

# POINTERS

INNOVATION LEADER

POINTERS — JUNE 2018



# BUILDING A NETWORK OF INNOVATION CHAMPIONS

EXPERT GUIDANCE ON INNOVATION STRATEGY

## LETTER FROM THE EDITOR

---

Making new stuff happen in an established organization isn't easy. At Innovation Leader, to aid and abet that activity, we work to supply guidance, data, case studies, and concrete examples.

Some of our biggest allies in that mission are the strategic partner firms that regularly share their advice with Innovation Leader's members — at live events, in our website's Thought Leadership area, in our print magazine, and in this series of PDF publications.

For this edition, we asked our partners to serve up their insights and advice on building a culture of innovation, engaging employees, and creating networks of catalysts or “champions” in large companies.

We encourage you to share this document with others who might find it useful.

What have you done to get employees more involved with your innovation work? How do your innovation champions interact with one another — or with customers? I'd love to hear from you at the e-mail address below...



**Scott Kirsner**  
**Editor & Co-Founder**  
**Innovation Leader**  
[editor@innovationleader.com](mailto:editor@innovationleader.com)  
[@innolead](#)



# TABLE OF CONTENTS

---

## Part 1: Building a Culture of Innovation

- Four Steps to Building an Engaged Innovation Network, **Doblin (Deloitte) 4**
  - Building a Startup Mentality at Corporate, **Digital Scientists 6**
  - How Workplace Communities Drive Innovation Engagement, **Imaginatik 8**
- Three Principles for Engaging Employees in Business Model Innovation, **Innosight 10**
  - Why Idea Diversity is Key to Building a Culture of Innovation, **Spigit 12**
- Leveraging Communication and Metrics to Inspire Employee Engagement, **Cisco 14**
- How Mastercard Teams Innovate to Deliver Customer Security, **Mastercard 16**
  - To Learn or Unlearn? That is the Question, **Innovation 360 18**
- Amer Sports Launches I.D.E.A.S. to Seek Out Employee Insights, **Qmarkets 20**

---

“Is Your Organization Building an Internal Network of Champions?” **Innovation Leader Q&A 22**

---

## Part 2: Creating Leaders and Champions

- Pizzas, Minivans, and a Core Innovation Team, **Kalypso 24**
  - Two Pathways to ‘Unshakeable Belief,’ **Eureka! Ranch 27**
- Why Innovation Requires a Shift from Hierarchy to Networks, **Langdon Morris 29**
- Empathy from Colleagues Goes a Long Way — But Trust Goes Even Further, **Nottingham Spirk 31**
  - How CIO Onboarding Could Make or Break Corporate Innovation, **Maddock Douglas 33**
  - Innovation Isn’t Work — It’s a Lifestyle, **Nason Group 35**

# PART I: BUILDING INNOVATION CULTURE

---

4

## **Four Steps to Building an Engaged Innovation Network**

BY FRANCISCO "SCO" PESCHIERA, DOBLIN (OF DELOITTE)

6

## **Building a Startup Mentality at Corporate**

BY BOB KLEIN, DIGITAL SCIENTISTS

8

## **How Workplace Communities Drive Innovation Engagement**

BY MARK NEFF, IMAGINATIK

10

## **Three Principles for Engaging Employees in Business Model Innovation**

BY MARK W. JOHNSON, INNOSIGHT

12

## **Why Idea Diversity is Key to Building a Culture of Innovation**

BY SCOTT RASKIN, SPIGIT

14

## **Leveraging Communication and Metrics to Inspire Employee Engagement**

BY ALEX GORYACHEV, CISCO

16

## **How Mastercard Teams Innovate to Deliver Customer Security**

BY AJAY BHALLA, MASTERCARD

18

## **To Learn or Unlearn? That is the Question**

BY MAGNUS PENKER, INNOVATION 360

20

## **Amer Sports Launches I.D.E.A.S. to Seek Out Employee Insights**

BY ERAN TAUR, QMARKETS



# Four Steps to Building an Engaged Innovation Network

BY FRANCISCO “SCO” PESCHIERA, DOBLIN (A SUBSIDIARY OF DELOITTE)

Building a network of innovators might seem like a monumental task, but four simple steps can help you engage your employees to drive both incremental and, potentially, breakthrough innovation. Setting a clear and compelling articulation of what you want innovation to achieve for your organization is the critical first step to help employees understand the role they can play in driving change.

Exposing the masses to a consistent approach, taxonomy, and set of tools will arm them to tackle problems with the foundations to make lasting impact and drive change. Implementing the right set of incentives, which should include both financial and non-financial rewards, such as public celebrations, is also crucial to embed an innovative culture. Lastly, looking outside not only brings perspectives that help push against institutional blind spots but also uses crowd power to tap into expertise that may not reside in your current business.

## THE FIRST STEPS

Do sentiments of, “We need to build an innovative culture!” or, “Innovation is everyone’s job!” sound familiar?

It’s hard to find an executive that would argue with those points. Who would challenge innovating to spur growth? Who doesn’t want to tap into the collective brainpower of their organization? The challenge lies in how to effectively build an engaged network of employees within your organization who, on one end of the spectrum, build incremental improvements for the core business and, on the other end, pursue transformational breakthrough innovations.

Without a doubt, this can feel like a daunting task for many executives who lead large, complex organizations. While there is no silver bullet or switch that can easily be flipped, there are four steps that you can take to move your organization forward on a successful innovation journey.

## GALVANIZE: SET A CLEAR MISSION

The critical first step is to clearly and concisely articulate your vision for innovation. What do you want innovation to deliver against? What does that mean for the organization as a whole?

Planting a flag in the ground is essential to galvanizing your organization, and it helps to get the creative juices flowing for every employee. While the big, bold innovations often get all of the attention (usually deservedly so, given they can change the course of an organization), remember to give attention to the innovation activity happening within the core business. This innovation keeps the lights on, energizes a broader group of employees, and ultimately allows transformational innovations more room to grow.

Help your employees understand how they can lean into innovation in their day-to-day work. Running well-publicized and coordinated programs for gathering and growing innovative ideas will help to encourage idea-sharing, foster creativity, and promote accountability. However, be warned that “letting a thousand flowers bloom” may lead to a high volume of ideas, which isn’t always the most productive way to spur transformational innovation. To consistently uncover breakthrough innovations, having a separate, dedicated group of multi-disciplinary specialists is critical.

## TRAINING: ARM YOUR PEOPLE WITH TOOLS

Once the call to action is clearly communicated and embraced by the organization, you must provide the “Four Ts:” training, tools, transparency, and taxonomy (including the overall approach to tackling innovation). Of course, a one-size-fits-all approach will not work for training your entire organization. You will need to consider different learning opportunities based on various criteria, such as where an employee sits in the organization.

For example, employees tasked directly with growing the business should participate in a more intense innovation training program, as compared to back office functions where lighter touch modules should do the trick. While the former group is focused on transformational change, the latter may surprise you with unique insights into ways to streamline processes and incrementally improve operations. Offering access to information helps uncover hidden gems of ideas from the most inconspicuous corners of the organization.

Cultivating transparency and a shared taxonomy will enable similar ideas from different parts of the



**FRANCISCO PESCHIERA**  
Senior Manager,  
Dublin

---

# “To build a strong network of innovators, organizations should look outside of their own four walls to leverage the power of the crowd.”

---

organization to coalesce and, through a common language, help people understand where — from prototype to proof of concept to pilot — an opportunity is in the development journey.

## **INCENTIVIZE: CELEBRATE PEOPLE & IDEAS**

To keep ideas flowing, you must align incentives to the behaviors — engagement, exploration, sharing — you want to encourage. Most companies think of incentives as financial rewards. However, while they are certainly an important option, we’ve found that non-financial rewards are incredibly powerful. From public celebrations with colleagues to special time and attention with senior leaders, to “shout-outs” in company-wide communications, there are many effective non-financial rewards that help motivate employees to contribute.

While not every idea will be explored, all submissions should be acknowledged. The rationale for what makes the cut should be clear. Given that most employees who submit ideas will have a passion for what they share, they should stay connected to the progress when possible.

Finally, don’t stop at showcasing just those innovations that prove to be successful. Remember to celebrate the journey, including the exploration of ideas and lessons learned from trying something different. This focus on learning will signal quite clearly that venturing into uncharted waters is welcome and employees will be more likely to go out on a limb in the future.

## **EXPAND: USE THE POWER OF THE CROWD**

To build a strong network of innovators, organizations should look outside of their own four walls to leverage the power of the crowd. Over time, most companies establish institutional norms or “orthodoxies” that often go unchecked and create blind spots for innovation. External entities, such as academic institutions, start-ups, and freelancers, will not carry this institutional baggage with them. Instead, they can often bring a fresh, yet informed, perspective.

Running challenges to knowledgeable outsiders allows organizations to tap into different skill sets and experiences. It also offers learning opportunities for employees. Most importantly, it can help unearth novel insights or prompt action that moves your solutions forward. Finally, going outside the organization will help you reach into spaces that stretch farther from your core business.

Close coordination is essential when growing the network and should be complementary to the web you’re spinning within the organization.

A telltale sign of an effective innovation program is when employees feel like they have a voice within the organization. One of the fastest ways to kill innovation and squash a burgeoning innovative culture is to get employees amped up to share ideas and then not follow through. Celebrate learning and embrace transparency to enable better connections both within — and beyond — your four walls. ♦

Learn more about Doblin at [www.doblin.com](http://www.doblin.com)

# Building a Startup Mentality at Corporate

BY BOB KLEIN, DIGITAL SCIENTISTS

*“The reason why it is so difficult for existing firms to capitalize on disruptive innovations is that their processes and their business model that make them good at the existing business actually make them bad at competing for the disruption.” - Clayton Christensen*

Companies who carve out investment for focused innovation programs, and not innovation theater, fear disruption or are already experiencing disruption. Disruption comes in many forms, but often includes a mix of new market entrants, like startups; new product or service substitutes; new business models; weakening of the brand as a purchase driver; or a loss of share or revenue in established markets.

This happens regardless of the company’s near-term, financial focus. The innovation program is a reflex to ensure the survival of the company and an indication of the company’s interest in getting ahead of the learning curve. No one likes surprises.

Large firms have to address hurdles in a few key areas to leverage the impulses that drive innovation. The initial focus should be in these areas when thinking like a startup:

- Invest in innovation
- Adopt a user-centered mindset
- Building a team of innovators
- Start learning

## INVEST IN INNOVATION

Good ideas aren’t exclusive to startups. Large firms can learn more about their customers and to deliver more, but often stop asking how to better solve customer problems. They are organized and incentivized to execute on known solutions and not to push the envelope on solving more of the customer’s Jobs To Be Done (JTBD).

While fear is a strong motivator to start an innovation program, the goal should be to develop a new set of skills to allow a company to develop, test, and launch new ideas to the market that may be disruptive to the current business. Innovation can be stymied by the existing business protecting product lines and market share.

