

How to drive innovation through your organisation

Building a Creative Ecology facilitates innovation in your organisation



Building a Creative Ecology

Dr Norman Chorn | norman.chorn@centstrat.com | www.normanchorn.com | www.centstrat.com

Innovation is important

We all know how important innovation is to succeed in a competitive environment. Respondents to the IBM Global CEO study of 2010 identified it as the “single most important leadership competency” for organisations seeking to cope effectively with the challenges of the current global environment.

This is not news to leaders. We have read much about the creativity of people and the ability of organisations to spawn innovation. People like Maslow, de Bono, Herrmann and Pink have all shown the processes and benefits of innovative people and organisations.

At the outset, however, it is worth pointing out the distinction between the creative behaviour of an individual, and a leader that facilitates innovation in their organisation. Indeed, the leader in question may not be a creative individual in her own right, but she is certainly able to develop a creative ecology in her organisation!¹

Gary Hamel² suggests that *management innovation* is the highest and most powerful of innovation in organisations - more powerful than process innovation, product innovation and even strategy innovation. But what is management innovation?

Management innovation is practiced by leaders when they develop the pre-conditions necessary for widespread innovation in their organisation. It is the formation of a creative

¹ Ralph Kerle, *Creativity in Organizations*, The Creative Leadership Forum, 2010

² Gary Hamel, *The Future of Management*, Harvard Business School, 2007

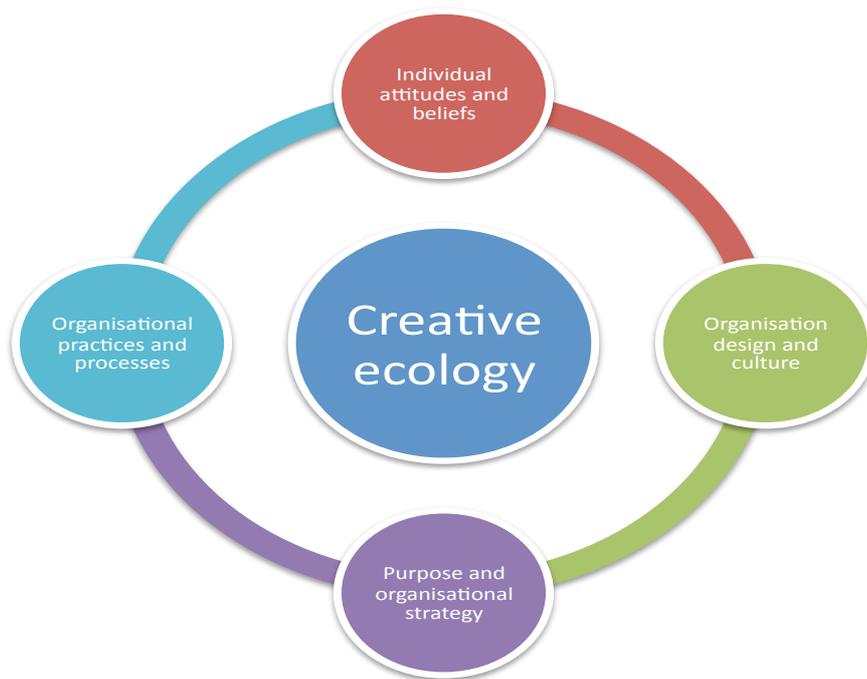
ecology inside the organisation - the leverage that allows the organisation to harness the creative talents of all staff and stakeholders.

Before outlining the process whereby we can develop a creative ecology inside our own organisation, it is worth noting one startling piece of Australian research. In a remarkable study conducted by Ralph Kerle, he discovered that some 64% of Australian managers had undertaken some creativity and innovation training in their organisation. But 75% of this training was described as ineffective because it did not address the organisational context in which the creativity was expected to occur!

In other words, he found that the organisation, as a working entity, often acts as an impediment to creativity and innovation. The creative ecology was non-existent. Leaders had not practiced *management innovation*.

What is a Creative Ecology?

A creative ecology is the architecture within the organisation that actively promotes and supports the creative and innovative activities of all staff and management. This is the focus of management innovation, and it consists of four key elements:



Our research, has identified a series of practices that you can follow as you build the creative ecology in your organisation. This is the business of management innovation.

