innovative
INTELLIGENCE

THE ART AND PRACTICE OF LEADING SUSTAINABLE INNOVATION IN YOUR ORGANIZATION

DAVID S. WEISS & CLAUDE P. LEGRAND

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Innovation in Your Organization

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To Norah and Joseph whose innovative intelligence is an inspiration.

—DSW

To Lauren and Sheila with love and thanks.

—CPL

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1. David S. Weiss and Claude P. Legrand, "Innovative Team Learning," *Canadian Learning Journal*, 2009.

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2. David S. Weiss, *Beyond the Walls of Conflict: Mutual Gains Negotiating for Unions and Management.* (Irwin Professional Publishing, 1996).

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David S. Weiss and Claude Legrand
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Preface

Innovation has emerged as a key source of competitive advantage in today's knowledge economy—yet it is still quite elusive for many organizations. The evidence is clear that despite decades of effort, most established organizations have not figured out how to innovate systematically. We have not had sustainable solutions—practical and reliable programs that deliver long-term, predictable results. Instead, we have had an endless array of partial answers.

The observation that fueled our pursuit of this problem was the contrast between what so many established leaders were saying about the critical need for innovation and what so few were successfully doing. Most CEOs, government leaders, and consultants recognize the importance of innovation; and yet, innovation is still the exception, not the norm. Our question then is: Why is innovation not happening systematically when leaders demand it?

We have found that too many organizations try to improve innovation by focusing on one element at a time, particularly in the area of new products and services. They train individuals, hire more creative people, or create specialized innovation departments. Despite these investments, most organizations have disappointing results. They are left with an alarming innovation gap.

Innovative Intelligence responds to the question: *How can we make individuals and organizations systematically and sustainably innovative*?

We use a three-part approach as follows:

- *Part One* defines the root causes of the innovation gap and the role played by all individuals in an organization, including its leaders. We argue that many employees learned one thinking process in school; one that only accesses their analytical intelligence, which is based upon past knowledge and experiences. They did not learn a process or a set of techniques to access their innovative intelligence, which would help them to deal with the new ambiguities of work. This means that the majority of leaders and teams have no practical and reliable process to think innovatively when they are asked to do it. Only when leaders and employees can apply innovative thinking to access their innovative intelligence will organizations be able to systematically innovate.

- *Part Two* makes the case for focusing on leaders as the key lever to close the innovation gap. Most leaders have been trained and rewarded for thinking in a linear, non-innovative manner. Many leaders view it as their role to be the person who knows the answers to problems and can guide or tell employees what to do. However, the kinds of problems that leaders face in the knowledge economy are increasingly complex and often cannot be solved only with past experience or knowledge. Leaders need to focus more on understanding the depth of the question rather than on trying to have all the answers. Their new added value is to facilitate innovative thinking processes that uncover the questions and assumptions so that the leaders and employees understand the depth of the issues they are facing. Only then can leaders start exploring and discovering what could be potential innovative solutions to today's new complexities. This book presents the practical approaches that will enable leaders to become highly skilled in innovative thinking as well as to help others think more innovatively.

- *Part Three* clarifies that innovative thinking is not sufficient to close the innovation gap in organizations. The organizational practices and the culture have to make innovative thinking easier. In most organizations, however, the practices and culture make innovative thinking more difficult and can actually block leaders' and employees' access to their innovative intelligence. This book defines the changes required to develop a culture where innovating is the norm, and it presents the practical

techniques to build organizational practices that make innovating easier. We also explain how to develop an organization-wide innovation plan that can help leaders and executives focus on the important innovations that are needed to close the innovation gap.

Some of the specific characteristics of *Innovative Intelligence* that distinguish it from other works are:

- It identifies that a primary way to close the innovation gap is to enhance the ability of leaders to resolve complex problems and to make their teams more innovative.
- It explains how leaders need to have access to multiple intelligences in addition to their current IQ-based analytical intelligence. Specifically, leaders need to have access to their innovative intelligence, emotional intelligence, and analytical intelligence to succeed.
- It emphasizes that a primary role of leaders in the knowledge economy is to enable their employees to access their innovative intelligence and to achieve business success by applying innovative thinking.
- It introduces a four-step innovative thinking process with tools and templates as a practical guide for leaders and organizations.
- It describes the preferred culture to support innovating and the organizational practices needed to make innovating easier. It also identifies the cultural and organizational barriers that might prevent an organization from successfully developing their leaders' innovative thinking capabilities and how to overcome these barriers.
- It reinforces the executive accountability to build and sustain innovative thinking in organizations.
- It concludes with a call to action to organizations, governments, and the school system to contribute to the development of leaders so that they will have access to innovative intelligence and be able to engage in effective innovative thinking with their employees and teams.