As innovation may sometimes launch products that cannibalize the existing business, there needs to be an autonomous group that is carved out with the explicit permission to disrupt the existing business. New products, new services, and new business models all need room for experimentation. This may not always be

popular with existing business units and divisions, but it is key to rapid learning about the marketplace with its threats and opportunities.

Corporate alignment and long-term investment are needed to send a signal that innovation isn’t a fad.

## ADOPT A USER-CENTERED MINDSET

With corporate alignment to support innovation, how do we begin changing the culture to support it? This change needs to touch the entire company.

“Adopting a posture of humility and curiosity is how you develop empathy for your customer’s needs and desires, and when you’re in constant contact with the people you’re designing for, it creates a productive feedback loop,” says Tim Brown of Design Thinking. Ideo.com.

Humility translates into an openness to discovery around unmet needs and JTBD. When it comes to understanding the customers of today and tomorrow, the trap for most companies lies in arrogance. Many companies stop asking user research questions because they believe they already know all the answers. Empathy takes work, and user research is not market research.

Communicating the importance of a user-centered mindset gives employees license and permission to establish or reestablish empathy with customers. The user-centered mindset is necessary for focusing the efforts of the company’s innovation network.

## BUILDING A TEAM OF INNOVATORS

**Engage the internal network.** After laying the groundwork, the company can aim to identify innovators and change agents. The previous steps give permission to employees to think differently about meeting customer needs. For some, that creates an ability to challenge the status quo.

One option to boost the creation of an innovation network is to build a shared platform — albeit an internal social network — where innovators and change agents can compare notes. These can be built by leveraging internal innovation tools or enterprise social networks to connect business units, divisions, and time zones.

Networks must be seeded with internal content from participants; such as projects, interests, and technologies; as well as with external content from leaders inside and out of the industry. Companies can support internal innovators by connecting them to the relevant



**Bob Klein**  
CEO, Digital Scientists

| Closed Innovation Principles  | Open Innovation Principles  |
|---|---|
| The smartest people in the field work for us.   | Not all the smart people work for us, so we must find and tap into the knowledge and expertise of bright individuals outside our company. |
| To profit from R&D, we must discover it, develop it, and ship it ourselves.                           | External R&D can create significant value; internal R&D is needed to claim some portion of that value.                                    |
| If we discover it ourselves, we will get it to market first.  | We don't have to originate the research to profit from it.  |
| The company that gets an innovation to the market first will win.                                     | Building a better business model is better than getting to the market first.  |
| If we create the most and the best ideas in the industry, we will win.                                | If we make the best use of internal and external ideas, we will win.  |
| We should control our intellectual property (IP) so that our competitors don't profit from our ideas. | We should profit from others' use of our IP, and we should buy others' IP whenever it advances our business model.                        |

Henry Chesbrough, "Open Innovation: The New Imperative for Creating and Profiting from Technology." Harvard Business School Press. 2005.

innovators throughout the industry. It is important that a company's leading innovation thinkers be exposed to change that can impact the company.

Building out this innovation network is crucial for identifying the employees and skill sets for ongoing innovations efforts.

**Build an external network.** Innovation leadership will need to tap external resources to round out the innovation network. This is aligned with the concept of 'Open Innovation' which asserts that 'combining internal and external ideas as well as internal and external paths to market to advance the development of new technologies.' (See chart.) Startups embrace open innovation to gain access to expertise along with higher speed to market. These two things are usually necessary to drive disruption. Take the example of a new startup company called BoxLock, Inc., maker of an IoT product by the same name that aims to secure package deliveries on your front porch.

BoxLock's founder was able to contract and collaborate with multiple expert teams (design, development, mechanical engineering,

etc.) while still asserting product ownership and driving the definition of the product. The collaborative focus has supported short, iterative learning cycles to launch this new product. This product continues to evolve and the team continues to learn.

**Start Learning.** Innovation teams must be able to experiment. Internal team members should be tasked with ensuring empathy with clients and knowledge of the business. External partners should bring user experience, technical chops, and a unique view on the problem. Teams need permission to challenge status quo when it comes to products, brands, and business models.

Establish parameters for innovation, then align your network of innovators to the challenge of the innovation program. Enable them to follow the four key steps: Experiment, measure results, learn (or pivot), and repeat. ♦

Contact the author of this piece at [bob.klein@digitalscientists.com](mailto:bob.klein@digitalscientists.com). Learn more about Digital Scientists at [www.digitalscientists.com](http://www.digitalscientists.com)



# How Workplace Communities Drive Innovation Engagement

BY MARK NEFF, IMAGINATIK

Sustained innovation requires strong engagement from an organization's employees, partners, suppliers, and even their customers. It is common for new innovation groups to start off with a bang, soliciting a flurry of ideas or launching a series of new innovation projects. It is much harder to maintain this level of engagement once the novelty has worn off, especially when the organization goes through lean times.

To create sources of longevity for the innovation program, leaders increasingly turn to engagement mechanisms which embed innovation into the fabric of the organization. This serves two goals. First, it shortens the distance from upstream innovation activities to quantifiable outcomes. Second, it keeps people engaged in the innovation process — ensuring that the well of ideas doesn't run dry, while greasing the skids for active support during implementation, launch, and scale-up.

Yet most innovation leaders shy away from their most valuable lever — nurturing and supporting workplace communities. In our experience, this reticence stems from a poor understanding both of how communities drive innovation engagement, and lack of awareness for how to develop new communities effectively. Done right, you can avoid the dreaded time or resource drain, while gaining a powerful new source of staying power for the innovation program.

## THREE TYPES OF WORKPLACE COMMUNITIES

It is a common misconception that all workplace communities are cut from the same cloth. This view perpetuates a belief that community management is inherently “fuzzy” and unlikely to be successful. There are actually many helpful and diverse types of workplace communities that a leader might choose to build or activate.

**Communities of Interest.** These low-commitment communities are voluntary affinity groups that meet to trade perspectives on a topic of interest. They are a great way for employees beyond the core innovation team to test out bold ideas and collaborate freely in a “safe” environment. They can also serve as implicit barometers of an organization's appetite for innovation strategies, new technologies, or change initiatives.

At a large company making industrial equipment,

there may be several parallel Internet of Things (IoT) efforts to digitize products and connect the resulting data — perhaps one in marketing, or another in product technology. As an informal adjunct to these initiatives, launching an IoT community of interest can capture attention of a wide range of employees. They may be passionate about the topic and miffed that they weren't recruited onto the formal working group. Or, they may be worried that their job will become obsolete, and thus eager to learn new skills. This community will bring more ideas, perspectives, and energy into the fold — without much risk of derailing official initiatives.

**Communities of Practice.** At the next level, communities of practice are groups of professionals who share best practices, and create next practices, within a workplace discipline. They help curate an organization's implicit knowledge base and bench of expertise, while also serving as smoldering hotbeds of fresh thinking.

Imagine a community of finance professionals getting together to share Excel macros they have developed to better automate financial reporting. These employees may be embedded within different business units, without the chance to share tips and tricks regularly. By collaborating across organizational boundaries, they eliminate the need for duplicative efforts in “reinventing the wheel” and instead focus on creating new programs that will help everyone in their community. With oversight from the innovation team, they can also be tapped as a source of expertise for input on innovations focused on their areas of expertise.

**Communities of Purpose.** The most deliberate groupings are communities of purpose. These communities make sense when there is a business sponsor who wishes to drive a specific set of outcomes. This leader will have identified budget and resources to make it happen. Typically formed with people in different disciplines working as a task force, this community focuses on producing deliverables against a specific timeline, essentially as project work done for internal clients.

Imagine a CEO appointing a group of leaders to design the company's innovation strategy. The executive decision-making body can build a community of purpose to do research, canvas the organization for input, develop strategic scenarios, and partake in other



Mark Neff  
Consultant, Imaginatik

---

**“Most innovation leaders shy away from their most valuable lever – nurturing and supporting workplace communities. In our experience, this reticence stems from a poor understanding both of how communities drive innovation engagement, and lack of awareness for how to develop new communities effectively.”**

---

activities. This allows input from more voices, creates a climate of trust and transparency, spreads the workload, and affords the chance for more ideas to surface.

Although it's given a clear purpose, this community is diverse enough to represent different areas of the company while also having a flexible mandate to suggest unsolicited ideas and provide novel feedback. This organic nature makes communities distinct from other work groups. It's also the source of a unique power for driving engagement.

#### **YOUR COMMUNITY ORGANIZATION PLAYBOOK**

Armed with an understanding of how workplace communities operate, it's important to be savvy in how you use them in practice. Most organizations collectively lump these concepts into a nondescript view of “communities.”

Yet they are very different functional entities and should not be evaluated against the same criteria. If different types of communities are not cultivated properly, or aren't properly aligned with the long-term interests of your innovation program, they may dry up and disappear altogether. The result is an even less engaged employee population, and a setback for you as an innovation leader.

There are several models to follow for establishing communities and helping them mature. It is easiest to begin with communities of interest, which you can let grow organically as they require the least amount of organizational support. This paves the way to expand into communities of practice (requiring a core team and some support).

Communities of purpose are the largest commitment, as they require business sponsors with resources to apply. If there's an initiative

tailor-made for a community of purpose, then you might start one immediately. Otherwise, it's natural to graduate into these communities. Building your first communities around existing initiatives, or innovation strategies, is a good place to start. If your lab is already exploring applications of blockchain technologies, then launching a community of interest around that topic makes sense. As a companion to an existing priority, it shouldn't require substantial extra work to get going.

The benefit of using communities to engage employees is that it is a social mechanism that helps employees develop relationships that are longer lasting than typical projects.

These relationships give employees a stronger connection to the company and to each other. Allowing employees to choose their communities gives them a sense of freedom and control which leads to higher engagement.

Allowing communities room to grow on their own terms is key to extracting value from them. They're not replacements for existing processes; rather they supplement and extend what the formal operating organization is capable of achieving. Nurturing a community's ability to thrive creates the potential for huge dividends later, as the community will radiate sustained benefits to a growing range of stakeholders – from senior leadership, to your innovation program, to the community members themselves.

That's a winning proposition under any circumstances, and one that innovation leaders of all stripes would do well to consider. ♦

Contact the author of this piece at [mark.neff@imaginatik.com](mailto:mark.neff@imaginatik.com). Learn more about Imaginatik at [www.imaginatik.com](http://www.imaginatik.com)

# Three Principles for Engaging Employees in Business Model Innovation

BY MARK W. JOHNSON, INNOSIGHT

Building, launching, and growing new business models is one of the central challenges for innovators, and it's a task that requires highly engaged employees. To understand why it's so challenging, it helps to understand why startups typically have higher success rates than their corporate counterparts.

As lean startup guru Steve Blank says, a startup is an organization formed to search for a repeatable and scalable business model. The implication is that since a startup isn't tied to the past, the new venture starts out fresh and flexible, developing and adapting its business model until it strikes the right formula.

