The Ultimate Guide to Innovative Leadership in Business

Description

â€œInnovationâ€• is one of those overused buzzwords that has lost so much meaning that I cringe a little writing this article, because I know some of you will be disappointed in what it really is and how much work is involved in leading an innovative business. But innovation is the lifeblood of any sustainable business that outperforms its peers. So here I lay out what kind of leaders create, build and maintain innovative businesses and the strategies required to implement it.

Key Traits of Innovative Leaders

The ability for any organization to be innovative starts at the top, and dies at the top. Products are so complex in modern society that no one person can create an innovative product so setting the direction and culture becomes critical to succeeding. Understanding the common traits of the most innovative leaders can help understand how you can create an innovative business.

Make connections that arenâ€™t obvious to others

When Steve Wozniak and his prototype personal computer was rejected by HP, his friend Steve Jobs suggested they start a business and sell it themselves. Jobs had an uncanny ability to see opportunities where others didnâ€™t. He saw the rapidly advancing technology from his time at HP and Atari, and believed that the world would soon adopt computers if they could be made affordable to the average person. As a salesperson for fax machines, Sara Blakely was frustrated how control top pantyhose made her appear nicer except for the feet and toes that didnâ€™t look good in heels. So she experimented with making undergarments that shaped bodies but also allowed for seamless lines and open toe footwear, and Spanx was born.

Innovative leaders see things a bit differently. They are able to zoom out of any situation and see how everything connects and navigate towards solutions that others miss or are too afraid to pursue.

They take leaps and risks

Fundamentally, and paradoxically, innovations seem risky to most. The creative process is always messy, and full of trial-and-error and iteration and some ideas that will fail ultimately. Today with public companies reporting obligations and shareholder expectations, much about business operations is about certainty of revenue, cash flow, production costs and predicability, and stable growth. So to many CEOâ€™s and execs, experimentation and creativity feels risky because itâ€™s somewhat unpredictable in its outcomes. It seems like it will upset the status quo to a point that it puts the business at risk of failure.

But innovative leaders understand that real and sustainable success will come from a culture of innovation. Growth rates of innovative companies are twice those of non-innovative companies. So in reality innovation isnâ€™t risky, itâ€™s essential to achieve business objectives on revenue growth, market share and profitability. Innovative leaders insist on experimentation at all levels, risk taking in early-stage design and testing to get the best results, and creativity at all levels to solve difficult problems that no one in their industry has before.

They can enrol anyone to their cause

Once they see the possibilities of a better product, innovative leaders are masters at generating excitement for their mission. It takes a certain charisma to be able to do it, but I believe what is more important than charm is the passion and belief in the mission that wins people over. Talking about Steve Jobs again, he was a polarizing figure but he was personally engaging with most of his employees; there were many stories of him passionately laying out the mission of the company, demanding the absolute best in everyone to achieve it, and many of the team would break down walls for him and the mission. His ability for story-telling and explaining the why in compelling ways was legendary, as was his ability to boil down complex problems into simple mantras to follow.

Willingness to adapt and be creative in the face of problems

Ed Catmull, co-founder of Pixar in his book Creativiy, Inc. has talked at length about the need to iterate and in some cases completely rewrite stories to be the very best. The directors would hold periodic reviews with everyone involved in a movie project and walk through the story, and allow anyone at any level to call out things they felt didnâ€™t work. A really funny example he gave in the book was about the movie Bolt.

> When he found himself stranded in the desert, he had to face for the first time how his tidy, scripted life had not prepared him for realityâ€"that he, in fact, had no special powers. That was all well and good, but somewhere along the way, the plot had also come to include a radioactive, cookie-selling Girl Scout zombie serial killer.

Catmull, Ed; Wallace, Amy. Creativity, Inc. (The Expanded Edition): Overcoming the Unseen Forces That Stand in the Way of True Inspiration (p. 329). (Function). Kindle Edition.

If youâ€™ve seen the movie you know that a radioactive, serial-killing zombie girl isnâ€™t in the final product, not even close. The story took many twists and turns and in the end, through hitting walls in story development and being willing to throw out significant parts for the mission, the final product was truly innovative.

Striking a balance between the vision and reality is where many would-be innovators fail. The key is to be flexible on the path to get to the outcome without giving up on the end-state and the problem you are solving .

Being relentless

Being able to face a lot of resistance and persevere to achieve innovation is an essential trait in any leader. I remember in my time leading the development of the interior on a next-generation business jet, I had decided to employ industrial design and human-centred approaches to development. I thought I could be like Jony Ives in aerospace, bringing beauty and form and exceptional design into this very technical and engineering-driven world. This was revolutionary in a very conservative aerospace engineering environment.

I had enrolled my team well, but outside of that there were hundreds of people that did not want to throw out their beliefs in the status quo. And every step along the way I had to counter resistance to change, big and small. For example, I argued over the shape of the corner of the window, because it wasnâ€™t optimized for stress and strength, (it was a subtle but important shape change to make the window more appealing to the passenger and added a very small amount of weight). It would have been possible to back down on the vision and conform, but I never gave up and the end product is so much better as a result.

Strategies for Fostering Innovation

There are no shortcuts to sparking innovation in a company. In an age where everyone seems to post top 10 ways to start a company, 3 tricks to build teamwork, 5 ways to boost your sales immediately or 3 ways to hack your health with celery, weâ€™ve become a society obsessed with short cuts. I donâ€™t know if any of those work (I have my doubts) but I do know that the only way to create and foster innovation is to drive that from the top of the organization.

If youâ€™re ready to create an innovative enterprise, there are some strategies that will help.

