

Chapter 10: Cultivating the Innovative Spirit

Chapter Summary

This chapter discusses the process of innovation and suggests ways in which the organization can foster the innovative spirit.

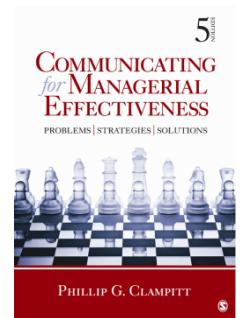
The process of innovation is one of "winnowing down" the possibilities to select several that can be useful to the organization. The process begins with "idea generation," where the emphasis is on generating a multitude of novel ideas in a nonevaluative setting. The process continues with "feasibility analysis" which, through experiments or test runs, addresses the possibility of the ideas. "Viability assessment" addresses how practical the ideas are: Do they provide a reasonable return? Do they fit with organizational objectives? Finally, those that survive may pass to the "implementation stage," where the idea is acted on. Organizational barriers, such as too many rules and regulations, lack of corporate resources, lack of commitment to research, and a short-term focus, can occur at any point during this process and hinder its progress.

To develop an environment that fosters innovation, the organization needs to design a system that encourages the flow of innovative ideas and increases the probability that useful ideas are provided speedy passage through the process. The chapter discusses some guidelines that will accomplish this, such as requiring innovation as part of the job, developing company programs that encourage innovation, and eliminating lengthy proposal procedures.

Learning Objectives

After studying this chapter, you will be able to:

- describe some misconceptions of innovation
- identify the stages of the innovation process
- identify evaluation criteria, critical questions, and organizational barriers representative of each stage of the process
- describe guidelines for designing an organizational environment that encourages innovation
- critique a novel idea while not discouraging an employee's innovative spirit



Outline

- I. Misconceptions
 - A. Myth 1 – Innovation is risky
 - B. Myth 2 – All innovations spring from revolutionary “big” ideas, “paradigm shifts,” or grand schemes
 - C. Myth 3 – Innovation is product focused
- II. What is Innovation?
 - A. Idea generation
 - B. Feasibility analysis
 - C. Viability assessment
 - D. Implementation
 - E. Implications
 - 1. Different evaluation criteria are used at each stage of the innovation process
 - 2. Different organizational barriers crop up at each stage of the innovative process
 - 3. Different managerial skills are needed at each juncture of the innovative process
 - 4. The timeline for the innovative process is elastic
 - 5. Resources should be allocated based on the time needed at each stage
- III. A Perspective on Success and Failure
 - A. Potential success
 - B. Failure

- C. Temporary success
- D. Enduring success
- E. Implications
 - 1. Present success does not guarantee future success
 - 2. The actual innovation is but the tip of the iceberg
 - 3. Fostering meaningful dialogue sparks learning and knowledge creation
- IV. Strategic Traffic Signals
 - A. Cultivate an innovative culture
 - 1. Educate employees about the organization's innovation philosophy and policy
 - a. Every employee can become an innovator
 - b. Innovation is a process
 - c. "Failures" are expected and provide important learning opportunities
 - 2. Expect and require innovation
 - 3. Reward and celebrate innovation
 - 4. Elevate the status of idea "scouts," "connectors," and "champions"
 - B. Develop company programs, policies and practices that foster innovation
 - 1. Establish a sabbatical program
 - 2. Allow employees to allocate a portion of their time to independent research
 - 3. Formalize collaborations with external parties
 - 4. Eliminate lengthy proposal procedures
 - 5. Promote informal communication

C. Properly reject “bad ideas”

1. Draw a bold conceptual line between the employee and the employee’s idea
2. Avoid “thumbs-up” or “thumbs-down” evaluations
3. Focus on the attributes of the idea

V. Conclusion

Case 10.1: Finding the “Success Formula” for Innovation

Purpose:

The purpose of this case is to understand the major roadblocks in the innovation process.