But what about successful incumbents? Can they take the same approach to developing a new business model? The answer is two-fold. Yes, the process is similar when it comes to learning from early failures and making adjustments before scaling it. But since large companies are tied to the success of their current model, they face steep cultural challenges in making sure innovation teams are set up for success. Working with the leaders across different industries, I have learned how vital it is for organizations to stick to three key principles as they venture into new growth areas requiring new business models.

## 1. DON'T HOLD A NEW GROWTH TEAM TO THE ORGANIZATION'S RULES, NORMS, METRICS

Business rules, behavioral norms, and success metrics exist for strong reasons. They form the connective tissue of the four major elements of a business model: the consumer value proposition (CVP), the profit formula, and the key resources and processes. While those rules, norms, and metrics are what assure that these elements work together as a system, they can often come up against the innovator's dilemma, the conundrum described by my colleague Clay Christensen as the barrier which makes it so difficult for existing organizations to change in the face of marketplace disruption.

Whereas rules, norms, and metrics ensure that the business can repeatedly and predictably deliver its tried-and-true CVP and fulfill the profit formula, they are also what perpetuate existing operations and prevent new models from taking shape.

At the dawn of the video streaming revolution a decade ago, for instance, the leaders of several of the traditional TV networks banded together to create a new business model that would compete with Netflix, which just started its streaming service, and YouTube,

which had just been acquired by Google.

But at places like NBC, Fox, and Disney, there were long-standing rules governing how to create program schedules and how to compete in time slots. Now, suddenly, there was a future scenario where there would be no such thing as a program schedule or a time slot. Likewise, there were norms for selling and airing advertising. In the streaming world, those norms might need to be thrown out the window. Finally, there were metrics (like the Nielsen ratings) for measuring success. But traditional ratings might be irrelevant for subscription services. That's why the new venture that became Hulu was set up as a separate team empowered to create their own new rules, norms, and metrics as the basis for their new business model. The path to its success as a rival to Netflix has been long and challenging, but Hulu is now a \$2 billion business with more than 20 million paying subscribers and its own slate of award-winning original shows.

In a different case, Dow Corning in the early 2000s saw the Internet as a threat and an opportunity to its industrial silicone business. What if it set up a new venture to harness this key resource—automating the value chain and enabling sales to be conducted online.

This shift would have to be reflected in new business rules, which would need to be stricter than Dow Corning's old rules. For example, order sizes would be limited to a few, large-volume options; order lead times would be between two and four weeks; credit terms would be fixed; and rates for silicone would be set on the spot market rather than negotiated case by case.

This freedom to set new rules, norms, and metrics helped Xiameter become a vital new growth business for Dow Corning, accounting for more than a third of its sales within four years of its debut.

## 2. DRAW SEPARATE LINES OF REPORTING FOR THE NEW BUSINESS MODEL TEAM

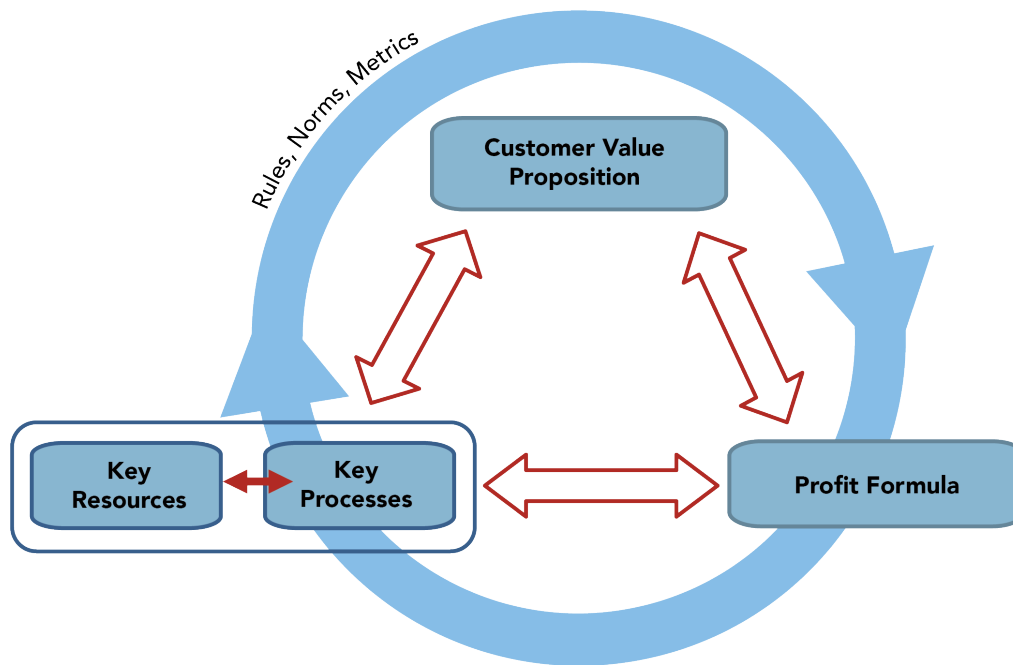
No one can serve two masters, the saying goes, and that's why it's vital to set up a separate organizational structure for a venture that operates according to different rules, norms, and metrics.

Managers who are working on a new business innovation project and who have not been explicitly released from reporting to the core business rarely think that it is in their best interests to embrace the new business model. It's not that they are inherently antagonistic to the new thing, but they don't believe they've been



**Mark W. Johnson**  
Co-Founder & Partner,  
Innosight

# Business Model Framework



discharged from their responsibility to the old thing. What's more, while an innovation project's expectations about profitability and growth may clearly differ from those of the core, employee compensation packages, promotions, bonuses, and recognition are often tied not to any project, but to the near-term success of the broader company. This arrangement might be perfectly reasonable for people working to sustain incremental growth, but business model innovations are inherently uncertain. Given this uncertainty, who can blame a rational up-and-comer for thinking, "If I do something inconsistent with the way I'm measured, I'll miss my marks?" That's why we advocate separating new growth ventures with its own leadership structure that measures employee performance in new ways. Ideally, ongoing funding of the venture is tied to hitting achievable milestones, such as numbers of new users and subscribers, not the profit levels of the parent. This engages the team to work towards specific, attainable goals.

At Hulu, for instance, the early years were about building new content partnerships, growing the number of viewers and subscribers, and creating an advertising model that was adapted to a streaming format, not about trying to match the profits of an NBC, Fox, or Disney. At the same time, there were critical inter-dependencies. The owners of Hulu have deficit funded the new venture for years, because it was vital strategically for them to build an alternative to Netflix, a platform that offered more favorable terms for licensing content.

### 3. STAFF SELECTIVELY: NOT EVERYONE CAN TAKE ON AN ENTREPRENEURIAL MINDSET

When launching a new growth venture, it's vital for leaders to stress that the plan is for the traditional company core to endure, change, and grow for many years to come. Staying in the core business is a valid career choice, and might be preferable for most.

But when it comes time to staffing new ventures with new business models, it's vital to select for a certain behavioral profile. "Xiameter was going to be about making fast decisions," says Don Sheets, the Dow Corning executive was chosen to head up the new digital business. "I needed people who could make good decisions quickly — those who would thrive in a fast-changing environment filled with a lot of ambiguity." To import expertise from the parent company without importing the mindset of the core, Sheets searched to identify Dow Corning staffers who, while they were team players, didn't quite fit into its corporate culture. "We were looking for expert people who really knew their markets," he says. But Sheets also wanted "willing-to-stick-their-necks-out people."

During interviews, when he found likely candidates, he asked them to take the new job on the spot. That allowed him to gauge how comfortable they were with making quick decisions. "This was exactly the right attitude I was looking for," he says. "A different caliber of people than the traditional Dow Corning salesperson, for sure."

As the Hulu and Xiameter cases show, the best course of action to take when venturing beyond the core business model is to create a separate organization with different rules, norms, and metrics.

After all, the existing organization is already optimized to carry out the legacy business model. It can slowly adapt over years, but it cannot change fast enough to respond to disruption and other game-changing forces. That's why engaging employees in this kind of entrepreneurial work requires such a different approach. ♦

This article was excerpted from Mark W. Johnson's "*Reinvent Your Business Model: How to Seize the White Space for Transformative Growth*," set to be published by the Harvard Business Review Press in July 2018. Contact the author of this piece at [mjohnson@innosight.com](mailto:mjohnson@innosight.com). Learn more about Innosight at [www.innosight.com](http://www.innosight.com)

# Why Idea Diversity is Key to Building a Culture of Innovation

BY SCOTT RASKIN, SPIGIT

In an article in the Huffington Post, Tiffani Bova, the Global Customer Growth and Innovation Evangelist at Salesforce, touched on an important point made by Lisa Bodell, an award-winning author and CEO of Futurethink, that has a big impact on building a culture of innovation: idea diversity.

As highlighted in the article, Bodell explains, “Innovation isn’t just about being creative or having great ideas — everyone has ideas — it’s about simplifying the unnecessarily complex and having an open mind to a set of diverse ideas that really moves the needle.”

Idea diversity is a topic that isn’t talked about enough when it comes to what contributes to building a culture of innovation. In fact, in a study Spigit conducted in partnership with Northwestern’s Kellogg School of Management, we found that idea diversity was one of four levers that plays a critical role in building innovation cultures. The other three are frequency (turning to employees for ideas more frequently), engagement (higher participation from employees as it relates to ideation), and scale (more employees involved in collaboration and idea sharing).

## HOW IDEA DIVERSITY PLAYS INTO A CULTURE OF INNOVATION

Idea diversity simply means having more people from different departments, functions, and geographical locations in a company all contributing ideas.

In years past, companies have relied on a visionary CEO (think Steve Jobs in the past or Elon Musk in the present) to set the direction of the business, and dream up new products and services. However, this model is quickly eroding as technological advances and consumer demands accelerate the need for specific domain expertise and knowledge to help drive growth.

A visionary CEO in an organization can’t know everything. That isn’t to say that a visionary CEO doesn’t add value. It is, however, to say that companies need to rely more on the collective intelligence of their diverse employee base if they want to fuel long-term, sustainable growth.

## WHY?

Every employee has insights and ideas shaped by their day-to-day activities and experiences, geographical location, role in the company, and a variety of other factors.

Brainstorming new solutions — whether a new product or improvement to an existing process — shouldn’t be limited to an innovation or executive team. Instead, employees from engineering, sales, marketing, customer success, human resources, and other departments should all be involved in the process. This is where ideation management software plays a vital role by creating a central hub where ideas can be shared, problems identified, and collaboration spotlights solutions to business challenges at scale. Our study with Kellogg found that higher idea diversity strongly correlates with companies who have established cultures of innovation. Luckily, for companies who have low idea diversity, it’s an easy thing to improve: engage the wider employee base in the ideation process on a frequent basis.

## FINDING THE RIGHT IDEAS

You never know where a great idea will come from. AT&T, one of the top telecommunications companies in the world, and a Spigit customer, is a good example of that.

A call-center employee out of the company’s Detroit office had the ingenious idea of creating a mobile app that turned off a phone’s ability to text while driving. AT&T turned the idea into a physical product, which became the Drive Mode app. It then went on to create the viral “It Can Wait” campaign.