A DESCRIPTION OF THE BOOK
INNOVATIVE INTELLIGENCE

We present in this section a brief overview of the three parts of the book and a description of each chapter.

Part One: Closing the Innovation Gap

Part One of *Innovative Intelligence* (Chapters 1 to 4) describes the root causes and the challenges of the innovation gap, the need to enhance capabilities of leaders to lead through complexity, and the importance of accessing innovative intelligence to close the gap.

Chapter One: The Innovation Gap
This chapter defines innovation and innovative thinking. It then describes how the innovation gap impacts organizations and explains that there is an urgent need for innovation by all leaders, employees, and teams, in order to close the gap.

Chapter Two: Leading Through Complexity
The knowledge economy has created new demands for leaders to lead through much more complex issues and problems. Yesterday's "right" answer does not work anymore. All leaders need to engage employees, teams, peers, and customers in order to gain better insight into the complexities they face and to discover the best ways to proceed.

Chapter Three: Accessing Innovative Intelligence
To be effective in the knowledge economy and contribute to closing the innovation gap in the workplace, leaders need to draw out their employees' and teams' innovative intelligence. Leaders need to understand when analytical thinking is the best process and when they need to apply innovative thinking in order to access the team's innovative intelligence.

Chapter Four: Eclipse of Innovative Intelligence
This chapter describes three scenarios that can obscure or eclipse one's innovative intelligence and offers suggestions for removing or reducing the impact of each eclipse.

Part Two: Innovative Thinking

Part Two of *Innovative Intelligence* (Chapters 5 to 9) introduces the innovative thinking process necessary to access innovative intelligence. It describes how leaders and employees can apply innovative thinking techniques and tools effectively in the workplace.

Chapter Five: Innovative Thinking: An Overview

This chapter provides an overview for the entire Part Two. Specifically, Chapter 5 explores the characteristics of an effective innovative thinking model and the key success factors of innovative thinking.

Chapter Six: Step 1: Framework

The framework is the foundation of successful innovative thinking. This chapter presents the six essential tools and techniques needed in order to create an effective framework. The first five together help leaders and teams understand and define "the problem." The sixth tool is the plan, or project charter, which guides the process of gaining insight into an issue and discovering meaningful innovative solutions.

Chapter Seven: Step 2: Issue Redefinition

Issue redefinition is fundamentally concerned with identifying the root causes and sub-parts to shape and reshape an issue. Step 2: *Issue Redefinition* helps identify the best angles from which to solve the overall problem or opportunity.

Chapter Eight: Step 3: Idea Generation

Idea Generation is the step in the innovative thinking process that relies most intensely on innovative intelligence. This chapter explains the four stages of group idea generation and then describes how they can be applied by individuals.

Chapter Nine: Step 4: Implementation Planning

In Implementation Planning, leaders guide groups through the process of confirming the preferred ideas, engaging in a risk analysis, presenting the innovative solution for approval, and ensuring there is a proper handoff to an implementation team.

Part Three: Making Innovation Happen

Part Three of *Innovative Intelligence* (Chapters 10 to 14) explains how leaders can guide innovative teams. It then explores how to shape a culture of innovation, design organizational practices that promote and embed innovative thinking in an organization, and develop an organization-wide innovation plan.

Chapter Ten: Making Innovation Happen: an Overview
Innovative thinking is necessary but not sufficient for innovation to occur in organizations. This chapter provides an overview of the four essential enablers that are fundamental to making innovation happen.

Chapter Eleven: Leading Innovation
Innovation rarely happens and certainly cannot be sustained without the active commitment and involvement of effective leaders of innovation throughout the organization. This chapter explores the four areas of innovation leadership: leading self, leading innovation teams, leading intact work units, and leading innovative enterprises.

Chapter Twelve: Culture of Innovation
This chapter explores how culture impacts innovation and how to accelerate the transformation of a culture so that it enables and sustains innovation. It concludes with a challenge to leaders to actively create a culture that supports innovation rather than letting the existing organizational culture prevent innovation.

Chapter Thirteen: Organizational Practices for Innovation
This chapter explains the importance of implementing organizational practices that help individuals and teams to innovate. It explores all the organization processes and recommends how they can be improved to support innovation.