Have a vision that is ambitious

Innovation doesnâ€™t happen in a vacuum, it solves a problem that people care about. Almost always new ideas are found because there is a very difficult challenge ahead of the company. As the leader of the company itâ€™s important to create a sense of tension in the system, declaring that the needs of the company are beyond the current capabilities. This can be an internal strategy or one given to a small group of people to work on outside the day-today to not disrupt operations. You donâ€™t need to announce it to Wall Street although some leaders do; more to drum up investors I think than motivate the people in the company but it does both. So decide where you want to go and make it live in your organization.

Organize for it

If youâ€™re running a large organization you canâ€™t throw everyone into a creative exercise every day. there are so many responsibilities to ensure that the business operates as expected. And you need people to make sure that happens. The creative process must be separate from that execution part of the company so that they donâ€™t confuse each other. Iâ€™ve seen so many operations that try to manage it all within one organizational structure and it always fails. Operations leaders want stability and predictability obviously, so if they are asked to also be innovative they are naturally going to resist anything that put that stability at risk in their mind and will stifle creativity.

And similarly if an innovation leader is under and operations organization they will be constantly trying to prove the viability and security of the new ideas before theyâ€™ve even left the drawing board. So in order to make sure that innovation can co-exist with the day to day itâ€™s critical to put a wall up between them.

In fact, many companies have a design and innovation centre that is physically separate from the operations and headquarters. Skunkworks from Lockheed Martin is a famous example, so famous that â€˜skunkworksâ€™ has become a word to mean innovation centre. All the major car companies, retail giants, tech companies, etc. have a separation between invention and production. So make sure yours does too, and even better the innovation leaders should report directly to the CEO, or they will always be shaped and biased by another exec with their own priorities.

Invest in it

The amount of revenue to allocate to research and development or innovation varies wildly depending on industry and also what gets counted in that spend is not consistent. So itâ€™s difficult to know exactly how much to target. There are good metrics for averages by industry and sector so thatâ€™s a good place to start, but more than that listen to your leaders and what they need. If youâ€™ve set a vision like above and created an organization, then trust that team to tell you whatâ€™s required to meet the mission. It will require iteration over time as you learn whatâ€™s effective.

In general R&D spend as a percentage of revenue is in the 5-10%, with some industries averaging above or below that. The timeline for a return on that investment may be measured in years, so it will take a bit of faith in the process at the beginning to have a good self-evaluation of the level that works in your company. You can improve the odds of success by following the other strategies listed here, like directing effort toward a vision and being customer-centric in your priorities.

Building a Culture of Innovation

It cannot be stressed enough that the culture in your organization matters more than anything else, in whether or not you can be successful in creating an innovative organization. And as Iâ€™ve said before, the leader is the only one who can instil that culture. If there is any doubt that the CEO or founder or President is 100% committed to innovating and trying things and learning as they fail, then people within the company will hedge and stay safe. In addition to the above, leaders can convince the organization to embrace a new culture by adopting some effective reinforcing behaviours

Create psychological safety to be different

Great ideas can and will come from unlikely people and places. But they will come only if everyone feels safe to say things that go against the status quo. Take time in team meetings to reinforce that you welcome opposing ideas, and brainstorming. Model that behaviour by recognizing and rewarding when someone has the courage to disagree, or offer a new opinion or idea. Pay close attention to your body language in these moments, because non-verbal cues can be more damaging than the words you say.

Never criticize the misses

To make an omelette you have to break some eggs. Not every idea will work. And you canâ€™t design an innovation process to root out the failures before youâ€™ve tried them. So many companies Iâ€™ve seen try to enforce some kind of â€˜certainty predictorâ€™ to minimize waste. But itâ€™s short-sighted and a waste of energy, because even if a product idea fails to commercialize, it likely will teach people something valuable they will apply in the future to another idea. Or even better a failure will lead to another new idea and success. In a famous origin story, a 3M scientist came up with Post-its while trying to make stronger and longer-lasting adhesives and his composition was failing at it. But another scientist connected to the idea of removable notes and the rest is history. Itâ€™s also a waste of energy to try and predict value too early without letting your teams iterate and dive in, youâ€™ll wind up spending more time wrongly evaluating new things than actually inventing them.

Empower

A culture of innovation will have experimentation everywhere you look. People will try new ideas out without asking for permission. That may feel scary to some, but itâ€™s important. Many operationally driven companies have a natural impulse to control top-down, have very little room for improvisation or creativity. That doesnâ€™t work in innovative organizations. Instead, give leaders a certain amount of freedom to experiment, and be different. Donâ€™t ask for reviews of every idea, or approvals of a detailed plan for R&D; give them the vision and mission, and let them experiment. The temptation will be to get involved, and even if you take a passive approach or participate instead of direct, youâ€™re still the CEO and people will respond to every interaction you have.

Measuring Innovative Leadership Success

Ultimately we only innovate to improve business performance overall. So measuring success or failure overall will come down to the basic metrics of the business and over time whether new products and services move the needle.

Be careful of traditional measures

Many companies will want to measure the specific output of the innovation organization, such as products released per year, or products commercialized as a percentage of total ideas (win rate). But the payoff of innovation is much broader than the specific success or failure rate. There is the size of growth of the company overall and how much could be attributed to the innovations deployed rather than the success rate itself.

Itâ€™s extremely difficult to pick apart the specifics to measure innovation organizations properly. If your overall company objectives are being met following the deployment of your bold vision we discussed earlier, then you can be confident that your innovation goals are being met. In addition recognize that intangibles like learning through failure of your teams will lead to better ideas and execution going forward, and employee engagement overall being part of a company that encourages innovation makes the whole more productive.

I hope this summary helps you understand better how to create and maintain an innovative approach in your business. Iâ€™d love your thoughts on how this fits within your own experience.

Category

1. Uncategorized

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