Uber is another example of a company utilizing ideation. They recently ideated with employees to come up with new values to help define who they are as a company — over 1,200 ideas were submitted, seven values were created.

Why did they turn to their employees to help create the values? Simple: the executive team felt it was more beneficial to have the employees voice who they wanted to be as a company. Dara Khosrowshahi, Uber’s new CEO, could’ve easily locked himself in his office, created new culture values, and called it



Scott Raskin  
CEO, Spigit





A Northwestern University study found that 'idea diversity' was one of four levers that builds an innovative culture.

a day...but, again, what companies are realizing is that more brains are better than one in the grand scheme of things.

Idea diversity is an important factor in building a culture of innovation for two very important reasons:

- Diverse insights, skills, and opinions can surface new ways of tackling problems
- It empowers employees — no matter the role or tenure — to lean in and be more engaged in the company's growth efforts if they know their ideas matter

#### **FINAL THOUGHT**

Although idea diversity is just one of four levers a company can pull to create a culture of innovation, it's a critical one. The bottom line is that it's not scalable for just one individual to be a visionary. To compete today and far into the future, companies must unleash the visionary within each employee. ♦

Learn more about Spigit at [www.spigit.com](http://www.spigit.com)

# Leveraging Communications and Metrics to Inspire Employee Innovation

BY ALEX GORYACHEV, CISCO

Companies can no longer afford to treat innovation as a buzzword to polish their reputations. Innovation has rapidly emerged as the most essential ingredient to an organization's ability to compete in today's digital age.

That's why it's so critical to build an inspired culture where every employee feels empowered to think and act like an entrepreneur in a startup — no matter its size or industry sector. We now know that brilliant ideas can come from anyone inside or outside of a company, whether they have the potential to disrupt markets, create new business opportunities, or solve customers' most pressing challenges. The trick is to prove it.

We also know that innovation cannot be mandated from the top down. Simply put, innovation is a mindset that any business can nurture and grow—and it begins with communication and metrics. But, despite their value, innovation programs, much like communications, are often the first budget cut in economic downturns. Part of the reason is corporate obsession with short-term results, as well as long-time, resistance to change; but, the other part is the difficulty measuring and consistently communicating innovation's impact across an entire organization.

A few years ago, my team held a series of employee focus groups to build on our now 40-plus Innovation programs. We found that employees were eager to innovate in their work — regardless of their location, function, or level—but were unclear on the pathways to nurture and develop their most passionate ideas. That discovery led us to design an end-to-end Innovation strategy that supports all employees.

During this journey, we learned the importance of transparently sharing key project metrics with stakeholders. Metrics enable the assessment of practical results and impact, and serve as proof-points when encouraging employees to innovate and executives to support them.

Although some argue that Innovation, like communications, cannot be measured, I disagree. The impact of Innovation can, and should, be measured and shared widely. However, measuring Innovation requires a nontraditional, balanced set of metrics. Here are five key innovation metrics you must communicate to your employees, colleagues, partners and investors.

## 1. PARTICIPATION AND ENGAGEMENT

Innovation does not happen in a vacuum. It requires a constant flow of challenging ideas from inside and outside a company, and you need to measure your reach and communicate it. How many employees participate in your program? Are you working across all functions and levels? Are you reaching out to your ecosystem? How many ideas were hatched and implemented? Communicating these metrics inspire others to join and support your efforts. For example, Cisco regularly communicates that around 50 percent of our employees in all 14 functions in more than 60 countries participate in our annual Innovate Everywhere Challenge (IEC), which captures the best and brightest ideas from all employees, and provides resources to develop them.

## 2. FEEDBACK

Soliciting employee feedback and sharing it transparently across the organization is essential for communicating successes and ways to improve. Ninety percent of communications should be about listening. In our listening sessions and surveys, we've learned that employees are as passionate about new business models and technologies as they are about operational improvements and corporate social responsibility. We've also learned that some employees didn't want to be venture team "founders," but they want to contribute their skills by joining a team, coaching innovators or even funding ventures. We took this feedback, set benchmarks and remained flexible as we evolved our Innovation program. This input led to the development of a Mentor Network with more than 3,000 Cisco volunteers, as well as "angel investors" just like those found in the real startup world.

## 3. VALUE AND OUTCOMES

One of the most impactful metrics you can communicate is project outcomes. Stakeholders want to know the small, measurable milestones and success stories from your Innovation programs. The more quantifiable results, the better. Is the program generating patents? Are you engaging directly with customers to validate ideas? Of course, the impact on financial re-



Alex Goryachev  
Managing Director,  
Innovation Strategy  
& Programs, Cisco

---

# “Don’t be afraid to let employees and executives know the company might be falling behind the competition while communicating a call to action.”

---

sults is the ultimate measure of success. Are your solutions or process improvements cutting costs, influencing bookings, or uncovering new revenue sources? Promote these metrics internally and externally.

#### 4. BRAND AND THOUGHT LEADERSHIP

To win the war on attracting and retaining top talent, businesses must constantly reinforce their innovator brand and showcase their thought leadership to employees, partners, customers and the public at large. Who wants to work for or partner with a company that is not innovating? Who would approach you with their best ideas if you are perceived as an organization that isn’t on the cutting-edge? College grads wanting to work for large companies has steadily declined, dipping to just 14 percent in 2016, according to Accenture. They fear large employers won’t be committed to their passions, needs, and talents for innovation.

Big companies in particular must highlight their innovation programs, encourage employees to be active in social media, enlist PR and HR, and promote successes with your co-development partners. Urge employees to volunteer with local startup accelerators, get them involved as advisors and mentors, and have them share experiences. You’d be amazed how rewarding this is for employees and local communities — not to mention the company’s brand reputation.

#### 5. COST OF INNOVATION

Explain the cost of not taking any action or not investing in employees, partnerships, and new product development. Don’t be afraid to let employees and executives know the company might be falling behind the competition while communicating a call to action. The devastating results of corporations that don’t innovate are well known. Yet, this history of inaction continues to repeat itself as corporate extinctions keep rising because of a failure to embrace changes. Thankfully, it’s easy to share the hefty price of corporate inaction when it comes to self-disruption.

Metrics aside, the goal for any innovation program is to create an inspired culture that adds sustainable value for customers, the organization, and employees, all of whom want to be empowered to tap into their inner entrepreneur. Innovation and communication — twin assets for business success in the digital age — must become so embedded into a company’s culture that they’re part of its DNA. When employees are empowered, your innovation investments are connected to enterprise strategy. And, with innovation justified by metrics, your company will thrive in the ups and downs of business cycles. ♦

Contact the author of this piece at [agoryach@cisco.com](mailto:agoryach@cisco.com). Learn more about Cisco at [www.cisco.com](http://www.cisco.com)

# How Mastercard Teams Innovate to Deliver Customer Security

BY AJAY BHALLA, MASTERCARD

Digital technology is driving change at a faster rate than any industrial revolution in human history. Increasingly, companies (irrespective of their industry or the products and services they provide) are becoming data driven and putting technology at the heart of their business. Entire industries have been disrupted and trends like the gig economy and platform businesses are the thin edge of the big data, analytics and AI wedge. Rapid advances in technology have also driven significant changes in users' experience expectations, which is now, in turn, driving further innovation. Mobile devices are increasingly becoming the preferred medium as the digital world increasingly encroaches on the real world and consumers expect ever faster, frictionless and convenient experiences.

What we have seen in the payments world is a power reversal — and it is likely the same across other industries. Traditionally, merchants and issuers dictated how transactions happen, but now the power lies with consumers. They demand convenience and abhor friction, while at the same time demanding ever more security. They want 'one-click' experiences, without being exposed to more risk. This is a massive challenge that requires rapid innovation and embracing the latest technologies. It also means redefining and recasting how we all look at security—not as an afterthought to be addressed later or a point of friction, but rather as an area ripe for integration early in the innovation process, which can be made seamless.

The past year has seen a host of scandals that have shaken consumer trust in everything from hardware to social networks, hampering long-term innovation and damaging consumer trust in technology. Lack of trust leads to stagnation that holds back the progress of society and business around the world.

## CONNECTING TEAMS AND SETTING MUTUAL GOALS

Fostering and accelerating the innovation process is all about open dialogue and bringing together disparate teams with a common goal. For example, product teams may focus on reducing friction in accomplishing a task or service, while security teams may focus on making sure customers are safe. Matching projects across both teams and workshopping how they can be

mutually supportive of each other early in production means our products are developed with security by design.

Spotting these cross-team opportunities requires expertise in both strategy and technology in how these work together and benefit the business and customer.

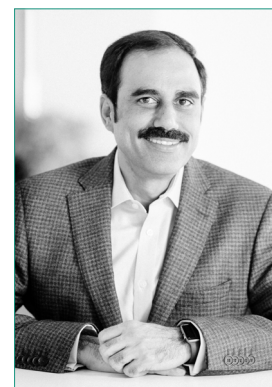
Eleven months ago, we created new integration roles to accelerate our focus on security by design. Having experienced, independent strategists, as well as technology experts, connecting our teams has already significantly impacted our business and products for the better. For example, we recently acquired NuData—a company that specializes in authenticating users based on the behavior they exhibit when using devices (passive biometrics). This is now being integrated into Masterpass, our digital wallet offering, creating a more seamless experience and meeting consumer needs safely and securely. We're also looking at how we integrate passive and active biometrics.

## CULTURE DRIVES COLLABORATION BETWEEN SECURITY AND INNOVATION

Encouraging collaboration and connecting teams to create common products and services can be challenging when project owners in different parts of the business have their own goals and targets — whether they be financial or otherwise. For this approach to work, a culture change is needed from the top down. Conflict can be a good thing in a business environment, but there needs to be a unified goal from the top that supersedes individual project goals to create alignment when disparate teams come together.

It is also essential to appoint experienced overseers, with deep knowledge of both strategy and technology to facilitate the discourse between teams and make connections. Facilitators who understand the likely business impact of combining two products, and also know that the technologies are mutually beneficial and can successfully be incorporated. This is an integration role, not an ownership role, with facilitators owning the new strategy rather than projects and products.

Therefore, My advice for creating a successful innovation culture at your company is simple. Understand the power your consumers have. Then, deliver what they want in a way that keeps them secure while also



**Ajay Bhalla**  
Chief Enterprise  
Security Solutions  
Officer, Mastercard

---

**“My advice for creating a successful innovation culture at your company is simple. Understand the power your consumers have. Then, deliver what they want in a way that keeps them secure while also removing friction.”**

---

removing friction. Work to develop and influence the standards and regulation that enables you to innovate at scale. Connect disparate teams working toward mutual goals. Facilitate workshops or discourse between them to identify opportunities to enhance products and better serve customers. Finally, drive culture change from the top down, ensure everyone understands the ultimate goals of your organization, and empower employees to work toward them — even if it means flexing on their own project goals.

