exclusive province of R&D, or new product development, or some isolated incubator.

In the old days, business leaders may have had the sincere intention to improve innovation performance, but they lacked the appropriate tools, mechanisms and processes for making that happen. Today there is no longer any excuse. We now know what it takes for a company to drive innovation to the core. So business managers have everything at their disposal for dramatically improving their organization's innovation performance.

Of course, I'm not saying this transformation process is quick or easy. It can't be done with a quick fix. In my experience, it can take an organization three to five years, and it requires a lot of money, commitment and perseverance. But so did the transformational journeys that companies went through to institutionalize things like Total Quality Management, lean manufacturing, Enterprise Resource Planning, or Six Sigma. And the rewards that will come from making innovation a deep core competence will be at least as significant, if not much more so.

Despite the gargantuan nature of the challenge, building a deep, systemic capability for innovation is now the inescapable imperative for every company – as important to an organization's success and survival as the quality movement was in its day. In today's innovation-based economy, where organic growth and strategic renewal are the new business mantras, either companies learn to drive innovation to the core or they risk becoming footnotes in the history books.

What is the role of HR in managing innovation?

Building an enterprise capability for innovation repositions the role of human resources. In many organizations, HR has never gone much beyond being a glorified "Personnel" department that busies itself with recruitment and firing, employee compensation and comfort, corporate policies, government regulations, and generic training programs. However, as soon as a company recognizes the strategic and economic value of building a corporate-wide innovation capability, HR automatically moves to centre stage.

The new role for human resources must be to help an organization unleash the full potential for innovation and wealth creation that is latent in its human capital. That means helping to build a company-wide capability for innovation through an innovation curriculum, an innovation training centre, and other related initiatives. HR professionals need to play a strategic role in creating a company culture where everyone, everywhere in the company, is responsible in some way for innovation. If you look, for example, at a company like Whirlpool – the global appliance manufacturer – you'll find that all of its HR systems—remuneration, spot awards, long-term incentive plans, balanced score card objectives—are hardwired into the company's innovation strategy.

In most organizations, innovation receives a lot of reverential rhetoric in meetings, ad campaigns, and annual reports, but it's nowhere to be seen when it comes to annual employee appraisals. That's one place HR can start. The goal is to help every person in the company understand the link between their own performance (as well as compensation) and the attainment of the company's innovation strategy.

HR should also put the emphasis on recruiting innovative people. That's something that P&G does very well. Their HR department profiles precisely the kind of people P&G is looking for, and sifts out the most innovative recruitment candidates. Before applicants even get as far as an interview, they are given a batch of problem-solving tests to help recruiters determine whether or not they can approach challenges in a creative way. When considering what the applicants have done so far in their lives, recruiters are also searching for things that indicate a willingness to embrace and commit to innovation, and to collaborate with others in a results-focused way. Once people get through this screening and hiring process, the goal is to develop their innovation talents through training.

HR, therefore, is pivotal in making innovation happen – in mobilizing and monetizing the imagination of every single employee, every single day. HR professionals need to enable broad organizational engagement through mechanisms such as discretionary time allowance, innovation training and tools, an open market for ideas, easy access to incremental seed funding, and structures for mentoring and support.

Decades ago, Toyota showed that quality could be pushed to unprecedented levels by investing in the problem-solving skills of every employee. Likewise, it will be companies that invest in their employees' capacity for creativity that will raise the bar—and eventually take the lead—in today's competitive environment.

How can a company create a corporate culture which encourages innovation?

Most companies say they believe in creativity, risk taking, and rule breaking, but simultaneously enforce standard operating procedures that chastise people for doing things differently. They may say they want an environment where new ideas are welcome from anyone, where nobody gets shot down for making an unconventional suggestion, where people are not afraid of making mistakes, and where there is a high level of trust and support, but when you ask their own employees to candidly describe the corporate culture, it is invariably the reverse of what those managers are preaching. It is a culture where people are discouraged from thinking independently, or from opening their mouths and expressing ideas, or from taking on any unnecessary risks, or from doing anything that might upset the "system"—it is a culture that implicitly tells people, "shut up and don't rock the boat."

In other words, corporate cultures don't usually foster innovation; they get in the way of it. However, anyone who's ever tried to change a company's culture will know what a huge and daunting task that is. In fact, in many ways, culture is not really something a company can work on directly; it's something that comes from addressing the issues I mentioned earlier: leadership commitment, infrastructure, processes, tools, people and skills.