Developing your organisation's Creative Ecology

Each of the four elements of the creative ecology is worth an article in its own right. However, in the interests of brevity, we have focused on a series of actionable suggestions that you can use to drive innovation through your organisation.

Your own attitudes and beliefs

It all starts with you. Although you're not expected to be the primary source of creativity or innovation, you do have a significant role to play in developing the right conditions for it to occur:

- **Recognise that it's ok to be an incomplete leader**³: You cannot and are unlikely to have all the capabilities necessary to run the business. The best leaders are those who recognise and accept this - and create the space for others to fill in the gaps
- **Understand that you can influence your own future**: The future is not pre-determined. While there are many other forces shaping it, you can influence it with our own actions and decisions. You are also a player!
- **Don't try to predict the future**: Because there are multiple forces at play in shaping the future, it may unfold in different ways. Accept that you and your organisation face alternative futures, and focus your efforts on preparing the capabilities necessary to deal with these
- **Accept that a monarchy will not foment its own overthrow**: Because senior executives have a stake in the status quo, it is difficult for them to envisage alternative futures for the organisation. Instead, use younger, smart people who are close to the customers and are not invested in the way things are. We call them "pathfinders"
- **Use your strategic intuition**⁴: Don't rush into making a decision when faced with an unfamiliar situation. Reflect on the problem and the insight will emerge in time. Learn to trust your intuition - after all, it is the sum total of all you have learned and experienced over the years!

Your organisation's purpose and strategy

This is the way you define the business of your organisation and chart the way ahead:

- **Always begin with "why"**: The starting point is strategy is to be clear about the organisation's purpose - the "why". We spend much of our time talking about the "what" and the "how", but it's the "why" that engages people - both customers and staff⁵. And the purpose is not profitability - most people don't get out of bed to create shareholder returns!
- **Focus on strategy as "love"**: Most strategy uses the metaphor of war - ie we want to beat the competition, we want to win this battle for market share. But this generally focuses more attention on your competitors than your customers. And the benchmarking that results, usually produces sameness, instead of difference. Focus on adding value to your customers as the key thrust of your strategy⁶ - this is more

³ See my blog: *Be an Incomplete Leader*

⁴ See an earlier newsletter on my website: *Release your Strategic Intuition*

⁵ Watch Simon Sinek on TED.com talk about the *Golden Circle*, ted.com/talks/lang/en/simon_sinek_how_great_leaders_inspire_action.html

⁶ See my blog: *Strategy as Love*

likely to spawn innovation

- **Segment your customers by their behaviour**⁷: All too often we segment our customers and markets based on demographics - where they are and how big they are etc. But this doesn't reveal much about the way they want to be served or the problems they need solved. By using behavioural segmentation, we can segment the market by how we need to add value to the different segments. And that focuses our innovative energy!
- **Develop a clear value proposition for each customer segment**: Because we have segmented our customers according to their real needs or problems, we can now develop a value proposition (ie how are we going to add value to solve their problems) for each segment. And remember, a value proposition talks to the way we solve their problem - not the product we plan to sell them!
- **Use strategy as well as planning**: Planning is a series of objectives and initiatives designed to achieve an overall goal. Strategy, on the other hand, is about positioning the organisation for the future - it encompasses learning and adaptation. Strategy avoids setting up explicit objectives at the beginning of the process, because - by definition - we don't know what we will learn along the way. Planning can inhibit innovation. Strategy is best for situations of uncertainty and change - it will allow the learning and adaptation that is the lifeblood of creativity and innovation. So, use planning for structured projects in stable conditions. Use strategy where you want creativity and innovation to flourish!

