

Leading Innovation: Practical Steps for Creating a Culture of Innovation

By Drew Locher

Companies in all industries continue to strive to build flexible, responsive, and innovative organizations that can adapt and succeed over time. This is a formidable task as it requires the ability to overcome organizational and cultural inertia. Put bluntly, it requires the ability to change which is not easy for most individuals. However, most people can develop at some level the skills required for change, but only through deliberate practice. Further, organizations can remove barriers to change, and by extension innovation, and establish processes that can facilitate both going forward. In this article we will identify the most common barriers to innovation and then provide suggestions for leaders to overcome or even prevent them. But, first, let's discuss innovation in a general sense.

Innovation: Nature or Nurture?

Some would argue that creativity is a natural talent, an innate skill few people possess. While there are probably some examples of this, most people learn to be creative or innovative during their lives. Most innovations are a result of solving a problem. Pick an invention, and there is likely an underlying problem that the inventor recognized and then developed a solution to address. So, the key first step is to see problems and opportunities. The means by which an organization can improve its ability to see will be discussed shortly. The next key 'ingredient' is motivation. The inventor must be strongly motivated to go through the iterative and difficult process of developing a solution. It could be personal frustration with the problem at hand. It could be a higher purpose, to help others, for example. In any case, there must be a purpose that fuels the necessary motivation. How leaders can encourage innovation will be explored later.

I fully recognize that not everyone possesses the requisite skills to a level of proficiency required to achieve innovation of a large scope and scale. And it will take time for individuals to develop them. So, how can organizations accelerate the process of innovative skills development? Think beyond individuals and recognize the *collective* abilities that the organization currently possesses. For example, some people are excellent at problem identification, while others excel at developing solutions. Together, they can be effective problem solvers. This requires effective collaboration, and very importantly communication. There are formidable barriers to both in most organizations.

Learning to See

There are several types of 'sight' appropriate in this discussion. *Hindsight* is the experience and knowledge that we know. Very

valuable indeed. Much can be learned from periodic reflection. However, *hindsight* is backward looking. As the saying goes, "hindsight is 20/20". *Hindsight* alone will not be sufficient. *Foresight* is the ability to see what can be, to imagine what is possible, and does not exist today. Now, who among us possesses a crystal ball? Do not be dismayed by the lack of one. Much of what is considered *foresight* is really the recognition of a need or opportunity very early on, an opportunity that is not quickly discarded as impossible or unrealistic but is allowed to be further explored. In the November 2021 article [Maximizing Your Value Proposition](#) we discussed the importance of regularly 'going to see' customers to identify other value-adding opportunities that a company may offer.

Outsight is another form of seeing. It involves stretching your mind beyond your current experiences. Much can be learned from other industries, even nature itself. Many manmade inventions were developed based on close observation of pre-existing things in nature. Bar coding, and Velcro® are two such examples. Problems in one industry may have been solved in another industry, though the specifics of the problems were discernably different between industries. *Outsight* is a form of peripheral vision. There is much an organization can do to improve its *outsight*.

Insight is where the other three sights overlap. It is the capacity to gain an accurate and deep understanding of something, very basically to synthesize what has been learned from the other three. It is where ideas begin to come to life. Ideas that can lead to experimentation and hopefully in time to fruition. *Insight* as with any learning can often be maximized in a group setting. The association of ideas, one of the two principles upon which the practice of 'brainstorming' is based, is one reason for this. It is the potential of an idea to stimulate other ideas. Of course, the second principle, deferred judgment, must also be practiced.

Leaders must put in place practices and processes to make the unseen seen.

Sparking Innovation

Leaders need to create a genuine purpose for innovation. It doesn't tend to happen on its own. It cannot be simply conjured up. It must be real, aspirational, and inspirational. Most commonly this comes in the form of a *challenge*, a call to action. Probably everyone can think of examples of innovations that arose from pursuing a challenge. One that I personally observed was at a packaging equipment manufacturer facing the challenge of the significant economic downturn of 2008-2009. The leaders of the company laid down a challenge to significantly reduce recurring business expenses

without laying people off. A specific target was identified. Several teams were formed. One would focus on cost reduction associated with product design, another on what I would describe as ‘green waste’ and the costs associated with it (ex. utilities, material waste streams). The teams first sought to increase their knowledge of methods that were currently in practice elsewhere. A bit of *outsight* to go with their existing *hindsight* of previous efforts undertaken by the organization in these areas. The results of the efforts within a relatively short period of time (~6 months) were impressive, a combined \$1.6 million in annualized cost savings. The innovations in product design would have long term benefits as well. It clearly demonstrated what people can achieve when properly motivated. The experience was repeated at several other companies with whom I have worked.

