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## How You Can Instill a Culture of Innovation in Your Company

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### **Everybody, you'd think, likes Innovation. What's not to like?**

**Of course, that's not always what I observe** in the real business world. Many companies pay lip service to innovation, but not that many walk the talk. The rest eye it uneasily at best, and in some of them aiming at innovation can be a risky business indeed. Even hi-tech companies that thrive on making leading edge products may not foster a culture of innovation internally. This article shares some thoughts and observations – internal and external – derived during my many years as a change agent within a large global enterprise.

### **It's the culture that counts!**

**The first thing to remember** is that innovation is a cultural factor, not a technological one. Some companies have a culture that encourages its employees to innovate; without such a culture innovation is doomed. It may be hard to put your finger on what, exactly, makes the difference – but the employees in the company know (as a general rule, employees always know what's really going on!). It's enough that someone attempting to implement an innovative solution met a cold shoulder from management for the message to go around: it's safer not to try!

Company culture usually forms in the company's early days, then evolves with little explicit guidance. The attitude to innovation is often a result of the founders' approach, and slowly morphs as later generations of senior managers make their impact. If you're lucky, you work in an innovative company. If not, and you're at the top, you can try and change the culture top down (no, it won't be easy even so). If you're further down the org chart, you can try to be a change agent and drive more innovation bottom up (which is harder). In any case you can consider some of the techniques described below.

A good question is what scope you should target: your team? Your department? Your division? The entire company? The wider the scope, the harder it is to act bottom up – but the more stable the outcome. In some cases you may enjoy the benefit of being in a Skunk Works situation – having a group that is exempted from the general culture, where you can do what you want with less scrutiny. Lucky you...

### **Informal and formal empowerment**

**Innovation may come from within people, but empowering them to exercise it is critical.** This empowerment can take two forms, formal and informal; both useful, though of the two the informal matters most. This is the cultural tenet that it is OK for people to innovate, that management looks on it favorably and you can't get in trouble by doing it. Don't make the mistake, as a manager, of assuming that this is easy: some innovative people can be quite difficult, and not every idea they have

will be a good one, so you need to be tolerant and accept the cost of failed experiments, up to a point. Defining where that point is, and how to nudge your people away from wasted effort, is part of the magical art of managing for innovation (a Fortune 500 executive I know once told me he tells his people he's fine with their failing, but not with throwing good money after bad once they realize an effort is doomed. *They* realize, mind you, not *he*).

Formal empowerment of innovation can take many forms, but the most well known examples are the "X% time" kind – notably 3M's 15% and Google's 20%. These companies famously allow their employees to devote X% of their time to their "pet projects", and reap the resultant new products (Gmail being a good example). Not everyone realizes that the 20% at Google come *on top* of the 100%, not within it, as an employee there pointed out to me; it is certainly not true that every engineer in the company spends only 4 days a week on their assigned jobs. What is true is that once someone is determined to explore a self-initiated project, the company is usually supportive and provides the resources needed for this effort. This is enough to create a feeling of empowerment.

## Harvesting the brainpower

**Whereas the X% time systems enable grassroots experimentation**, other methods can actually encourage and direct innovation from the top. A common approach is to set up "suggestion box" style systems where people can submit innovative ideas for review, and the better ones get funding and a chance at implementation. This can be done at various scales; at the high end, I recall Microsoft's internal "Innovation Greenhouse" where employees submitting the best ideas could spend a year or two developing their concepts full time. Smaller organizations can implement more modest efforts.

**Before you try a system like this**, you must make sure you're willing to cope with the flood of ideas that may result. As one smart manager told me long ago: "I already have more than enough good ideas I can't afford to implement, why would I ask for more?" To proceed, you need to have the resources assigned to process and evaluate the submissions, and you need to earmark a specific budget for the development and implementation of a few winning ideas each year.

If you feel you can afford an innovation harvesting system, you should invest in planning it well. You'll need a number of elements:

- A clearly communicated policy that specifies who may submit ideas, who judges them, what the approval criteria will be, and what the submitters will get by way of a reward.
- A format for submitting ideas. To focus the process, you will want submitters to include many details, from cost and resource assessments to benefits and risks. This calls for a form they have to fill, possibly in addition to a free text document with more details.
- A system for accepting and processing ideas. This can be implemented on the Intranet, although paper forms can work too. A proper Intranet system will have the submission form interface, a backend to collect submissions in a database, a review system for the judges to quickly review the submissions and grade them, and optionally a way for employees to check the results.