Your organisation's design and culture

This is the way you design your organisation to deliver its business - and the culture you seek to create:

- **Seek to engage your people rather than simply aligning them**: Engaging your people means that you mobilise them, exploit their diversity and draw out their natural creativity. You engage people by focusing relentlessly on clarity of purpose - the "why" of your organisation. Encourage them to understand that they are both the problem and the solution - they need to take responsibility themselves for solving problems. And encourage them to experiment and learn - but remember to provide some air-cover for them if mistakes are made!
- **Remember that one size does not fit all**: Healthy organisations do NOT have a single culture - rather, they are made up of multiple, cross-cutting cultures. A single culture is not only difficult to achieve - it may be quite counter-productive!
- **View your organisation as a portfolio**: Each organisation is a portfolio of activities, strategies and cultures. Because of this, the different parts (business units) of the organisation need to be managed differently. Different expectations of performance, different KPIs and different styles are all evidence of a modern organisation facing a range of different challenges
- **Align cultures, strategies and markets**: Each part of your organisation's portfolio should have internal alignment - ie the culture of each business unit should match the strategy / value proposition being offered to its respective market. So, if you face a

⁷ See an earlier article on my website: *Win and keep customers*

range of different market segments, the strategy and culture of the business unit that addresses each of these markets will be different. Again, the concept of a portfolio

- **Boost the Knowledge Quotient in your organisation:** Encourage the creation, use and flow of new knowledge through the organisation. Treat it like a market - ie encourage people to generate new knowledge through their experimentation and learning; boost the use of new knowledge by a focus on continuous improvement; and facilitate the exchange of this knowledge by making the exchange valuable. Reward the creators and users of new knowledge

Your organisation's practices and processes

These are the organisational guidelines you put into place to facilitate creativity and innovation:

- **Recognise the different horizons involved in innovation:** It is useful to distinguish between innovation that refines and improves existing processes and products, and that which introduces more radical change by creating a completely new process or offering to the market
- **Introduce continuous improvement practice into all parts of the organisation:** Each unit in the organisation should be tasked with making continuous improvements to what they do and how they do it. This is best managed by making it a requirement of their ongoing business planning - ie they have to demonstrate some change and improvement during each cycle of the plan
- **Introduce "pathfinder groups" into your strategy process:** Younger staff, those who are closer to the customer and your technology, are best positioned to envisage more radical change and innovation for your organisation. Set up these pathfinder groups to develop new solutions and products and have them report directly to the executive. While this may threaten the managerial hierarchy, it is a powerful way of injecting fresh thinking into future pathways for the organisation. And this is where we are likely to find innovation
- **Distinguish between rebels and mavericks:** Both rebels and mavericks will challenge the way your organisation goes about its business. The difference is that mavericks are aligned with the overall purpose and vision for the organisation, while rebels often have their own (outside) agenda. You will need to weed out the rebels and encourage the mavericks - most organisations have only a few mavericks, and they are valuable for facilitating real innovation
- **Nurture the innovation and always provide aircover:** Creativity and innovation involve trying new ways of doing things - and they almost always carry the risk of failure. This is the nature of learning and you will need to provide some "permission" for this to occur. But don't be laissez-faire - you can use well established processes such as stage-gating to manage the risk and give you good visibility of the innovation process.

Key questions to ask yourself as you drive innovation through your organisation

So, what are the key issues to consider as you drive innovation through your organisation?

1. **Are you trying to do it all yourself? Are you seeking to be the complete leader who directly creates and innovates? Remember that you only need to facilitate the innovation by developing the appropriate creative ecology in your organisation**
2. **Are you fundamentally convinced that innovation is a key to your organisation's competitiveness? If you don't believe that you can influence your own future, you are unlikely to promote real innovation in your organisation**
3. **Are you really clear about the purpose of your organisation? Can you provide a compelling "why" to describe the core strategy of your organisation? This clarity of purpose is what directs and spawns the creative effort in the organisation**
4. **Have you embraced and allowed the notion of diversity to flourish in your organisation? The diversity in the gene pool of your organisation is directly related to its ability to adapt to changing conditions through creativity and innovation**
5. **Have you put in place the practices and processes that legitimise the maverick behaviour in your organisation? Are you providing the aircover to protect those who are legitimately engaged in seeking creative and innovative ways of doing things?**

Interested in this topic?

Join my WEBINAR on this topic on 8th March at 12:30 - 1:30pm

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Norman conducts workshops in
strategy and organisation design.

norman.chorn@centstrat.com

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