#### **NO COMPANY IS AN ISLAND**

In much the same way that we coordinate teams across practices to incorporate security by design, industry-wide innovation requires discourse between and within industries. That means solutions come from unlikely places. Companies can no longer act as silos.

No single player has all of the answers and innovation is faster when knowledge is shared. This doesn't warrant giving company secrets to competitors. But, rather, coming together to discuss standards, agree

on best practices, and create safer ecosystems that give consumers control and the ability to seamlessly move between providers, or across geographies, without having to jump through hoops or have a degree in data science. It shouldn't just be within industries that this collaboration and discourse takes place. No industry is an island. Technologies such as Blockchain, advanced biometrics, and artificial intelligence are making it easier for industries to work together to offer new services.

In order to maintain trust and earn the right to keep innovating, we have a duty to ensure technological innovation is safe, secure, and for the benefit of consumers. By innovating with the consumer in mind, and putting security at the heart of products, we can create a world where technology enhances experiences and retains trust. It's a serious challenge that every company can start to address today and begin to see the benefits immediately. ♦

Contact the author of this piece at [ajay.bhalla@mastercard.com](mailto:ajay.bhalla@mastercard.com). Learn more about Mastercard at [www.mastercard.us](http://www.mastercard.us)



# To Learn or to Unlearn? — That is the Question

BY MAGNUS PENKER, INNOVATION 360

Take a moment right now to put everything on hold and visualize the person you were a decade ago. You didn't have a smartphone because they didn't exist. The BlackBerry was the dominant form of business communication, but they had no Cloud-based app ecosystem to support them. Twitter wasn't hatched yet and Facebook was in its infancy. MySpace looked unstoppable. If you needed to go somewhere, you had to stand on a street corner and hope a cab would stop for you. While standing on that corner, you probably saw a Blockbuster DVD rental store across the street.

There are many ways that the cultural, technological, and financial landscapes have been redefined since then. Would you act on investment advice from the person you were a decade ago, or would you rather give your past self the benefit of your current knowledge?

The question is not of an academic nature. It represents a real problem in management all over the globe today. Board members, C-Suites and executives of all stripes are attempting to apply the lessons they learned 10 years ago (or more!) in MBA schools. The results have often been disastrous.

## A TWO-FLANK WAR

Our key questions relate to the balance between today's business and the business of tomorrow. Incentives encourage C-level executives to make short-term optimizations, which is widely discussed. But, there is also another blocker — the culture of innovation. To highlight this dynamic, I reached out to Jörgen Backersgård, Director of Business Innovation, at the world-leading testing company DEKRA. These are his thoughts:

“The Testing, Inspection and Certification (TIC) branch is facing challenges for the future. Traditionally TIC services are very stable and provided on a partly conservative market, very much based on standards, directives and national legalizations. However, new technology, digitalization and an increasing focus on asset integrity management will challenge the old business models. Safety will last but the business will change. Increased focus on health and safety issues will replace many of today manually inspections in hazardous environments with robots or mechanized inspection tools. This includes everything from the use of drones to very sophisticated robots with the ability to access areas, both difficult to reach and with tough

environmental conditions, like high temperature, explosive atmosphere, under water, etc.”

What's interesting, and very representative in most trades, is the well-defined core in the business; the obvious-coming disruption; and how that will shift old technology and manual work towards robotization, digitalization, and remote controls. As an executive, you need to battle a two-flank war: one with your business model, and one with getting the organization to unlearn and relearn.

## BUSINESS MODEL INNOVATION

You should not take the latest technology and force it into old business models. Along the same line, it won't work to take old technology and try to jam it into a new business model. The past can be instructive, but it can no longer function as a predictor of project feasibility. The most effective decision-makers in the new world of global volatility and trans-industry disruption are those who toss out old assumptions and iteratively test what works as operational parameters transform.

Mobility, digitalization, distributed ledgers, data-center access by the microsecond, and crowd-sourcing have practically eliminated barriers to enter many sectors. Disruptors can appear overnight from anywhere in the world to make technologies or entire industries obsolete. In this climate, business continuity starts with a risk-mitigated portfolio of short-term, mid-term and long-term innovation projects. The short-term projects are where leaders are on their surest footing, making minor improvements, and simple variations of existing market winners.

## FAIL IN ORDER TO LEARN

It's a very different story for mid- and long-term projects with corresponding levels of uncertainty. To choose the best investments under those conditions, project teams need to test out new concepts with clear, verifiable hypotheses, while using explorative leadership styles. Failing is part of learning, but the most successful innovators identify the signs of project failure early enough to redirect resources as soon as possible. The next step is another common breakpoint. Companies that succeed with innovation have the market agility and the tools in place to scale up rapidly as soon as the tests prove out to be a good idea.



**Magnus Penker**  
CEO, Innovation 360

---

# “Five-year plans and huge market surveys are things of the past. Today it is all about direction and agility.”

---

## MANAGING YOUR PORTFOLIO IN THE THREE HORIZONS

Kotler and Armstrong define strategic planning as “the process of developing and maintaining a strategic fit between the organization’s goals and capabilities and its changing marketing opportunities.” Planning involves adapting to take advantage of opportunities. It is clear that the degree of uncertainty, complexity, capability of foreseeing, and half-life of competence are all dramatically curtailed, while demand and supply are increasingly taking off with scarce resources. The result is the traditional strategist’s worst nightmare. Five-year plans and huge market surveys are things of the past. Today it is all about direction and agility. It is essential to acquire, develop, and utilize our capabilities for innovation culture in a strategic direction and within a specific market where value is created, in which barriers to entry are increased, fewer resources are needed, and instability becomes a temporary equilibrium (until the next seismic shift). Steve Coley originally delegated the Three-Horizon Model to represent parallel innovation activities in terms of overlapping S-curves. It is a very useful approach:

- **Horizon 1 (H1)** refers to incremental innovation in the current business. Incremental innovation extends the existing S-curve of an organization.
- **Horizon 2 (H2)** is about expanding and building new businesses based on more radical innovation, thus forming the company’s next S-curve.
- **Horizon 3 (H3)** is an explorative approach based on radical innovation to identify and test future possible S-curves, to be commercialized in H2, and ultimately ending in H1.

Companies should use their common resources optimally to improve and protect their current profit in H1, while simultaneously developing tomorrow’s earnings and market share in H2. Then learning for the future can take place in H3.

**Horizon 1:** Most companies put as much as 99 percent of their core efforts into H1, using a Spiral Staircase leadership style. Leaders work step by step toward well-defined goals, calculating ROI and predicting the future. Capabilities that are typically important for Horizon 1 in-

clude having a clear vision, having goal-oriented leadership, coaching around goal setting, focusing and building on the core of the organization, and gaining insights into the market.

**Horizon 2:** This strategy is based on anticipating market needs and using technology in new ways, instead of reading the market and responding to it. Crucial capabilities are platform and design thinking, user research, prototyping, ideation, project selection, and speed. The H2 leadership styles are entrepreneurial: challenging the business model, also called Cauldron style; seed-funding external innovation projects and then buying them back, also called Pac-Man; and acting as the gardener, keeping what works while removing what does not, also called Fertile Field.

**Horizon 3:** Strategies are explorative in style, investigating needs on a deeper level and using new technologies for disruption. To sharpen future possibilities through external knowledge sharing, open innovation and co-creation become essential. In H3 the Explorer leadership style is often used.

The analysis of these strategic horizons should be based on both external and internal information, which can include both quantitative and qualitative data. In this type of analytical process, based on the company’s strategic direction, external context (opportunities and threats), and internal context (strengths and weaknesses), you can identify what’s blocking the strategic motion from moving forward and what could be done to amplify it — alone or in the collective efforts that form ecosystems. The resulting understanding of the context and strategic direction forms the basis for solutions that can:

**1. Remove blockages that are hindering or slowing down movement in the strategic direction.** These are typically misalignments or lack of capabilities needed for a given leadership style or innovation strategy.

**2. Amplify the strategic direction.** One typical approach of this kind is to identify and initiate more innovation projects in the third horizon to support the second and first horizons. To do that, you can engage people in specific places in the organization who have the right leadership and capabilities to execute this approach (identified in your data analysis). ♦

Contact the author of this piece at [magnus.penker@innovation360group.com](mailto:magnus.penker@innovation360group.com). Learn more about Innovation 360 at [www.innovation360.com](http://www.innovation360.com)

# Amer Sports Launches I.D.E.A.S. to Seek Out Employee Insights

BY ERAN TSUR, QMARKETS

By now, you may have seen the alarming 2013 study from Gallup which claimed that actively disengaged employees are costing US companies roughly [\\$500 billion in lost productivity every year](#). While this study inevitably instigated a tidal wave of programs, schemes, and frameworks for increasing employee engagement, in 2017 it was reported that things are [only getting worse](#). While many purpose-built employee engagement initiatives have proven to be ineffectual, companies such as Amer Sports are actually delivering astounding employee-engagement results as a by-product of company-wide innovation initiatives.

## A SPORTING GOODS BEHEMOTH

Based in Helsinki, Finland, Amer Sports is the parent company of world-renowned sporting brands such as Wilson, Salomon, Mavic, and Atomic. Founded in 1950, with origins in several industries, Amer Sports has a proven background in shape-shifting to refocus company efforts and adapting to new transnational markets. It emerged as a key manufacturer of sporting goods in the 1990s, now operating in 24 countries across the globe. As a company responsible for producing elite equipment for renowned sporting professionals, such as Roger Federer, Marcel Hirscher, and Pádraig Harrington, R&D and innovation has always been a strategic imperative for Amer Sports. In 2015, they continued their R&D strategies through a partnership with our software company, Qmarkets. The partnership allowed them to implement a company-wide innovation management platform for use by all employees.

## COMPANY- WIDE ENGAGEMENT

With disruptive new competitors entering the sporting goods market at an unprecedented rate, Amer Sports' leadership decided that it was time to engage their employees to discover new innovations. They wanted to continue to be unified globally, while tackling unique needs of local divisions and markets within the company. To make this happen, Amer Collaborative Innovation Manager Matthieu Knibiehly began looking for practices that would reinvigorate the innovation culture across all departments and branches.

Using a highly fresh approach to innovation, he sought to create a startup-like environment where

all employees — including factory-based personnel — could easily contribute to fuel new ideas at the company across a variety of use-cases. To achieve their ambitious goals, Knibiehly knew the company would need to launch more than an off-the-shelf innovation management platform.

His first priority became finding a fully configurable, flexible, and scalable innovation platform that would eliminate barriers of distance and language. This would encourage active employee engagement across the organization, while offering opportunities for high-level technical collaboration that allowed designers, engineers, and manufacturers to work together.

After an extensive evaluation process, they identified Qmarkets as the ideal vendor to support the evolving needs of Amer Sports. Our enterprise-focused Q-ideate max edition was selected as the product that the sporting goods company would use to engage its employees.

## IN-HOUSE INNOVATORS

But, Amer realized that digital transformation was not the only factor that would allow the company to become agile like a disruptive startup, while quickly



**Eran Tsur**  
Vice President of  
Marketing, Qmarkets



Tennis player Roger Federer using a racket from Wilson, a subsidiary of Amer Sports.





