



Building Into Your Foundational Asset...

A Corporate Culture of CREATIVITY & INNOVATION

Yemo Fashola, Ph.D.
Managing Director
Achsus, LLC

March, 2012

Building Into Your Foundational Asset...

A Corporate Culture of Creativity & Innovation

Yemo Fashola, Ph.D.

Managing Director
Achsus, LLC

Executives at business enterprises of all sizes and in all locations are compelled to operate in a highly competitive and turbulent CAVU (*Complexity, Ambiguity, Vulnerability, and Uncertainty*) business environment. They are faced with the challenge of leading effectively with dual strategies—to conquer the present and to claim the future—if they are to achieve or sustain profitable growth and consistently meet the expectations of investors and other stakeholders.

Be it a struggling and liquidity-challenged company in need of transformation—including operational and financial restructuring—or a financially healthy company seeking to take advantage of new opportunities presented by a chaotic, turbulent and highly competitive business environment, many of the steps to take in search of sustainable profitable growth are similar. Both categories of companies need to survive in the short term, while laying the foundation for thriving in the long term.

In order to conquer the present and claim the future, both Process Innovation and Product Innovation need to be pursued vigorously and consistently. Here, we use product as a generic term for the products, services and solutions that a company provides to its customers, wherever they may be located along the industry value chain of each strategic business unit. Now, let's begin with Product Innovation.

Product Innovation—*Leveraging Creativity in “What”*

While Process Innovation focuses on delivering value to customers and breakthrough performance to stakeholders today—*that is, conquering the present*; Product Innovation is more about preparing to do the same tomorrow—*in other words, it's a drive towards claiming the future*.

In order to assure the effectiveness and success of this dual focus, one “Key Skill” that must be diffused across the enterprise is “Thinking” ...as a way of life!

Some slogans that have been used to promote thinking across the enterprise include:

Think (*IBM*)

Think Different (*Apple*)

Rethink Possible (*AT&T*)

Since our discussion is not intended to be prescriptive, let us begin by asking a few probing questions:

Are your employees encouraged to develop the habit of Questioning, Thinking Through and Challenging Assumptions, Givens, Conventional Wisdoms... or would they be intimidated to even consider anything outside of current operations, in terms of products and processes?

Are the channels set up to receive suggestions for new products or new ways of doing things in active and vibrant use... or have the channels died a quiet and natural death?

Are employees expected to be available “24/7,” to address today’s business needs? If so, when do they get the time to spend on thinking and reflecting on their work—also recognizing their need to address their other, non-work-related, life obligations?

Building “reflection time” into employees’ routines—so that it becomes a deliberate and consistent part of their “normal” mode of operation—is one critical pre-requisite for stimulating creativity and innovation.

Indeed, some have proposed the concept of “Innovation Day” as time off, granted to employees, for pursuing promising ideas that otherwise might be dropped, due to the relentless pressure to address demanding and urgent business issues and challenges. For instance, as long ago as the 1940s, the 3M company introduced and promoted an initiative that allowed employees 15% time off to pursue new ideas that came up during the course of their work; ideas that otherwise might simply have been dropped, due to other pressures.

More recently, companies such as Google and Hewlett Packard, followed 3M’s lead.

Clearly, there are many other aspects to the challenge of promoting Product Innovation in a company, as shown in Figure 1. Our purpose in this brief article is merely to stimulate thought—and hopefully, action—on the topic, not to present a complete manual.