To be clear, this is not a ‘one and done’ exercise. Leaders in all organizations need to periodically define challenges. In fact, it should be part of the annual strategic planning process, at the very least. Leaders create a ‘gap’ for the organization that sparks innovation to close that gap over time. Again, the challenge must be purposeful. People must understand and connect with it.

Leaders must provide aspirational & inspirational challenges.

Barriers to Innovation

Even with the two necessary ingredients of purpose and the ability to see, success is far from guaranteed. There are formidable barriers to innovation that can exist in organizations, most of which are unintentional but nonetheless real. We’ll identify the most common ones here. There is a strong interrelationship between several.

Organizations that lack a foundation of trust will struggle with innovation. The issue of trust can be between management and the general workforce, between or within departments, or other scenarios. It can have far-reaching effects. It can demotivate people, impede communication and information sharing, and amplify people’s reluctance to change. People may not buy-in to the purpose for innovation defined by leadership. They will not be willing to voice and share ideas. They will be unwilling to take risks. It is never a good sign when more truth can be found in spoken in softened tones in hallways than in meetings. I have personally witnessed where efforts at innovation failed in organizations due to deep seated issues of trust between leaders and the general workforce.

Historic causes for distrust must be acknowledged and addressed.

Regarding communication and information sharing, there is a trait too commonly found in organizations where the company’s communication structure mirrors its organizational structure. People need to feel that they can talk to anyone when it comes to innovation, whether it be sharing ideas, or gathering more information as a particular idea is explored. Historic practices are often the culprit here. Organizations that do not have a history of information sharing or are steeped in hierarchy tend to have substantial difficulty with communication.

The unwillingness to take risks can go beyond what is natural in most

people. Personal experience can increase it to a point of dysfunction, and managers can contribute greatly to it. How managers respond to disagreement, how they respond to less than expected results, their general approach to business measurement, are just a few examples of how managers can influence an individual’s and ultimately the entire organization’s willingness to take risks. For example, business measurement is performed very basically to learn. If it is used to punish, then it will have negative effects, including an unwillingness to take risks.

An honest reflection of current management behaviors must be performed.

The lack of available time is a very real barrier. Asking people to be innovative in their ‘spare time’ is unreasonable. People tend to be well-occupied with their primary duties. It also doesn’t allow for focused attention. Examples of how organizations have provided time for innovation will be provided next. Of course, leaders must recognize these barriers to address them. Therefore, the concept of ‘seeing’ discussed earlier applies to barriers as well.

Leaders must create physical, mental, and emotional ‘space’ for people to be innovative.

What Leaders Can Do

Beyond providing challenges and the means to ‘see,’ what more can leaders do, particularly to address the barriers to innovation? First, let us address the barrier of time. I have worked with organizations that have taken different approaches to providing the previously mentioned ‘space.’ Organizations have allowed associates 4 to 16 hours a month to work on any potential innovation they wanted. Whatever the actual figure, it was accounted for in capacity planning. How this was accomplished depended on the nature of a person’s primary responsibility. Periodic innovation half-day, days or multiple days can be scheduled. While the time is focused, it is not very structured. Management expects its associates to use their time wisely and productively. Of course, management must also provide time to periodically conduct ‘go-see’ and ‘outsight’ related activities to help people get ‘out of their box.’ The investment of time sends an important message to the organization.

What is required is for associates to share their ideas and what they have learned with others in the organization. Again, there are different approaches to do this. Report-outs from learning trips are delivered to members of the organization upon return. Similarly, report-outs are provided at the end of multi-day innovation events. Periodic company-wide events can be scheduled to provide a forum for associates to share what they have been working on in the period between such sharing events. Recognition is always a part of these events. Attendance of as many associates as possible at the report-outs should be assured.

Leaders must provide a ‘safe’ environment for associates so that they are more willing to take risks. It’s not the manager’s job to prevent risks, but to make it safe to take them. Providing focused time for innovation can help here as it takes the risk of not fulfilling their other responsibilities off the table. Throughout the process, leaders

must listen and genuinely consider the ideas of others. Disagreement is fine, but it does not begin and end with the idea itself. Very importantly, the reasoning behind an idea must be fully explored. The result is often a better idea or at least better communicated idea. If done properly people will feel safer to share their ideas and be more candid going forward. Leaders should also encourage associates to communicate directly with others in the organization who can assist them in their efforts. They will learn that this is acceptable and in time will lead to improved collaboration. Finally, how managers respond to setbacks is key. Setbacks are inevitable in the pursuit of innovation. Setbacks should not be viewed in terms of 'failure,' but rather the learning that occurred.

A leader's words matter when creating a safe environment. ■



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