Chapter Fourteen: The Innovation Plan
This chapter focuses on the specific elements that should be included in an enterprise-wide innovation plan and the process to develop and measure its success. The final section of this chapter focuses on "pulling it all together." In that section we integrate the ideas presented throughout the book and extend a challenge to governments, education systems, and multinational companies to do their part to help organizations close their innovation gaps.

WHO SHOULD READ THIS BOOK

The book has been written for leaders who are dissatisfied with the current innovation gap in their organizations and are hungry for practical information, ideas, and techniques to advance innovation. *Innovative Intelligence* is very helpful

both conceptually and practically. All the ideas and the practical tools presented in this book have been "road-tested" in engagements with our clients over the past few years and are already helping large organizations close their innovation gap. In particular, the following groups will find the book beneficial:

- Executives and managers at all levels who are seeking to understand how to enable innovative thinking and how to create a culture that supports innovation in their organizations.
- Boards of directors who understand their businesses' continual competitive advantage depends on their capacity to innovate.
- Human Resources, talent management, and leadership development professionals, internal and external to an organization, who are interested in understanding how to build the leadership capability as innovative thinkers.
- Members of associations that are concerned with leadership innovation issues.
- Members of the academic community interested in a well-researched and practical text to teach their students about the need for innovative intelligence and about the changing role and expectations of leadership.
- Students in business schools, engineering, organizational behavior, and Human Resources programs, looking for a fuller understanding of the challenge of building organizational and leadership innovation capacity.
- Management consultants seeking ideas to provide advice to organizations about how to develop leadership innovation to drive business results.

HOW TO READ THIS BOOK

Most readers will benefit from reading the book cover to cover. However, others will find they can dip into the book for specific ideas and information, and it will add value. Here are some alternative ways this book can be read:

- Some readers—those responsible for the development of innovative leaders—may want to use the book as a study guide for use in training. A suggested approach is to ask the leaders to read Part One for the first discussion and Part Two for the second discussion. Part Three should probably be read and discussed one chapter at a time.

- Some readers may want to explore the topic of innovative thinking and how it is done, which can be found in Part Two (Chapters 5 to 9).
- If the readers are primarily interested in systemic change to create an organization that supports innovation, they may want to focus on reading Part Three (Chapters 10 to 14), which describes the key enablers and disablers of innovation in organizations.
- Finally, readers may want to study a topic of their own interest. A detailed index has been prepared for referencing specific topics. For example, the topic of "individual innovative thinking" is referenced in several chapters of the book. Readers can combine the ideas about a topic area to form their own analysis of the material.

Our intent is that readers of *Innovative Intelligence* will be convinced that innovative intelligence is essential for organizations to close the innovation gap. The book provides business leaders with the logic and the tools to enhance innovative intelligence in the workplace.

To this end, *Innovative Intelligence* presents the case for a new focus for leadership, centered on innovative thinking and fostering a culture that supports innovation. Our hope is that *Innovative Intelligence* will become the road map for executives and leadership professionals who are exploring how to develop innovative leaders who can close the innovation gap for business success.

PART ONE

CLOSING THE INNOVATION GAP

THE INNOVATION GAP

"The problem is much more complex and challenging than we thought," the CEO declared to his executive team. "Initially, we thought our challenge was to sustain our leading position in the new competitive environment. We thought we were an innovative pharmaceutical company—but really we're only an innovative R&D company. And now our R&D pipeline has almost ground to a halt. Healthcare regulators are not approving our new products. Generic drug companies are contesting our patents through intense litigation. Doctors don't have the time to see us. We're facing unprecedented political pressure to reduce the costs of our drugs. It's obvious that we must become innovative throughout our company and not just in R&D. But how do we do that quickly?"

"We've trained our best leaders to focus on short-term problems and 'making' the numbers. We haven't trained them to think innovatively. Our few innovative leaders have left to join healthcare start-ups that appreciate their innovative thinking. So we don't have the skilled innovative leaders who can help lead us out of this mess."

The CEO raised his voice and challenged his executive team, "I'm not the only leader here. Together, we must radically change our culture and champion innovative leadership throughout our business to compete in our industry. Are you with me?" The executives saw the panic in the CEO's eyes and nodded in agreement—but they didn't believe they would make any meaningful changes—not because they didn't want to, but because they just didn't know how to do what the CEO wanted. And they didn't believe the CEO knew either.