**You will also need a proper internal communication campaign** to encourage employees to submit – and it can't hurt to promise the best ideas prizes and recognition. In fact, you should consider giving *every* idea a small reward, with more significant ones for ideas selected for implementation, or resulting in patent applications.

## Yes, you can teach innovation

**The ability to innovate seems innate**, but there's a lot you can do to nurture and improve it in your employees. There are methodologies that systematize innovative thinking, notably where seeking solutions to problems is involved. Perhaps the best known one is [TRIZ](#), the Theory of Inventive Problem Solving developed in Russia by Genrich Altshuller in the 1940's and applied globally since then. [SIT](#) (systematic inventive thinking) is an easier to learn derivative; and there are others. Providing a workshop in one of these methods to employees is a worthwhile investment, and besides teaching the skills it can give a powerful message that your organization values innovation and is willing to "walk the talk".

Incidentally, you should consider who to give such training to. It isn't just your R&D engineers; innovation skills can serve in most job roles, because better ways of doing things are relevant across a company. An innovative receptionist or truck driver can think of improved processes that will have considerable ROI...

## Showcasing innovation

**One way to firmly establish the innovation culture** is to create physical *Innovation Centers*, which are places where you showcase and promote the innovation that your company creates or represents.

An innovation center can take many forms and sizes, and can accommodate any budget. They can be inward-facing, for employees to use, or also open to outside visitors. Then there are centers meant for outsiders only, but these have less impact on your own employees. At the top of the range such a center can be a large hall with multiple sub-areas dedicated to various activities and displays. The intent is both to showcase innovative technology (or practices) and to draw the visitor into interacting with it and working in its presence. One of the best I've seen – in a large Hi-tech company – included workstations for working alone, lounge areas for small informal meetings, a large conference room, and numerous showcase areas – all done with the latest technology, way beyond what the visitor would normally experience in their office. Employees were welcome to walk in and immerse themselves in this environment, and select visitors could be hosted there as well.

**It's important to involve your employees** in the creation and maintenance of these centers, so they're perceived as coming from the people and belonging to them. It should make them proud!

Innovation is also highlighted in leading companies by holding innovation days, where engineers from across the company are brought together for a conference focusing on their own innovative work and on lectures by outsiders and industry figures. I myself have [a lecture](#) designed for such occasions.

## Leading the change

**Taking an organization and making it more innovative than it was** is a major change, and requires some serious management leadership. Obviously, it's easiest for the person at the top; a CEO is best positioned to do it for the entire company, though it may be possible for a brave senior manager lower in the hierarchy to lead their own business unit.

There are many things this leader can do. The organization's charter and values need to be rewritten to incorporate innovative values. The criteria for employee performance assessment need to reflect the new focus. Funds need to be allocated. And all this needs to be clearly visible to the employees,

and needs to be sustained – you don't want people to assume it's just a passing fad (which it might be, if you aren't thorough). You also need to measure the penetration of innovation and its growth over time. Some of this is simple – you can count patent applications, for example. Proving the impact on actual business results is trickier, and requires a focused effort; you may want to assign some people with financial expertise to do it right.

**One caveat:** just as you can empower innovation, so you can disempower it. I've seen innovation drives hit a wall, usually when management decides to pull the funding for implementing good employee ideas. Innovation is a classic "important but not urgent" deal; the temptation to reduce funding in a crunch is hard to resist. Think it through; if you can't commit to stay the course, you're better off not starting the drive at all.

**If you want to discuss** your company's situation and consider alternatives, [give me a call](#).

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**Nathan Zeldes has been leading improvement of knowledge worker effectiveness** for 20 years, at Intel and for other companies. He's exchanged knowledge with scores of organizations worldwide, and has founded the Information Overload Research Group, which he chairs. He now [advises managers](#) on improving their groups' results through improved tools and work processes.

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