



THE INNOVATION- FRIENDLY ORGANIZATION

HOW TO CULTIVATE NEW IDEAS
AND EMBRACE THE CHANGE
THEY BRING

ANNA SIMPSON

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*To Mum and Dad,
for your love of ideas, and for your differences.*

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1

Introduction: Cultures Where Ideas Thrive

‘A new idea is delicate’, said Ovid. ‘It can be killed by a sneer or a yawn.’¹

Who has never witnessed this, or been guilty of the look that kills?

But just as an idea will die in a hostile environment, certain conditions are also needed to develop it. Innovation—the application of different ways of doing things to our lives—depends on a culture in which ideas can thrive, move around, meet other ideas and eventually evolve into new possibilities. So how does one create this innovation-friendly environment? What approaches are needed?

This book explores five cultural traits that encourage the birth and growth of new ideas, and how organizations that are serious about innovation can embrace them. But first let me define what I mean by the word ‘culture’.

Why focus on culture?

Culture is intrinsic to growth: the word’s origins relate to tending the land. When we talk of a ‘cultivated’ person it’s not to say they’ve grown

¹Widely attributed to Publius Ovidius Naso (43 BC–AD 17) <http://www.billionquotes.com/index.php/Ovid> [Accessed 27 April 2016].

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up, but to acknowledge their development and agility in the realm of ideas and forms of expression.

Culture describes the ways in which we behave and express ourselves, as well as the customs and languages which enable our individual behaviours to be meaningful to those around us. A cultivated person is someone who has mastered these customs and languages, regardless of whether they exploit them or disrupt them.

But our use of the word culture is still linked to its root, to growth: we are social creatures, and our own healthy development depends on our connections to those around us, as well as the environmental resources that nourish us.

Similarly, ideas are social creatures.

The renowned innovation theorist Steven Johnson describes ideas not as singular events but as communities:

An idea—a new idea—is a new network of neurons firing in sync with each other inside your brain.²

What's more, he argues, these communities don't happen in an instant, like the old cliché of a light switch being flicked on. Rather, they have what Johnson calls a 'long half-life'.

This 'half-life of ideas' isn't just about socializing; it could also involve space for reflection and incubation. But given that ideas are social creatures, this 'time out' is more a visit to a communal retreat than a stay in a hermitage.

The emergence of new cultural movements depends on more than one person doing something previously unheard of: others need to see it, adopt it, play with it and share it. The internet, particularly the rise of social media, has enabled us to observe the spread of ideas, and has facilitated this across cultural and geographic boundaries. But what sort of culture allows new ideas to spread in this way and become movements? And why should we trouble ourselves with the social lives of ideas?

²Johnson, S. (2010), 'Where good ideas come from' [Filmed talk] https://www.ted.com/talks/steven_johnson_where_good_ideas_come_from?language=en [Accessed 27 April 2016].

Aiming for Resilience

The business case for innovation is well known: a host of rapid global changes—technological progress, hyperconnectivity, civic innovation (from sharing to making), resource challenges and geopolitical instability—have made business-as-usual a kamikaze strategy.

After decades of steady growth the incumbents of major sectors are beginning to crumble. More and more leaders therefore recognize the need to cannibalize their business or sector before others do, eating up the competition in order to offer their customers a wider, fresher menu of products and services.

Expectations of business are also changing. Shareholders aren't the only group they need to answer to; profit alone won't satisfy the demands of governments and citizens who expect them to meet global challenges, such as the Sustainable Development Goals, adopted by the United Nations in 2015 to help unify global action on climate change, health, poverty and a host of other issues over the next 15 years.

But it's not just business that needs to innovate. All societies and sectors must learn to adapt and develop new mechanisms for resilience in the face of climate-related disasters, resource shortages, biodiversity loss and mass migration. If our aim is not just to get by, but to build healthy, resilient and sustainable societies which are a pleasure to be part of, we must rethink almost everything.

In practice, this means we need to develop new ways of operating so that we remain resilient during times of rapid flux. We also need to be able to embrace change, and find new ways of understanding current contexts. We need to be able to imagine the world differently too, and find ways to bring alternate realities to life. And we need to sow many different seeds, and accept that only some will survive.

