IBM CORPORATION PODCAST
People and Innovation: Getting Ideas on the Table

Hello and welcome to IBM's Podcast on People and Innovation: Getting Your Ideas on the Table. My name is Eric Lesser and I'm the research leader for IBM Global Business Services' Human Capital Management Practice.

Today we find that many companies are asking a critical question, “How can we enable the people in our organization to become more innovative?” Here with me today is Scott Smith, a partner in Global Business Services to discuss a recent study produced by the IBM Institute for Business Value on how organizations can foster a more innovative work environment.

Thanks for coming today Scott.

Scott Smith: Eric thanks for having me.

Eric Lesser: Scott, CEO's today are saying that one of their primary challenges around the subject of innovation is their people. Why are companies starting to focus on their people as a critical innovation resource?

Scott Smith: Eric, today's CEO's are very aware of the importance of both innovation and people's role in innovation. There was a recent IBM study where 750 CEO's participated in the study and they cited an unsupportive culture and climate as a critical road block to achieving breakthrough levels of innovation.

I also think it comes down to innovation is about people. People are the ones who innovate. They come up with the innovative business models. The innovative products. The innovative services and so it really does come down to people.

Now there are a couple things that came out within the study and the first is the CEO sees fear of failure being a major barrier to innovation. People are concerned that if I participate in something that is risky and does fail, does that impact my career from moving forward?
Another area where organizations have challenges around innovation is in collaboration with your own employees and actually with business partners and customers. It was interesting that over 75 percent of the CEO's that took part in the Global CEO Study that I referred to earlier, they identified that collaboration and partnering are very important to overall innovation.

On the other hand, only half the CEO's surveyed believe their organization to be collaborating beyond a moderate level. It's this gap in collaboration that is largely a result of lack of expertise needed to partner externally to the organization.

**Eric Lesser**: It's interesting that you talk about this Scott, because it's really about this idea of building connections inside and outside the organization that seem to be the real fuel that's driving many innovations today in organizations.

To make this work how can organizations begin to build an innovation friendly environment?

**Scott Smith**: Well Eric there's a number of things that companies need to look at and it really starts with something that we call setting the stage.

It's more than just communications and e-mails and letters and speeches. It actually includes all those but it goes down to the point of both encouraging people to innovate but also to identify what are those areas within the organization that are important to focus the innovation.

That's where the CEO comes in and clarifying those strategic goals, the financial realities and the direction where we want that to focus.

While people have really loved to participate on these projects that could drive the break to resolve, they often need the support or air cover to take those challenges without the fear of "am I limiting my career if this doesn't work."

You look at companies like 3M and Google where they actually have a tradition of allowing researchers up to 10 to 20 percent of their time to work on projects of their own choosing. That allows the people the flexibility to take on riskier efforts without impacting their primary responsibilities.
In addition Eric we see things like encouraging diversity. Now here we mean something broader than just traditional views of diversity.

Though I would say that its diversity in ideas, that many times in the innovation program there are some people out there who have ideas that maybe very different and we say, “we don’t want to include them in our standard of programs.” These are exactly the people you want to include as you think of innovation. They’re already thinking of things in a different way. So as we look at diversity we look at a very large view.

And finally Eric, we look at things like understanding informal networks and this is really, really important that in any large company it’s the individuals and groups that take on roles in the way they interact and the way work gets done.

And when we understand and leverage those we can really improve the effective and the pace of innovation. Everyone has certain key connectors who regardless of their title you go to them when you need something done because not because they have the answer but they bring in other people. So its really understanding these informal networks that’s the last key I would say the overall how do you begin the innovation friendly environment.

**Eric Lesser:** Thanks Scott, that's very interesting. Can you talk about some of the ways organizations can increase the visibility of ideas?

**Scott Smith:** Sure Eric, actually I'll start right where I ended the last question. I am going to go back to understanding informal networks and really get more specific into how do you leverage communities of practice.

There's a lot of advancement using things like social network analysis to identify and support these informal groups who come together. Our research and experience have shown these groups are really the hot beds for innovation and when properly supported they can yield a range of innovations.

In addition Eric, we see the emergence of these large scale online brainstorming events. Think of it that we've often heard that being a very large global company are there economies of scale in people. Well really we see these online large scale events as to how do you leverage those people and have the collective wisdom come together on specific topics, in a specific event to drive that innovation.
There's a great example within IBM and we've conducted a number of jam sessions that allow our colleagues from around the world to contribute ideas around critical topics. These are facilitated by senior executives and they're sponsored at the top level of the organization. From an innovation standpoint our most recent Innovation Jam, Sam Palmisano, the Chairman and CEO of IBM, has allocated $100 million to implement the most valuable ideas coming from this InnovationJam.

The final area I'll touch on in this answer is going beyond the organizational walls.

In doing this the company needs to identify and address certain issues of the trust in between you and your channel, you and the customer. What are the intellectual properties that you'd be sharing back and forth? What's in it for each group? How do you facilitate these types of interactions?

So we're starting to see companies place a much greater investment in the areas of these custom communities and in some of the enabling technology.

Eric Lesser: Scott, it's clear from many of the things you've discussed that senior leadership attention to this issue is very important. Is there one particular executive that needs to ensure the people issues are being considered in the innovation process or is this the responsibility of a much larger group of individuals?

Scott Smith: Eric, it is a responsibility of a broad group of executives of the company, but it really has to start with the CEO to set that tone for the innovation throughout the organization.

You can get things started with different levels of the organization but for it really to catch and become more than a pilot, the CEO whether its reinforcing the message and key communications, providing that air cover that we talked about before for innovation projects and even things like highlighting this is an area that we've tried innovation, failed, but here's what we learned and celebrating the success of that attempt is the role the CEO plays.

It really needs to impact many people within the executive team. Say starting with the line of business leaders, they need to translate that CEO
message. They need to reinforce it, but translate it into what does it mean for this line of business or within this function.

I think if you go into areas and see the head of HR really playing a key role as they need to ensure that both rewards and recognition are right. That you have the talent management and right people in place; that you're encouraging employees to participate; and for taking those risks and the rewards around those.

You also see the CIO playing a critical role that the company needs to have a different type of infrastructure in place. One that leverages things like being able to automatically identify key experts, the ability to connect in ways that make sense to different people, again, whether it be inside or outside the organization.

**Eric Lesser:** And it's very clear that there are a number of technologies that can be leveraged to make those kinds of connections both inside and outside the organization.

**Eric Lesser:** Scott I want to thank you for taking time out for sharing your insights on this important study.

**Scott Smith:** Eric it was my pleasure and I look forward to work with you on this.

**Eric Lesser:** And thank you to the audience for taking time to listen to our Podcast on People and Innovation, Getting Ideas on the Table. The results of this study can be obtained at www.ibm.com/services/bcs/iibv. Thank you again.