Identifying and Responding to New Opportunities — for Renewing the Enterprise

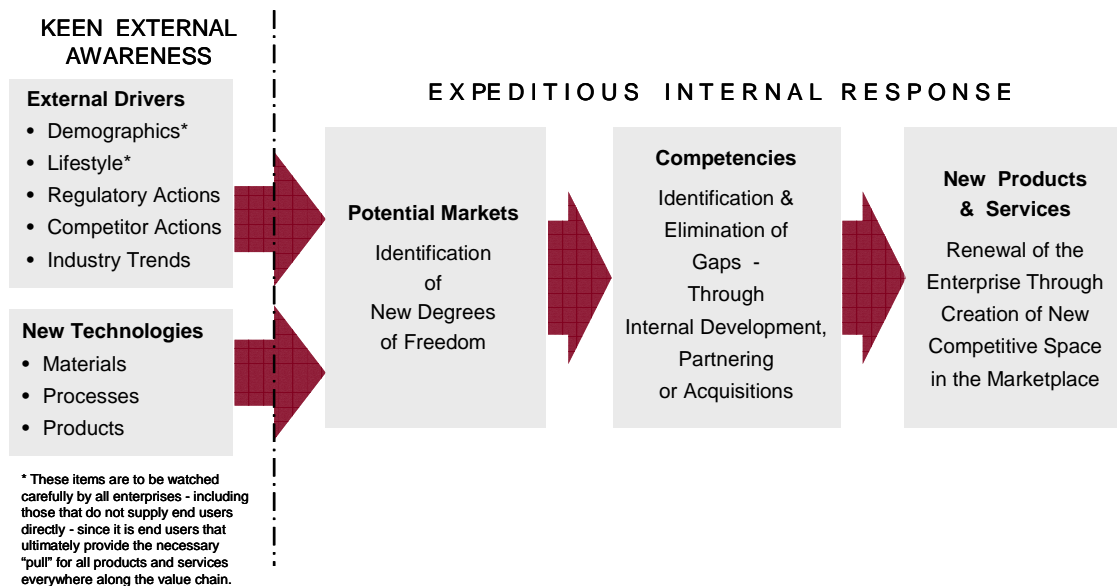


Figure 1: Leveraging Innovation Into the Marketplace

And, Product Innovation need not be restricted to any particular industries. Help your workforce learn to make a habit of thinking creatively about how they serve all customers and what products, services and solutions they make available to all customer segments.

Process Innovation—*Leveraging Creativity in “How”*

Here, the focus is on exploring ways and means of continuing to deliver value to customers and breakthrough performance to stakeholders today—but doing it better, faster, cheaper.

In order to make that happen, how might a company’s leadership help employees develop a habit of always asking the questions “Why?” and “Why Not?”

On the one hand, in evaluating existing processes, activities and tasks, one question to keep asking is “Why.” Examples of the “Why” question include:

- Why undertake this process, this activity, this task at all?
- Why does the process flow need this activity... or this task?
- Why perform this task this way?

The reason for continuously asking the probing “Why” question is the need to keep identifying opportunities for improvement and the potential constraints to realizing those improvement opportunities; then, finding ways to eliminate the constraints.

On the other hand, when it comes to goals, the question to keep asking is “Why not” ... especially with regard to stretch goals. Related questions for probing will follow naturally.

Getting employees into the habit of thinking big and thinking different can help unleash creative juices across the enterprise, on a consistent basis. Indeed, in evaluating any process, the overriding question to keep asking is: How can we move from the starting point to the desired end point faster, cheaper, better?

Possible follow-on questions include:

- How will our new approach impact others on our internal value chain?
- How can we help them leverage our new approach, so they too can move to their own end points faster, cheaper, better?

Making a habit of thinking big, thinking different and rethinking possible will almost always result in entirely different routes to desired end points.

However, the benefits of a culture of creativity and innovation will not be realized without leadership direction and commitment.

Leadership and Management Challenge—*Orchestrating Cacophony into Concert Music*

The overriding question then is: how might company leadership establish and nurture an enterprise-wide culture of creativity and innovation? Some basic requirements include:

- Being creative in finding ways to stimulate, support and reward employees for thinking creative thoughts and leveraging those thoughts into marketplace wins
- Helping employees reduce stress—*regardless of whether job-related or not*—so they are better able to engage... to focus... to think
- Searching out, recognizing and celebrating input effort and outcomes across the enterprise, where creativity is demonstrated and leveraged
- Building creativity and innovation measures into incentive plans at every level.

The benefits of a vibrant culture of creativity and innovation are self evident. However, the obvious challenge is making the commitment to do what it takes, diligently and consistently, towards achieving those desirable outcomes—*conquering the present and claiming the future.*

Clearly, key requirements for maintaining impressive economic performance in the present, while sustaining consistent economic success well into the future—*in essence, achieving the necessary balance between conquering the present and claiming the future*—would include:

- Unleashing creativity and innovation across the enterprise
- Helping the workforce operate worry-free, on and off the job—*since maintaining clear minds, free of clutter, is an important pre-requisite for stimulating the creative process*
- Continuously balancing productivity goals (*winning today*), with creativity and innovation goals (*preparing for winning tomorrow*)
- Facilitating employees' exposure to multiple aspects and facets of the enterprise, as well as their development of expansive networks, both inside and outside the company
- Encouraging situations and opportunities that promote interaction and cross-pollination of ideas
- Establishing numerous open spaces, where employees can gather frequently, for both formal and informal interactions—to facilitate conversations and “outside the box” thinking
- Helping employees learn to take risks and overcome fear of failure, which tends to hinder creativity
- Promoting more flexibility and less rigidity and structure—thereby creating a free-flowing environment that is conducive to exploring the possibilities
- Selling investors and other stakeholders on the importance of creativity and innovation in driving the momentum for claiming the future.

So, how long will the effort take, and how soon before the benefits begin to be realized? How will employees be helped to develop a habit of taking time off to “reflect,” even if only for just a few minutes a day, at the beginning?

One possible starting point: what about introducing the concepts of “reflection time” and “innovation days” — whereby employees are encouraged to take time off to pursue further, business ideas that come up during normal operations, and that have the potential to yield attractive payoffs for the company?

How might these be managed for effectiveness and efficiency?