It's also important to recognize that innovation happens at many levels, from product design to business model to system-wide transformation. These can't easily be separated. Think how something as seemingly insignificant as the use of a hashtag has changed the flow of ideas across the world. Did the person who first attached it to a word sense the

potential for brand campaigns and civic revolutions? Probably not. But that is where we are today.

The rise of the hashtag demonstrates that good ideas, behaviours, tools and applications will always be appropriated and repurposed. Which makes the question ‘why innovate?’ all the more pertinent. Is it to sell more stuff? Or to solve a problem? Or to shape the sort of future we want? How we answer this question will help determine the impact of our innovations.

Beyond Good Intentions

Many leaders now recognize the mandate to innovate, and pass on the charge to their staff, but identifying opportunities for effective change and implementing these within an organization remain a challenge.

Policies that encourage employees to dedicate time to the exploration of new ideas, such as Google’s rule that 20% of an employee’s working hours should be dedicated to blue sky thinking and experimentation, are dismissed with a shrug by those who’ve seen staff succumb to more immediate pressures.

Ben Maurer, an ex-employee of Google, gives three reasons why its 20% policy proves ineffective. Firstly, the number of approvals involved in launching anything new. Secondly, the time required to maintain such policies, which he estimates at another 20% of working hours. And finally, perhaps most powerfully, the fact that innovation doesn’t actually get recognized in performance reviews.³

The digital giant’s HR boss, Laszlo Bock, argues, in Google’s defence, that ‘the idea ... is more important than the reality’, implying that as long as people feel encouraged to innovate, the structural context in which they do so is irrelevant. To me this is almost like saying, ‘As long as people are listening, it doesn’t matter if any music is playing.’ Or ‘As long as the poem has meaning, it doesn’t matter if it has words.’ Culture may be

³ ‘How does Google’s Google Innovation Time Off (20% time) policy work in practice?’ [Discussion forum] <https://www.quora.com/How-does-Google%E2%80%99s-Google-Innovation-Time-Off-20-time-policy-work-in-practice> [Accessed 27 April 2016].

difficult to pinpoint, but it isn't a figment of the imagination. To shift it in a certain direction you need to develop supporting structures.

Every organization has a culture, whether acknowledged or intentional or not, that encompasses certain values, expectations and assumptions. The difficulty is that the model of organization that has emerged since the First World War, and which now largely forms our experience and expectations of organizations, was never meant to enable innovation. Rather, its aim was to facilitate replication, beginning with production but stretching into all processes, from sales to distribution and beyond. Efficiency and quality were the targets, turning the singular success into the multiple—for example, multinationals and multimillions.

Many brands' reputation and even licence to operate depends on strong competence in this area. Quality assurance systems such as Six Sigma, created by a Motorola engineer in 1986 and now used across many industries, aim to minimize the possibility of defects in output by minimizing variability across all elements of production. A 'Six Sigma process' is defined as 'one in which 99.99966% of all opportunities to produce some feature are statistically expected to be free of defects (3.4 defective features per million opportunities), although this defect level corresponds to only a 4.5 Sigma level'. Some use the sigma ratings to judge the maturity of a manufacturing process, by the percentage of defect-free products it creates.⁴

Rigorous systems have been invented to keep standards in place, such as stress testing, which puts samples through ordeals of high temperature, humidity and vibration. Beyond production, quality assurance has been the impetus for organizations to reflect on their culture. Other approaches were also established in the 1980s to ensure quality throughout a company's practices, from performance management to professional qualifications to team spirit. Personal qualities such as integrity and motivation were prized in employees because they supported a culture that would uphold standards.

In such an organization, innovation is a spanner in the works.

Eric Garland, Executive Director of Competitive Futures, observes: 'The reality is that internal politics do not facilitate the creation of

⁴https://en.wikipedia.org/wiki/Six_Sigma.

disruptive new ideas, much less their implementation ... Organizations will rarely tolerate an internal figure coming up with radical new ideas with little justification.'

Just as disruptive ideas pose a threat to mass quality assurance, too great an emphasis on efficiency is 'the enemy of innovation', says Hugh Knowles, Head of Innovation at Forum for the Future: 'If you try to do everything as efficiently as possible, you almost guarantee you'll never do anything innovative.'

