People and innovation

Getting ideas on the table

These days, everyone can attest to the importance of being innovative. In a knowledge economy where small insights can quickly shift the competitive landscape and capabilities can rapidly be bought, borrowed or built, we believe that those leaders who oversee a dynamic, fast-moving, innovation portfolio will have the best chance of breaking from the pack and generating growth. But many organizations are finding it difficult to engage people – from their employees to their customers to their suppliers – in the innovation process. If this is the case, then where do they start?

Pinpointing the barriers to innovation

CEOs who participated in the Global CEO Study 2006 are eyeing a much wider innovation horizon to meet today’s competitive challenges. However, CEOs cite an unsupportive culture and climate as a critical roadblock to achieving breakthrough levels of innovation. Many CEOs are concerned that the inability to motivate and support people who have good ideas can effectively derail a well-intentioned innovation initiative.

Recognizing this as a critical issue, we set out to identify the key components of an organizational culture that supports innovation, highlight the human capital management practices that foster an innovative environment and better understand the roles that senior executives can play in enabling innovation from a people perspective.

To accomplish this, we reviewed relevant literature to understand and build upon existing innovation theory, models and practices; performed detailed analysis of results from the Global CEO Study 2006, including additional assessment of raw data and interviewee responses; and conducted interviews with senior research, innovation and HR executives from 20 companies looking to improve their effectiveness as innovators.

As a result of our analysis, we recommend a two-stage, seven-step model to start eliminating barriers to innovation and create a more innovative environment (see Figure 1).

While our executive brief fully explores these steps, we summarize them here:

**Stage one: Setting the stage**
- Paint a picture for your people that provides strategic context, both giving direction and setting boundaries for innovation.
Stamp out fear by creating a culture that embraces risk and eliminates the stigma associated with failure.

Value and leverage the ideas residing within the diverse cadre of your employees.

Stage two: Taking action

• “Connect the dots” within your organization by understanding and leveraging the informal networks that can improve innovation effectiveness.

• Collaborate with external organizations that can complement your competitive advantages, speed up time to market, or spark new insights.

• Make ideas visible using a variety of practices designed to elevate ideas from all corners of the organization.

• Provide incentives and recognize your people's innovativeness through programs that carefully complement both the passions that drive employees and a well-crafted organizational vision.

Taking action

• How effectively do internal teams collaborate, and with which supporting tools, structures and processes?

• How often do you look outside your organization for ideas and capabilities?

• To what extent are your employees engaged in cross-functional teams, communities of practice, learning events and large-scale brainstorming events?

• Which technologies do you leverage to understand your social networks and fuel global collaboration?

• How often do you revisit incentive and recognition programs to align them with strategic objectives, as well as to offer rewards that employees value most?

On the innovation path

While there are no quick fixes when it comes to changing cultures and climates, dedicated leaders can use these steps to create a plan and a more orderly pathway to the future. As a first step toward helping your people get their ideas on the table, think through your answers to the following questions:

Setting the stage

• How can you help your people understand your strategy and why you need them to be more innovative?

• How do you encourage controlled risk-taking and experimentation?

• What is your plan to leverage diversity in your organization – age, ethnicity, experience, culture – to bring out the boldest and most varied ideas?

• Do your board and next generation of leaders reflect the geographic breadth of your organization or only your headquarters?

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