Another important consideration: how will the organization continuously and effectively process the “avalanche” of ideas that will result, once a culture of creativity and innovation takes hold?

How should the company be organized and primed for effective follow through on promising ideas, and the elimination of moribund ideas and projects in timely and judicious ways; while still celebrating all participants... in order to assure continued enthusiasm for participation?

How will the ensuing chaos and cacophony be effectively managed, in order to channel the energy into new marketplace opportunities and successes?

What is the expected return on investment in building and leveraging a corporate culture of creativity and innovation, and how is it to be measured?

What is the cost of avoidance... or of less-than-total commitment?

Clearly, these are all relevant questions; and some of them address the challenges to implementation effectiveness. The challenges will require deliberate and focused effort directed at careful planning and committed execution. Done right, however, the payoff will be well worth the effort... resulting in the potential for the introduction of a steady stream of new products and the creation of new competitive spaces in the marketplace.

These and similar issues related to conquering the present and claiming the future—*such as leveraging feedback from customers and collaborating closely with external partners, for instance*—are explored in *Swagger-Free Zone: Staying Ahead is No Birthright*¹. Indeed these important aspects of business and financial performance improvement and corporate renewal are the primary focus of Parts 2 and 3 of the book.

Following is a flavor of some of the ideas presented in the book:

On "**Breakthrough Performance**"

The philosopher John Dewey once said, "Every great advance in science has issued from a new audacity of imagination." A new audacity of imagination—that sounds like a working definition of breakthrough thinking, a prerequisite for breakthrough strategies, with the potential to ultimately result in breakthrough performance. Indeed, that is what innovation is all about.

On "**Ultimate Performance Limits**": the Quest for "Zero"

"Best Practice" comes with considerable baggage and does not provide high-performing companies the ultimate target for which to shoot. Leading organizations prefer to set the pace themselves and consider benchmarking to be inadequate. The alternative to best practice-driven benchmarking is for an enterprise to set its own "absolute benchmarks" that are based on theoretically inspired limits—Ultimate Performance Limits (UPL)—such as "zero defects" in products and "zero defection" of customers.

On "**Balance vs. Tradeoffs**"

It is important to promote a "balance" rather than a "tradeoff" mentality—in order to minimize the risk of getting blindsided by unanticipated threats or being ill-prepared to exploit unexpected, but potentially-attractive opportunities.

On "**Making Serendipity Happen**"

Serendipity sometimes plays an important role in bringing new products to life. Chance discoveries have been important avenues of scientific discoveries and new product introductions for centuries—as the examples of aspirin, nylon, x-rays, Teflon, and the ubiquitous Post-It Notes attest. In the past, chance discoveries happened very slowly. However, vast improvements in communications

¹ Yemo Fashola, *Swagger-Free Zone: Staying Ahead is No Birthright—Why Sustaining Breakthrough Performance is The Ultimate Business Challenge And What It Takes, To Meet That Challenge* (Bedrock House), 2007.

capabilities have yet to be fully leveraged into an accelerated pace of serendipity's role in bringing new products to life. Intellectual Equity Management and Exploitation (IEME) is a way to harness that potential. The basic premise of IEME is the creation and capture of additional shareholder value through a deliberate, coordinated, and ongoing effort that is directed at leveraging a company's portfolio of assets, technologies, competencies, and capabilities across the enterprise and into new marketplace opportunities.

On "The Dangers of the Swagger of Success"

In 1994, Peter Drucker introduced a word not commonly found in business circles—humility. Yet, it is a word that leaders, managers and professionals at successful companies ignore at their own peril. For instance, a confectioner with estimated annual revenue of \$13 billion in 1993, lost share in several product lines and experienced failed global marketing strategy and new product launches. A competitor's assessment: "Their own hubris is their downfall. They are arrogant, and when arrogance exceeds your intellect, you've got trouble." Indeed, "the most treacherous time for a business is after you've become successful." That is the observation of Sally Frame Kasaks, former chairman and chief executive officer of Ann Taylor Stores Corporation. "One thing we don't do," she says, "is kick our feet up and relax."

CONCLUSION

Leading with dual strategies—*designed to conquer the present and to claim the future*—is a desirable, but potentially challenging leadership undertaking. However, if current success is to be consistently leveraged into the future, there really isn't that much of a choice. One key pre-requisite for achieving the goal is the need to develop and nurture a corporate culture of creativity and innovation. The result is an environment where a worry-free and motivated workforce—*a company's foundational asset upon which everything else rests*—can thrive...and yield a sustained boost to economic value creation and bottom line performance.

No less important are the collateral benefits of an energized, enthusiastic workforce and the emergence of a more stimulating and fulfilling work environment—both of which can serve to attract the best and the brightest, to further sustain vibrancy and excitement well into the future.



(832) 816-3840 • www.achsus.com • info@achsus.com