Some people have given up on the idea that organizations can both maintain their quality standards and do something original. Rather, they expect them to diversify—to buy up the entrepreneurial outfits in the system, and thereby build a bridge to new business models.

Ben Maurer, the ex-Google employee, is among them. If you want to innovate, he says, your best bets are: to become senior enough that you are the manager or tech lead of a major project; join a small company where you can launch things quickly; or create your own company. But there's another side to the story.

The Social Life of Innovation

Innovation needs organizations. Why? Not for new ideas to emerge: they, like us, have social lives outside work. But if a new idea is to create any significant change—taking the journey from thought to experiment to application to scale—it will fall to organizations to accelerate the process.

By 'organizations', I mean groups of people with a shared aim and a commitment to carry it out. They may be recognized by law, but not necessarily: some of the most powerful groups today have no legal certificate, no formal brand and no central management system, including many political and religious organizations. What they have is a strong, shared mission.

This is how the innovation consultant Clay Parker Jones defines an organization:

For me, an organization is an economic device and embodied idea for achieving a shared purpose that requires the work of many people. Its

boundaries are defined by purpose ... [It] is fuelled by the time, attention and/or money provided by the people who perform or make use of the organization's work. Lastly, it is structured by the relationships between the organization and its participants, and within the participant group.⁵

The question is: can an organization have one clear, shared purpose, and yet also remain open to new ideas and innovation?

I believe it can, but it depends on whether those within the organization are conscious of the difference between what they want to achieve and the best way of going about it: the means and the end.

It sounds simple enough, but we often confuse the two. For instance, we have a tendency to recruit those that we recognize as being similar to ourselves—a case of confusing our commitment to the cause with our personal characteristics. We are committed, and we want to find other committed people; we examine our beliefs and personality traits and seek out people who 'fit' with them, rather than embracing those whose perspectives and attributes we don't necessarily share and perhaps wouldn't recognize as valuable. This limits the overall perspective of the organization.

Similarly, just as we fence ourselves into groups of like-minded people, we fence in the ideas we think hold promise. But the very act of protecting an idea can actually stifle its promise: it may make some difference within the organization, but it's unlikely to bring about societal transformation. Again, this is confusing the means—a transformational idea—with the end: transformation itself. Some forward-thinking organizations have realized this—such as Tesla, which has been lauded for releasing its patents into the public domain.

By asking 'Why am I doing this in the first place?' you arrive at the question, 'How can I do this more effectively?'—and that brings the freedom to try new things and see where they lead.

⁵Parker Jones, C. (2015). 'The legacy organizations that we designed 100 years ago are broken', <https://clayparkerjones.com/the-organization-is-broken-6a5ae1046c3f#.tn7bsg5wt>. [Accessed 27 April 2016].

Breaking Free of Mental Blocks

One reason why ideas with transformative potential are readily crushed is that they come from outside our current frames of reference and value systems. They destabilize them, and so give rise to fear.

To achieve transformation you therefore need to break the bonds that keep you safely in place, beginning with the most basic assumptions—the basis for why things are as they are—as well as the systems that support and maintain them.

Some ideas challenge the assumptions at the core of our understanding and perception of the world. ‘Science advances one funeral at a time’, quipped Max Planck, referring to the likes of Giordano Bruno—burnt at the stake for insisting the Earth was round.

Stephen Hawking begins his *A Brief History of Time* with the anecdote of an old lady hearing a scientist (probably Bertrand Russell) explain that the Earth orbits the sun, and responding with indignation that ‘The world is really a flat plate supported on the back of a giant tortoise’ (an image that will be familiar to readers of Terry Pratchett’s *Discworld* series). Hawking uses this seemingly absurd conviction to challenge the reader: why do we think we know better? He goes on to ask why no one—before the twentieth century—had conceived of the universe expanding or contracting:

It was generally accepted that either the universe had existed forever in an unchanging state, or that it had been created at a finite time in the past more or less as we observe it today. In part this may have been due to people’s tendency to believe in external truths, as well as the comfort they found in the thought that even though they may grow old and die, the universe is eternal and unchanging.⁶

Hawking implies that our tendency to maintain systems founded on belief, rather than science, belongs in the past. Yet unproven ideologies still make up the foundations of our economic and political systems.