It is stories like this one that motivated us to write this book. Many organizations are caught in the turbulent world of the knowledge economy. They may have good intentions to become more innovative—but not many of their

leaders know how to do it. They recognize that innovation is a key source of competitive advantage. However, despite extensive efforts to change, many organizations are having difficulty achieving the levels of innovation they require. This dynamic is an *innovation gap*.

Innovation Gap = The difference between the stated importance of innovation and the actual results in an organization

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Our purpose in *Innovative Intelligence* is twofold:

- To provide business leaders and senior HR executives with an accelerated strategy to close the innovation gap.
- To supply a series of practical and implementable frameworks and tactics for developing leaders who can drive innovation in their organizations.

THE INNOVATION CHALLENGE

Let's begin with the challenge of *innovation*.

Frequently it is only after the crisis has occurred—after the competition has captured market share, after the market has dried up, after organizations have slashed costs—that organizations react. Then they say they need to "innovate"—as best they can under the pressure of the crisis. Too often, they overreact and confuse systemic innovation with unbridled creativity. This kind of creativity merely produces high-risk ideas with no pragmatic means of applying them and no built-in process to sustain them.

Organizations face three major challenges as they attempt to respond to the innovation gap:

1. *Lack of a common understanding of what innovation is, how it happens, and what prevents it.* Despite many attempts at defining innovation, a lack of consensus on a common definition still exists. Too often, leaders define innovation only in terms of technology or scientific research, yet organizations require innovation in almost all areas.

2. *Lack of innovative leaders.* Most leaders have never learned how to be innovative and how to lead an organization so that it becomes more innovative. They may understand that they have a key role in innovation, but they do not know how to systematically generate new and better solutions. They also do not know how to reinforce the right innovative skills for their direct reports and teams.

3. *Lack of enabling organizational practices and cultures to reinforce innovation.* Many organizations inadvertently discourage innovation through their organizational practices (e.g. planning, budgeting, rewards). In addition, many organizations have cultures that drive short-term results and risk avoidance. Without changing some organizational practices and building a culture of innovation, leaders will not close the innovation gap.

Today, innovation is often extolled; however, on closer investigation, far more talk than action occurs. In this context, the old adage "talk is cheap" actually becomes "talk is expensive," because organizations pay a hefty price if they do not practice what they preach. Failure to innovate can be terminal.

WHAT IS INNOVATION?

Let's first define innovation. Then, we'll explain the innovation gap dynamic and substantiate it with our evidence.

Most use the concept of "innovation" as either an *outcome* or a *process*. This book is not about innovation as an *outcome*, although a great deal of research describes the innovation gap that is associated with the lack of innovative outcomes in organizations.

Instead, our approach focuses on the *process* of innovation and how innovation happens. Here are some key aspects of the innovation process:

•   The innovation process applies to everything an organization does or could do, as well as how it does it. For example, innovation applies to how the organization develops and implements strategies, creates new products and services, manufactures products and services, and ensures that internal functions support the business.

- It is an essential enabler of business strategies and goals—but it is not, in and of itself, the strategy or the goal.
- It is simply about innovating. It is a process that enables the organization to deliver on its strategies and its goals, in the same way that manufacturing, marketing, or accounting enables the organization to achieve its goals—no more and no less.

We use the word *innovation* in a very different way than the way we use the word *creativity*. Here are some comparisons of creativity and innovation:

- Creativity is about having new ideas, relevant or not, useful or not, implementable or not, while the output of innovation achieves defined value for an organization.
- Creativity is a stand-alone output, not a sustainable business outcome. On the other hand, *innovation* is directed toward achieving a sustainable outcome that can improve what people do or how they do it.

Our definition of *innovation* in a business context is as follows:

Innovation = Applied creativity that achieves business value

The confusion between innovation and creativity has been costly to many organizations. Once, a CEO of a successful bank indicated he did not want more innovation (because it would be too disruptive). What he was actually referring to was not innovation but creativity without boundaries, direction, or a rigorous process for application.

It is difficult to blame executives for their anxiety with unbridled creativity. Many executives are focused on risk mitigation and ensuring that the formula for success for their organization can be repeated continuously. Uncontrolled creativity could put an organization at risk, and although some executives say they want new ideas and innovation, they do not always support it when it occurs.

Even the expression "unleashing creativity" reflects this anxiety. To "unleash" implies that creativity was formerly restrained on a leash because it was dangerous. As a result, many executives do not focus on developing