Amer Sports employees gather in one of their “I.D.E.A.S.” corners to share ideas and discuss innovation at the company.

adapting to a changing market needs. The company found that creating the right company culture was also crucial to boosting innovation. In order to achieve these dual objectives, Amer Sports decided to create a new brand identity for its innovation project. The project, called I.D.E.A.S. — or Innovation Drives Evolution at Amer Sports — would aim to engage all intended users and cultivate a startup culture through the whole organization.

A dedicated communication plan was developed to involve employees from different backgrounds. Office-based employees were engaged through digital channels, including newsletters and emails that were carefully timed to avoid despondence. Another effective way was through promotion on the Amer Sports intranet website, which most office employees already visited regularly for company-related news.

To engage with employees that worked away from computers, or in factories, the company promoted I.D.E.A.S. using signage, such as posters and notice boards. While the digital platform was accessible from a range of devices, such as mobile phones and tablets, factory employees could submit ideas through physical “submission stations.”

### BRIDGING THE GAP BETWEEN PHYSICAL AND DIGITAL INNOVATION

Amer also created dedicated physical spaces for innovation within the company. By developing purpose-built innovation hubs, or “I.D.E.A.S. corners,” within many offices and factories. By featuring blackboards to which anyone could contribute with inspirational quotes or messages, the company was able to foster an engaging atmosphere.

These spaces also used a card system to share the latest updates on the program. Postcards were created to share what was new, and which ideas were selected, executed, or fully implemented. Alongside this was a TV screen which shared developments from the platform and the company as a whole. This also included sporting news and corporate videos.

### INCENTIVIZING EMPLOYEE PARTICIPATION

Reward or recognition? This is one of the most common quandaries facing all innovation program managers. Amer Sports executives found that the best solution to the challenge was a combination of both incentives.

Through Qmarkets’ built-in gamification system, users would earn points for contributing to the platform, not only by submitting ideas, but also by voting and commenting on them. After earning a certain number of points within the system, users would be rewarded with gift vouchers to purchase products, either from the company at a discounted rate or from supermarkets and other retailers.

Amer Sports also began organizing special events and trips to thank employees. Recently, a number of participants were invited to spend a day at a World Cup ski race. There, the employees could experience the sporting atmosphere and meet the athletes using their innovative products.

### SUCCESS COMES IN MANY SHAPES AND SIZES

Within the first year of using the new platform, 50 percent of the company was participating in the initiative. This was a significant contribution towards employee engagement across the company. The most impressive part of this was that an unprecedented number of non-office-based employees were successfully engaged through the process, showing more than a 30-percent participation rate in the system. While these statistics alone represent a significant victory for Amer Sports, this is only a small portion of the results generated by the project. ♦

To see the full story of Amer Sports’ collaborative innovation initiative, download the case study at <http://tiny.cc/QmarketsAmerSports>. Learn more about Qmarkets at [www.qmarkets.net](http://www.qmarkets.net)

# Q&A: “Is Your Organization Building an Internal Network of Champions?”

---

In a recent Q&A email sent to our community of corporate innovators, Innovation Leader asked:

---

**“Is your organization taking steps to build an internal network of innovators/champions/catalysts? Do you have one already? Who’s involved and what are the objectives?”**

---

Three of the answers we received:

1. “We are in the process of designing this network of innovation champions. One thing that we’re doing is leveraging our existing learning and development team to help. We already have some very successful management training and leadership programs in place that have a great reputation among executives and high potential employees. We’re using that platform as a way to identify and recruit participants. We’ll rely on much of the same platform that the existing programs already have in place but we’ll customize the content and slightly change the format to better fit innovation.” - Jen Bowden, Director of Community Investment, IGS Energy
2. “[Our] network consists of over 50 country innovation leaders. [They] have this role on top of their regular job. ... Each have two roles: create an environment in their country organization that stimulates innovation and identify innovation experiments that meet specific criteria and have the potential to be scaled to other countries. [This has] demonstrated significant engagement impact through employee survey and innovation portfolio within its first three years. [The program has been] going on for five years now.” - Wim Vandenhouwele, Commercial Innovation Leader, Emerging Markets, Merck
3. “We established an Innovation Coaches program that is becoming a game changer. Supervisors were asked to submit names of staff members who’ve taken the Basics Innovation class and have either expressed an interest in doing more innovation work, or who have a proclivity to think like an innovator. They participate in a two-day Applied Innovation immersion and are equipped to lead innovation processes in their departments...in addition to their regular day job. ... We have a decentralized innovation organization and having Innovation Coaches in over 50 departments has accelerated the application of the Innovation Process as well as the quality of the work itself. We still have a long way to go, but we’ll get there faster through the Innovation Coaches program.” - Michael McCathren, Director of New Market Strategy, Chick-fil-A

Have a corporate innovation that you’d like us to ask our community?

Check to see if it’s already been answered at [innovationleader.com/faq](http://innovationleader.com/faq), or email it to [editor@innovationleader.com](mailto:editor@innovationleader.com).



## PART 2: CREATING LEADERS AND CHAMPIONS

---

24

### **Pizzas, Minivans, and a Core Innovation Team**

BY NOEL SOBELMAN, KALYPSO

27

### **Two Pathways to ‘Unshakeable Belief’**

BY MAGGIE NICHOLS, JEFF O’NEILL, LYDIA CARSON  
& DOUG HALL, EUREKA! RANCH

29

### **Why Innovation Requires a Shift from Hierarchy to Networks**

BY LANGDON MORRIS, INNOVATIONLABS

31

### **Empathy from Colleagues Goes a Long Way — But Trust Goes Even Further**

BY BILL NOTTINGHAM, NOTTINGHAM SPIRK

33

### **How CIO Onboarding Could Make or Break Corporate Innovation**

BY MARIA FERRANTE-SCHEPIS, MADDOCK DOUGLAS

35

### **Innovation Isn’t Work — It’s a Lifestyle**

BY SHAWN NASON, NASON GROUP

# Pizzas, Minivans, and a Core Innovation Team

BY NOEL SOBELMAN, KALYPSO

The benefits of organizing project work using a small, cross-functional core team structure have been around since the early 1990s, when Steven Wheelright and Kim Clark published their seminal research in “Revolutionizing Product Development.” My colleagues and I used to joke that a project’s entire core team should be able to fit inside a minivan.

Today, the principle is being popularized by companies like Amazon using the two-pizza rule. Teams shouldn’t be larger than what two pizzas can feed. Whether pizzas or minivans, or whether you apply it to core new product development teams or new growth source innovation teams, the benefits of this project team structure haven’t changed.

Here are some practical tips for how your company can apply this model.

## THE CORE TEAM DEFINED

Core teams are small, cross-functional teams with responsibility and authority for the delivery of new solutions. The core team approach goes well beyond a gathering of functional liaisons. Core team members fully represent all areas of the organization that contribute to the innovation process and are jointly accountable for success in market.

Joint accountability is where the model starts to differ from the siloed, “over the wall,” or serial approaches from the 1980s and before, when individual team members were held accountable to their vertical functions and measured primarily on the achievement of functional objectives. Core teams help reinforce a project-centric model where development happens concurrently across functions, and success in market is the primary measurement of project team member success. Think of it as rugby team, moving down the field in a “scrum” formation, versus a relay race where the baton is passed from one person to the next.

The “core team,” or a new growth innovation project team is meant to reinforce the move away from a vertical hierarchy with rigid functional siloes to a structure

where all team members are equals with a common objective: customer impact. (See graph on p.25)

The core team maps to a network of individual project contributors. This outer wheel is referred to as the extended team. Extended team members are individual contributors who join a project as their skills are needed.

## CORE TEAM CHARACTERISTICS

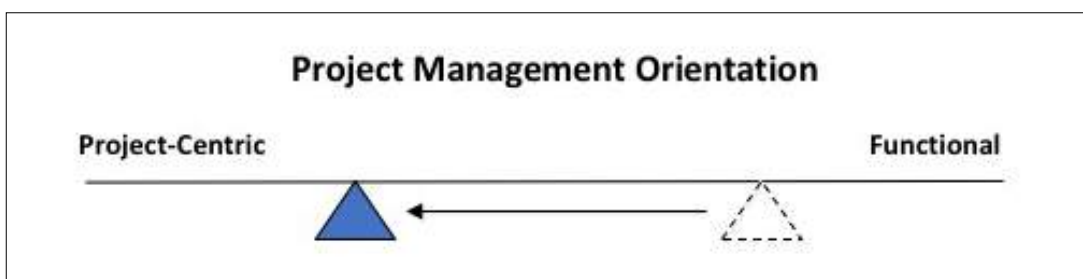
**Joint Accountability.** Core team members hold each other accountable and have a shared sense of responsibility for the market success of their projects. This shift in responsibility away from functional objectives to team-based success is one of the more difficult transitions for large companies. Functional managers who are used to having the ultimate say in resolving project issues feel like they are giving up decision-making authority and control. However, properly applied, the core team approach frees functional managers up to focus on building departmental excellence—people development, tool development, functional process development, and functional strategies.