Situation:

The CEO of a company has just commissioned a study of innovations that have “worked” in the organization. He exclaims:

I just finished reading the chapter on innovation in *Communicating for Managerial Effectiveness*. It helped me pinpoint one of my deepest frustrations about this organization:

There are few too many ideas that never make it to the implementation stage. I want to know why. I can’t seem to figure it out. We’ve got good people here. What I’d like you to do is research three cases in which innovations have “failed” for some reason and three cases in which the innovations have been successfully implemented. I want you to interview or document each case so that we have some rich historical background on each situation. I’ll leave it to you to define success or failure. Based on these six cases, I’d like you to give me ten specific guidelines about how to improve the innovative climate at this organization. My new motto is going to be, “Innovate or Stagnate.” But I need more than a slogan to motivate the employees. The book provides a good general background but what I need are specifics about our company. That is why I’m so intent on having well documented cases. Then we can extrapolate from these situations the precise nature of the problems we are encountering. You might want to take a careful look at the notion of “diffusion of innovation.” Maybe it has something to do with our problems.

Your objectives:

1. Using an organization with which you are familiar,
 - a. identify three successful innovations that have been implemented
 - b. identify three innovations that have failed
 - c. explain the reasons for the successes or failures
 - d. create a list of “Ten Guidelines to Improve the Innovative Climate” in an organization
2. Specify the approach you would use in presenting your results to the CEO.
3. Provide your rationale for the research findings and the approach you would use with the CEO.

Case 10.2: Implementing an Employee Innovation Program**Purpose:**

The purpose of this case is to develop an effective program to encourage employee innovation.

Situation:

You’ve been asked to advise a manager in a local manufacturing plant about how to implement an employee suggestion system. The manager is under “orders” to develop this system because the president has just toured another plant that has an “effective” suggestion system.

Background:

The manager provides you the following history:

We’ve tried this twice before and it never really worked. The first program started about five years ago and was called the Performance Improvement Program or PIP. Employees were informed about the program and were shown how to fill out the necessary form. The main problems were:

- many people came up with the same ideas
- at first, the PIP coordinator had too many ideas to deal with, and there was no feedback about what happened to the ideas after they were submitted
- employees were rewarded for just coming up with ideas
- there was no qualifier on the payoff—it didn’t seem to matter how an idea impacted the business because employees still got rewarded equally with dinner certificates or movie tickets

In the long run, the program slowly disintegrated through apathy. Then we went to a quality seminar and completely revamped the program. That's when I started working here. The new system was called Error Cause Removal (ECR) and was focused on resolving chronic problems. Based on our seminar, we decided to eliminate all incentives and just make the ECR part of the job. It sounded great in theory, so we asked the supervisors to administer the program. But we did have some problems with this program, as well, such as:

- Employees really resented not having any incentives, so many didn't participate. I guess these "stupid" little rewards were part of the culture.
- The employees who did participate developed a "We bitch, you fix" attitude—they didn't feel that they had to do anything to implement their ideas.
- Supervisors felt overwhelmed with the new responsibility and many never acted on the ideas. They never bought into the program and few employees received feedback about their ideas.
- It was a paperwork disaster—the amount of detailed documentation required was overwhelming to everyone.

These are the lessons I've learned from these incidents:

- We need to respond to people and their ideas.
- The program must be simple to administer.
- It needs to empower employees to work on the solutions.
- Administrators must want to be involved in the program.
- There needs to be some kind of incentive built in to the program.

Our new program is called Novel Ideas For the Future (NIFF) and will be based on the following:

1. We will provide training in such areas as problem-solving skills and information systems for the departments involved in the program.
2. Every employee will receive a response within 72 hours of his or her suggestion, with a response that says either:
 - No
 - Yes, we'll do it immediately
 - Yes, we'll do it when we are able
3. The incentives will be based on the number of ideas: if an employee has 10 ideas, he or she will get a flashlight; 25 ideas will earn a dinner for two. The incentives will be provided whether or not the idea is implemented.

This is a sketch of the NIFF program so far. What I want to know is:

1. Have we analyzed the problems effectively?

2. Are we proceeding correctly?
3. What should we be doing?

Your objectives:

1. Specify the response you would make to the manager's questions.
2. Specify the approach you would use in presenting your reactions to the manager.
3. Provide the rationale for the approach and proposal.