I often describe these issues like the cogs in an "innovation engine". Once we get these other cogs moving, we find that the last cog – corporate culture – automatically begins to turn. When people throughout the company begin to see that serious changes are being made on so many organizational dimensions, they automatically start to expect innovation from their colleagues and from themselves. Corporate culture is the net sum of a whole variety of messages and behaviours. So the only way to achieve lasting change is through a substantial degree of internal consistency between processes, metrics, reward structures, rhetoric, and top management behaviour. This is precisely the kind of synchronicity that one observes in companies like Apple, Google or Virgin Group. When a company achieves this type of coherence and maintains it over a period of years, innovation becomes less and less "what people do" and more and more "what people are." It becomes part of an organization's character, part of its essence.

People need to not just hear that ideas are welcome "from everyone and everywhere," or that rule breaking and risk taking are encouraged, or that ideas are allowed to fail without incurring punishment; they need to experience these things every day. That is when innovation becomes a genuine value – one that is tangible enough to guide patterns of behaviour across the entire organizational culture.

How can a company build a management infrastructure that supports innovation?

When I talk to executive committees, one of the things that often surprises me is that nobody in the room seems to be responsible for building a broad-based innovation capability inside the company. I mean, they have a head of IT, a head of HR, a head of finance, and so on. But when I ask which one of them is head of innovation, I usually see no hand going up. Yet, one minute previously, every single member of the committee told me that innovation is their company's number one strategic priority.

To make innovation a pervasive and corporate-wide capability, the responsibility for innovation needs to be broadened beyond traditional structures like R&D and New Product Development and spread throughout a company's businesses and functions. This is exactly what happened to quality in the 1970s and 1980s when it ceased to be the exclusive responsibility of a specific department, and instead, became distributed to every corner of the company. What is required is a similarly systemic infrastructure for innovation that starts at the corporate level and infiltrates every part of the organization chart. An infrastructure that makes managers accountable at all levels for driving, facilitating, and embedding the innovation process into every nook and cranny of the culture.

That's why the true innovation champions today are no longer the tinkerers who end up inventing things like Post-it notes, or the design geniuses like Jonathan Ives at Apple. Rather, it is the "process champions" who are building infrastructures to embed innovation as a capability and to ensure that their companies continue to manage and maintain that capability – people like Nancy Snyder at Whirlpool, or J. Bruce Harreld at IBM, or Larry Huston, formerly at P&G.

Again, Whirlpool is an outstanding example. The company has appointed a global vice president of innovation at corporate headquarters, regional vice presidents of innovation in the various geographies, regional innovation boards comprised of senior leaders who manage and advance the embedment process at the local level, regional innovation teams who work together to discover new insights and generate new growth opportunities, hundreds of part-time innovation mentors, and twenty-five full-time innovation consultants who coach and support would-be innovators, and who actively monitor and manage the innovation pipeline.

At Whirlpool, innovation is not something that happens in a secluded corner of the organization where nobody can see it. Rather, it has been made a very visible part of the company's everyday activities, with hundreds of trained and dedicated staff spread through every business and geography.

If you hadn't become a global business strategist, what would you like to have become?

Some years ago, leadership expert Warren Bennis wrote a book called "An invented life", and it's a phrase I would use to describe my own life at this point, in the sense that what I am doing now is of my own invention. It's exactly what I set out to do, and wanted to do. There was an occasion, very early in my career, when I attended a seminar with Tom Peters. And I decided right there and then that I had found my vocation – becoming a writer, public speaker and consultant just like Tom. There has truly never been anything else I would have wanted to become. And I feel very privileged to have been able to fulfil my wish.

Having said that, there is something besides all this business stuff that I'm passionate about, and – believe it or not – that's cooking. It's my way of unwinding and reconnecting with the fundamentals in life. So when I'm not talking strategy with brainy guys like Gary Hamel, you'll find me in the kitchen watching Jamie Oliver on DVD and trying out some new recipe. And there are times when I envy the slow, Italian lifestyle – getting up each day and just thinking about what to buy fresh at the market, how to prepare a particular meal, which wine would best complement it, and who to invite for dinner.

Who knows? Maybe one day I'll give all this up and buy a rustic old restaurant in Tuscany, where I can spend my time chatting about food and wine instead of innovation. Until then, it's back on the road. I'm leaving shortly for a three-week speaking trip across the USA, with keynote speeches, book-signings and press interviews in 10 major cities. Beware of what you wish for!

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