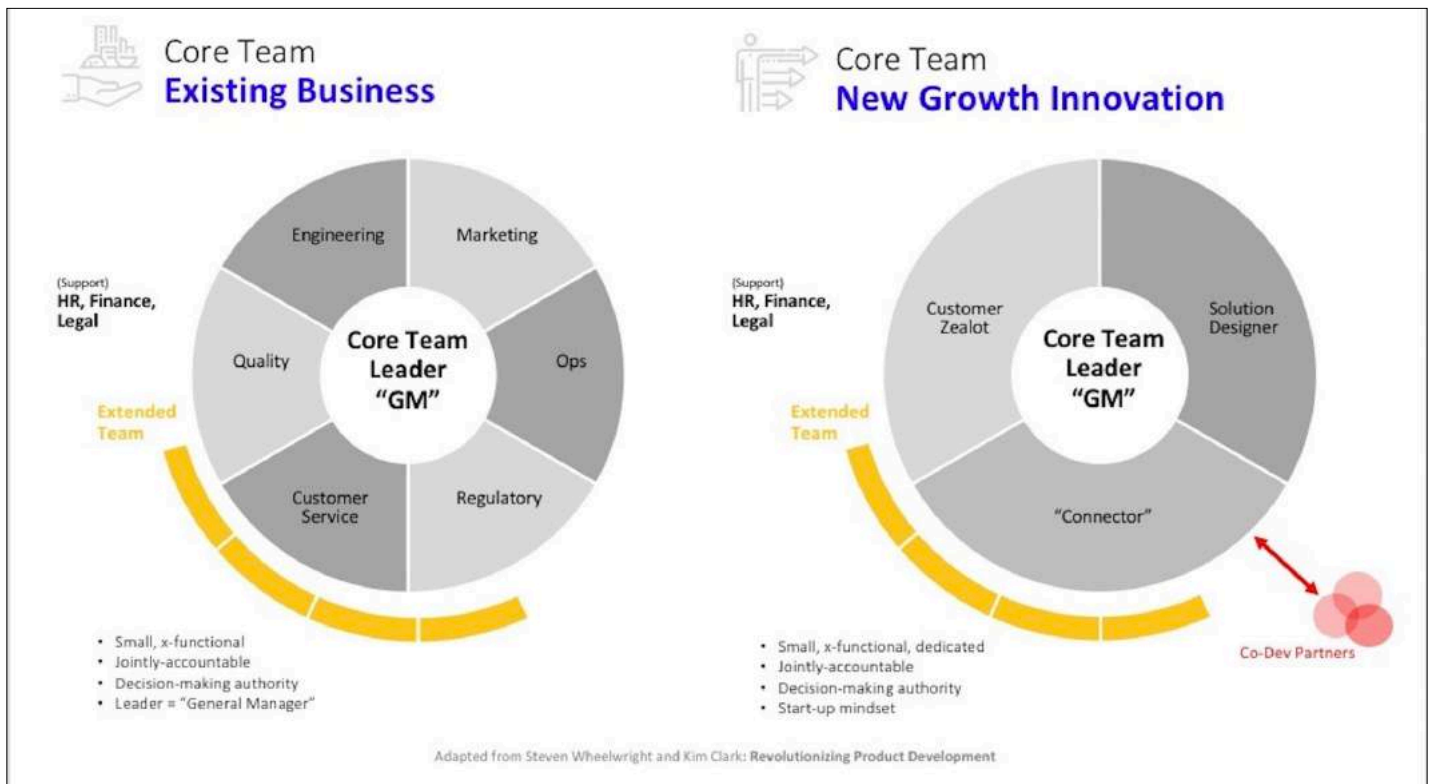
The functional manager’s role shifts from project-level decision-maker to project supporter while pushing project-level decision making to the ones closest to project issues. Leading companies understand this concept and have modified their incentive and reward systems to promote team-based behaviors over management by functional objectives, or MBOs.

**Communication.** In large organizations, effective communication needs to take place across functional boundaries and up and down the corporate hierarchy. The more functionally siloed an organization is, the more tangled inter-functional communication becomes, as information has to move horizontally across multiple functions and vertically up and down organization levels. The small, cross-functional core team structure short circuits this approach and is designed to replicate the communication efficiencies of a small



Noel Sobelman  
Partner, Kalypso





The “core team wheel” above shows two sample core teams — one for a typical existing business project team and the other for a new growth innovation project team. The wheel is meant to reinforce the move away from a vertical hierarchy with rigid functional siloes to a structure where all team members are equals with a common objective: customer impact.

startup within a large organization.

**Decision Making.** Innovation and new product development requires project teams to make hundreds of decisions each week. Timely decision making is critical. Nothing slows a project team down more than the team member who feels the need to go up the chain of command to get permission to make a decision.

Using the core team approach, teams are staffed with empowered decision makers who are trusted to fully represent their function. The role is much more than that of a functional liaison or Project Coordinator. Core team members have knowledge of functional strategies and know how best to apply them to project-level decisions in the context of a cross-functional, jointly accountable team. For new growth innovation projects, team members work together to prioritize and test “leap of faith” assumptions, experiment to surface customer insights, and progress toward a scalable solution with each team member contributing a perspective from his or her area of expertise.

### CORE TEAM ROLES AND RESPONSIBILITIES

**Core Team Leader Responsibilities.** The primary responsibility of the core team leader is successful execution of the product development or innovation project. The core team leader functions as the “general manager” for the project and is accountable for both team and project success. This person has organizational clout, effectively removes barriers to team success, and is the first person the CEO calls if he or she wants an update on the project.

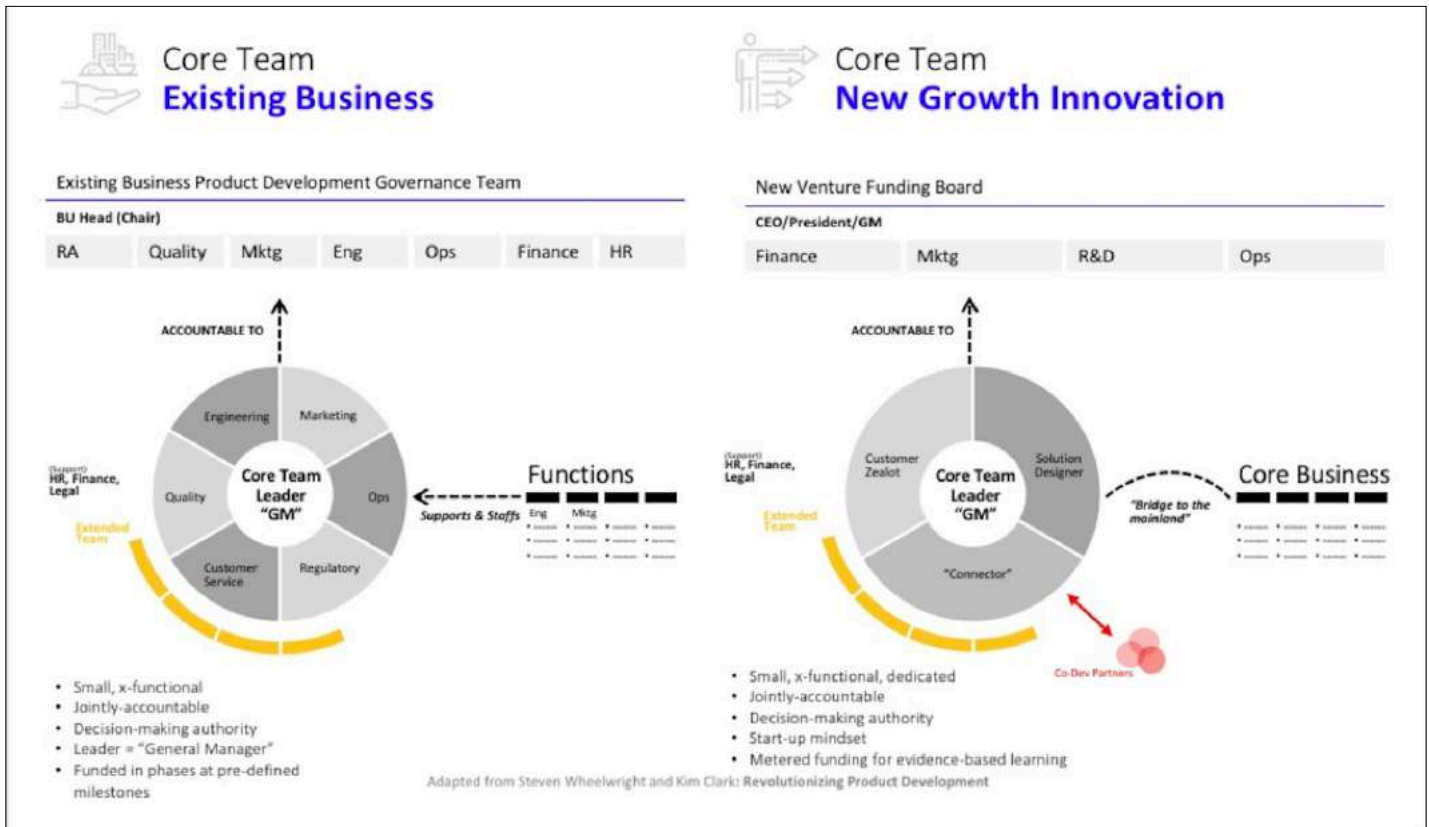
**Core Team Member Responsibilities.** Core team members are ac-

countable for ensuring successful contribution for their defined area of responsibility over the course of the project. In addition, core team members have shared responsibility in working with the core team leader toward the overall success of the project. Core team members fully represent their functional area for project activities and are the functional representative responsible for project decisions.

**The Extended Team.** Extended team members play a key role in supporting the core team. They are identified jointly by the core team members responsible for the relevant activities and the functional managers who manage their allocation across the innovation and new product development project portfolio. They are allocated to projects upon phase gate approval or as an outcome of a new venture board funding meeting. Extended team members stay with a project only as long as they are needed and can often support multiple projects.

Building a team with diverse skills is a foundational component of any project team. This is especially important when dealing with new growth source innovation where the team is dealing with conditions of high uncertainty. You want entrepreneurial minded people who can manage chaos and wear multiple hats. Look for a balance of the following skills:

- **Solution Designer:** Creatively applies technical and customer experience design skills to build the MVP, prototypes, and design experiments for rapid, low-cost learning. This person has expertise in the science or specific technology you are using.
- **Customer Zealot:** Emphatic about the customer and customer job to be done; empathetic; personable. This is the person who leads the way with “outside-the-building” validated learning activities,



The above graphic summarizes the organizational model with accountability to leadership for both the base business and for new growth innovation core teams.

- including deep problem understanding.
- **Connector:** Understands the inner workings of the organization and partner ecosystem. Mines a network of partners and co-creators, removing internal and external barriers to get things done.
- **Visionary Core Team Leader:** Leads the charge, rallies the troops, keeps the team inspired, has a business mindset, is tenacious, persuasive, and resolves conflicts.

### CORE FORMATION AND PROJECT DURATION

With execution-oriented new product development, the core team is identified and staffed upon confirmation that the project idea fits company strategy and is worth an investment to fully define the solution, validate major assumptions, and plan the project.

For new growth innovation, it is best to keep the team as small as possible, pulling in support resources from the base business as needed and on a limited basis while major solution assumptions are tested. The ideal team size is two or three people during the early stages, when validating the customer problem and riskiest business model assumptions.

### CORPORATE LEADERSHIP'S ROLE

Instead of tinkering with project-level details or getting pulled into functional disputes, the core-team approach frees senior leadership up to focus on new growth strategy, portfolio management, develop-

ment pipeline governance, functional skill development, and ongoing operations. For base business new product development, leadership governs the pipeline, making go/no-go business decisions at key project milestones. These milestones, or phase gates, are windows into the project. As long as the team is on track, core teams are empowered and funded to execute projects between the gates. For new growth innovation, the governance team (shown below as the Venture Funding Board) establishes areas of focus, sets opportunity size guidelines, sets customer development guard rails to protect core assets, and provides a "safe space" for innovation teams to operate.

### DOES YOUR TEAM MEET THE TWO-PIZZA RULE?

Most companies today have some form of a cross-functional project team structure. The practice has been around for over 30 years. However, it is not enough to put people from different functions on a team.

At your next core team meeting, look around the room. Could you feed everyone in attendance with two pizzas? Could you fit everyone comfortably inside a minivan? If not, try restructuring your project team with a small, empowered set of individuals at its core, clear roles and responsibilities, decision making authority, extended team support, effective core team leadership, and joint accountability for solution success. ♦

Contact the author of this piece at [noel.sobelman@kalypso.com](mailto:noel.sobelman@kalypso.com). Learn more about Kalypso at [www.kalypso.com](http://www.kalypso.com)

# Two Pathways to ‘Unshakeable Belief’

BY MAGGIE NICHOLS, JEFF O'NEILL, LYDIA CARSON & DOUG HALL, EUREKA! RANCH

It takes a network of innovators to turn big ideas into reality. No individual, no matter how creative, can do all of the functions that are required to make transformational, or LEAP, ideas happen. The successful commercialization of innovations requires a broad breadth of expertise; from sales, design, marketing, R&D, engineering, and production; to finance, legal, and regulatory.