⁶Hawking, S. (1996) *A Brief History of Time*, New York: Bantam Books, p. 6.

Thomas Piketty recently gave capitalism a shaking by exposing flaws in one of its central doctrines: that accumulation of individual wealth is a means to wider well-being.⁷ He wasn't the first person to question this assumption, but the fact that he did so within the language and frameworks of mainstream economists won his book widespread attention and acclaim. Tim Jackson of the New Economics Foundation also showed, in his 2009 book *Prosperity without Growth*, that trajectories for increasing well-being, such as improvements in health and education, diverge from GDP (gross domestic product) after an initial period in which a society moves beyond poverty.⁸ And way back in 1972, the Club of Rome argued that limitless growth was impossible within the confines of a planet with limited resources.⁹

Yet belief in growth as a route to well-being remains largely intact, and today the ecological systems on which we depend are at breaking point. As I see it, our current economic system's blindness to our dependence on a healthy planet is comparable to earlier refusals to recognize that the solar system doesn't revolve around the Earth. In other words, egocentrism gets in the way of the big picture.

Organizations that want to disrupt their sector with new models need people who can see over the walls of current myths and mindsets; they may even go out looking for them. But will they recognize them when they find them? And truly listen to what they have to say?

Lessons from Religion

It's interesting to consider what organizations might learn from examples of mindsets changing within religious groups. They're certainly not known for innovation, which is precisely what makes them valuable as a point of comparison, as they can help us reflect on some of the obstacles organizations might face when attempting to change long-held beliefs.

⁷Piketty, T. (2014) *Capital in the Twenty-First Century*, Cambridge, MA: Harvard University Press.

⁸Jackson, T. (2009) *Prosperity Without Growth: Economics for a Finite Planet*, London: Earthscan.

⁹Meadows, D. et al. (1972) *Limits to Growth*, New York: Universe Books.

Religions are also held together by a similar ‘glue’ to the new, networked type of organization on the rise today. Compare the definition of the organization above, from Clay Parker Jones, with these definitions of religion, found in Jared Diamond’s book *The World Until Yesterday*:

a system of beliefs and practices directed toward the ‘ultimate concern’ of a society (William Vogt)

social movements of people who identify themselves as sharing deeply held beliefs (Jared Diamond)¹⁰

Consider, for example, the difference that Pope Francis has made within the Catholic Church. As the first Jesuit pope, the first from the Americas, the first from the Southern Hemisphere and the first non-European pope since the Syrian Gregory III in 741, he has instigated debates on highly sensitive issues such as the Church’s stance on divorce, recognition of Palestine as a state, and action on climate change.¹¹ In addition, he has called for a more decentralized Church, which would give bishops greater autonomy in decision-making and create further avenues for change.

These campaigns have met with violent opposition: one radio host called Pope Francis ‘a danger to the world’, a ‘great deceiver’ and an ‘eco-wolf’.¹² The vehemence of these attacks is a useful reminder that new ideas often meet resistance because of the risk they present to the status quo.

This brings us back to the distinction between the *end*—the stated shared purpose of the organizing group—and the *means* whereby it is met. The risk is not so much tied to the beliefs themselves, but to social systems built upon them. Resistance to action on climate change might relate more to its short-term impact on jobs and investments, for

¹⁰ Diamond, J. (2012) *The World Until Yesterday: What Can We Learn From Traditional Societies?* London: Penguin, Table 9.1.

¹¹ Pope Francis [Wikipedia] https://en.wikipedia.org/wiki/Pope_Francis [Accessed 27 April 2016].

¹² Bresnahan, S. (2015) ‘Why do so many conservatives oppose Pope Francis?’ [Article] <http://www.patheos.com/blogs/unfundamentalistchristians/2015/09/why-do-so-many-conservatives-oppose-pope-francis/>.

example, than any threat to the belief system; while a new stance on divorce might be seen to take away from marital privileges and status. In other words, the structures we establish to support our causes become our sunken assets: we invest in them, and so we enslave ourselves to them.

This fear of immediate personal loss is understandable, but it can stop us from recognizing what we stand to gain in the long run as a member of a wider society—that is, a web of people with shared assets and risks or organized under a common purpose. The fact that the outcomes of change are easy to fear but hard to forecast often holds us back. It takes a leap of faith to leave behind the comfort of the known in favour of something unknown and unproven.

Standing Out, Looking In

I was inspired to write this book after attending an event celebrating people who had a powerful incentive to ask the fundamental question, ‘Do things have to be as they are?’ This wasn’t because they saw themselves as innovators. It was because they were migrants: people on the outside of the system, struggling to get into it, unable to get on without it.

The name of the event was the Women on the Move Awards, held during the International Women’s Day celebrations at London’s Southbank Centre. It was set up in 2012 to recognize the leadership and contributions of migrant and refugee women to UK society, and when I attended in 2014 the energy in the room easily outstripped that of any corporate awards scheme I’ve witnessed.

One of the winners was a 27-year-old Latin American woman called Tatiana Garavito. She had come to London aged 18 and seen the difficulties the people in her community faced:

More than 200,000 Latin Americans live in London and, although they are highly skilled, they work in very low paid jobs in the cleaning and catering industries. They often work 15–16 hours a day; 40% earn below the minimum wage; and hotel companies don’t pay them by the hours they work but by the number of rooms they clean, so they can be paid £2 an hour.

They share accommodation with other families, and in general are isolated from services they could get support from.

At the age of 21, she began to work as a volunteer for the Indoamerican Refugee Migrant Organization, and went on to become the Director of the Latin American Women's Rights Service (LAWRS), an organization that works with Latin American women in the UK to help them achieve personal change and live lives free from abuse.

This is work at the very crux of change: developing mindsets that can tear down the high walls of domestic and systemic violence; devising bottom-up strategies to shift heavy and inert systems; and advocating for change at higher political levels in order to benefit a group not recognized as stakeholders, and not protected by law—never mind acknowledged as valuable contributors.

The passion and determination of this woman struck me as an astounding resource for any society seeking change. And while we have a long way to go before mainstream society acknowledges diversity, and the perspectives of marginalized people, as an asset—particularly for innovation—my realization that night and a desire to explore it was the beginning of this book.

Changing the Odds

However, the question I pose in this book isn't how individuals such as Tatiana Garavito achieve so much against the odds, but how organizations can change the odds. How can they seek out and support such new perspectives and radical energy, and use this as a catalyst for transformation? The excellent book *Tempered Radicals*, by Debra Meyerson, documents people whose passion and recognition of the need for change is comparable to Garavito's, but who want both 'to succeed in their organizations' and also 'to live by their values or identities, even if they are somehow at odds with the dominant culture of their organizations'.¹³

Meyerson illustrates, through many case studies, how determined individuals effect change surreptitiously in organizations known or assumed

¹³Meyerson, D. (2001), *Tempered Radicals: How People Use Difference to Inspire Change at Work*. Boston: Harvard Business School Press, p. xi.

to be resistant to it. One tactic is small wins, but it can take years—even generations—for these to have a transformative impact. Another is the sacrifice of personal gain: in one case study, Joanie takes what others perceive as a demotion in order to move into the product development division, where she can have more influence over fair trade products in product lines. It means she no longer reports to the chief executive officer (CEO)—a status loss that may have deterred others from taking a lead, even if they'd spotted the opportunity to facilitate an important change in the company's products.

What can organizations do to encourage innovators like these, rather than deter them? And with time of the essence, how can people be supported to express radical ideas and be assertive about their ambitions?

A Context Conducive to Change

In the 15 years since Meyerson wrote her book, the context for answering these questions has changed. Thanks to the rise of the knowledge economy and open source sharing, the tempered radicals of the early Millennium have an increasing range of opportunities to pursue their agenda, including through social enterprise, civic innovation and the maker movement. The way in which we organize is also changing, as digital opportunities networks allow people to identify collaborators and build projects across geographies, skillsets and sectors.

Traditional hierarchies are at odds with this networked world. As Clay Parker Jones puts it,

Our explicit, bounded tree-modelled structures have been invalidated by connectedness ... Whether we like to believe it or not, our organizations *are* networked internally *and* externally, and depicting them hierarchically fails to capture the rich interplay between public, private, department, division, function, leadership, team.¹⁴

People are also expressing themselves differently. Wide, sympathetic networks of 'friends' and shared interest groups mean any digitally

¹⁴Parker Jones, C. (2015).