Analysis of our database of innovation metrics — which presents over 26,000 raw, unsuccessful, and successful innovations, as well as 35,000 innovators — finds that the key to building networks of innovators is to build “unshakeable belief.” This finding is confirmed by scientists at Rensselaer Polytechnic Institute. The research found that when 10 percent of an organization has unshakeable belief, cultural transformation occurs. They define unshakeable belief as, “True Believers. People who are completely set in their views and unflappable in modifying those beliefs.”

Activating unshakeable belief across a culture involves “diffusion of an innovation mindset,” as defined by Everett Rogers. Diffusion starts with engaging innovators and early adopters (estimated at 16 percent of your culture). With their support, you can then engage the early and late majority (68 percent of your culture). Finally, the laggards, 16 percent of your culture, will become engaged — or chose to take early retirement, or a new job.

There are two distinct pathways for igniting the diffusion of “unquestionable belief” in innovation. They are called “Wow Project Diffusion” and “Wow People Diffusion.”

## WOW PROJECT DIFFUSION

Wow Project Diffusion is about demonstrating that big Innovations can happen. It’s about transforming the impossible into the possible by inventing LEAP business opportunities. It’s about more than simply creating a big idea or design, and confronting what it takes to turn that idea into reality. It’s about confronting the multitudes of project “death threats,” that prevent big ideas from becoming reality. It’s about patentable breakthroughs that transform careers and companies.

Project diffusion that ignites unshakeable belief requires confronting the reality of customer appeal, development challenges, production bottlenecks,

route-to-market barriers, profitability/investment, and five-year sales forecasts.

The invention of a Wow through Eureka! Inventing 10.0, our tenth version in nearly 40 years, builds unshakeable belief among the team. It doesn’t matter if we’re inventing footwear that helps Nike customers run faster, ideas for transforming Walt Disney resorts, or breakthrough ways to anchor oil rigs in the North Sea. Most recently, with Edrington — makers of The Macallan Scotch — we’ve invented Brain Brew Distilling. A scientific spirits company that creates double-gold-medal-winning whiskey and bourbon in 40 minutes instead of eight to 12 years.

Importantly, by involving more than the marketing and innovation team — in the Eureka! Inventing experience — unshakeable belief webs into the organizational infrastructure.

The process starts with a 100-day demonstration of Wow on an impossible mission — ending with a recommendation to go into development supported by rock-solid qualitative and quantitative research data. Wow provides a solid proof of concept. The process is then repeated with other very important challenges or with simultaneous innovation on two to four smaller innovation challenges.

The new mindset provides the foundation for transformation: advanced methods and tools that enable a step change in increased innovation speed and decreased risk. Tools that enable such things as

- Five-year risk adjusted diffusion of innovation forecasts.
- Patent flea-market mining that enables you to buy a patent for a few thousand dollars.
- Industrial strength inventing software systems like Visual TRIZ, Matrix Mixing, 3D Spark Decks, and Guided Excursions.
- Merwyn Rapid Research tools that enable concept testing at three percent of the cost and timing of traditional research, statistical concept test results in an hour, and product testing in 24 hours.
- Patent writing by anyone in about an hour.

## WOW PEOPLE DIFFUSION

Wow People Diffusion is about driving change from within individual employees, managers and leaders. It’s about enabling a new mindset of unshakeable



**Maggie Nichols**  
CEO, Eureka! Ranch



**Jeff O'Neill**  
President



**Lydia Carson**  
Vice President



**Doug Hall**  
Chairman



---

**“It takes a network of innovators to turn big ideas into reality. No individual, no matter how creative, can do all of the functions that are required to make transformational, or LEAP, ideas happen.”**

---

belief in innovation. What we've learned is that reading a book will not do it. Watching a video will not do it. Even attending a class won't do it.

The book, videos, and class provide foundational understanding, but not belief. True unshakeable belief only comes from hands-on application. To quote Benjamin Franklin, “Tell me and I forget. Teach me and I remember. Involve me and I learn.”

This insight is the driving force behind our Cycles to Mastery education system. It's the method we used to enable the new field of academic study and leadership science called Innovation Engineering. Innovation Engineering is taught on college and university campuses as part of six college courses at the undergraduate level and three at the graduate level. It's disciplined and validated academically and in the real world.

The Cycles to Mastery process starts with a first course on fundamentals that involves online skill videos, followed by in-person or internet-based “lab” classes that make the theory real. This is followed by “application” assignments where students apply the learning directly to their work.

To ignite immediate success, employees are challenged to focus the new mindset and methods on projects that are within their “sphere of influence.” Getting wins quickly is very important. With quick wins, thought leaders advance to our mastery training—the Innovation Engineering Black Belt program.

IE Black Belts are leaders of change, and hard metrics finds that it works. A US Department of Commerce study found that those who complete IE Black Belt Certification go on to lead an innovation pipeline that is 28 times bigger than those who simply attend training without achieving certification.

When igniting a network of innovators, we see success with both Project and the People Diffusion approaches. The right choice for most people depends on the level of urgency for results and the emotional engagement of leadership in creating an innovation culture. ♦

Contact the authors of this piece at [doug@eurekaranch.com](mailto:doug@eurekaranch.com), [maggie@eurekaranch.com](mailto:maggie@eurekaranch.com), [jeff@eurekaranch.com](mailto:jeff@eurekaranch.com), and [lydia@eurekaranch.com](mailto:lydia@eurekaranch.com). Learn more about Eureka Ranch at [www.eurekaranch.com](http://www.eurekaranch.com)

# Why Innovation Requires a Shift From Hierarchy to Networks

BY LANGDON MORRIS, INNOVATIONLABS

The work of innovation is the work of creating shifts: changing or improving products and services to provide progressively more value. Success at innovation requires that we also shift our ways of thinking and organizing so that we can discover new possibilities and opportunities. Thus, among the key shifts that organizations need to undertake are development of robust internal networks; reducing emphasis on hierarchies; and shifting from a focus on individuals to designing for teams.

## STEP 1: AN ORGANIZATIONAL SHIFT FROM HIERARCHY TO NETWORK

The hierarchical form was invented ages ago to protect and preserve established powers in organizations, and to sustain the authority of the boss, government, military, or church. It remains the predominant organizational form, the standard way of structuring and managing all types of organizations.

While it serves some purposes quite well, the hierarchy's shortcomings are becoming ever more problematic because the two factors that hierarchies typically do not handle well, external change and internal innovation, are precisely the defining characteristics of today. Hence, the qualities that make hierarchies strong in stable times are exactly the ones that make them weak during periods of turbulence, such as we have now.

To meet the new requirements of a changing world it turns out that networks perform far better than hierarchies because they have a number of particularly desirable qualities. Networks are self-organizing, forming as people find others with whom they need to engage to accomplish meaningful work. Trust, reputation, and ability constitute the foundational elements of a network, and when its purposes are fulfilled or evaporate, networks evaporate also. Hence, they rarely become organizational overhead, but instead operate as a service to the hierarchy essentially for free, a parallel world in which innovation and problem solving are the norm. What you can do to encourage and enhance them? Here are a few suggestions:

**Cross-Functional Design Activities.** Networks require connections, so create activities that accomplish

useful work while enabling or requiring people who wouldn't normally meet to work together to enhance the network density in your organization. People love to solve problems while making new connections. Note, though, that the problems have to be real, not made-up ones. The work has to be meaningful or you'll lose attention and credibility.

**Cross-Functional Workspaces.** One very clever company organized its workspaces not be teams, but in clusters of people who were intentionally not on the same team. Working in this way helped to develop a broad base of cross-cutting knowledge, and enabled people to get to know one another.

To enhance the effect they rotated every 90 days or so into new clustering arrangements, and continued to expand their networks.

**Recreational Games and Leagues.** These company activities have always helped people develop and expand their personal networks, and they still do.

Information propagates differently in a network than in a hierarchy because it's shared as needed with no consideration as to "up or down." As a result, new information that anyone discovers is propagated very rapidly exactly to the person who needs it, because the network knows. (That's what makes it a useful network.)

This facilitates and expedites the utility of information that the hierarchy otherwise stumbles over and doesn't know what to do with. Recognizing when something has changed, and sorting out and then delivering the right responses, is where the network and the hierarchy combine for even greater organizational effectiveness.

**Free Flow.** Organizations in which information is mandated to move along a chain of command are by definition much less effective than ones where information moves freely. Rather than trying to suppress the unrestrained flow of information, embrace it. (This does not mean encouraging stupidity around confidential information, of course.)

**Tap Into It.** Smart leaders engage with networks in their own organization to sound out new ideas and initiatives before going public. Use the power and



Langdon Morris  
CEO and Founder,  
InnovationLabs

diversity of networks to test ideas.

The challenge that massive and hierarchical organizations face in times of rapid change is that they continue to execute as though nothing had changed, operating in what easily becomes a mindless manner because their metrics and rewards are all aligned around sameness and execution, rather than difference and innovation. They keep doing the same wrong thing over and over when what they need to do is adapt and innovate. Empowering networks to operate even inside of hierarchies is a sound organizational strategy, and as they are critical means for recognizing and responding to change, they create value far out of proportion to their costs. It's only a slight exaggeration to suggest that a hierarchy is a power-based organization that is designed for saying "no," while a network is an organization that is self-organized for creating "yes."

## STEP 2: HIGH-PERFORMANCE SHIFT FROM INDIVIDUAL TO TEAM

While creative expression in the arts is often an individual effort, creative work throughout the rest of the economy has shifted decisively to teams. This has been necessary for many reasons, among which are the complexity of most of today's problems and the situations, products, services, machines, and technologies that have to be addressed. The large number of factors involved typically exceeds the breadth of knowledge than any individual can bring, and consequently teamwork has become the normal and necessary way of working for all types of organizations, business and government, schools and hospitals.

For example, health care is no longer organized around the heroic MD, the medical professional who works alone. Instead we see emphasis on the practice of the 'interprofessional' health care, whereby the knowledge, insights, and capabilities of nurses, doctors, pharmacists, therapists, administrators, and social workers are all essential contributors to the success of each patient's treatment. Practicing as an interprofessional team in an integrated manner often achieves better health outcomes at lower cost.

Software programming is a team process, too, using agile methodology and its embedded concepts of a scrum team, working together to achieve carefully defined targets, and organizing the work into discrete stages known as "sprints," when the team collaborates directly with end users to create useful code.

Innovation researchers work in teams because many scientific, technical, and business disciplines, and because speed matters so much in the competitive market, and integrated teams usually progress much faster than slow committees that so often get bogged down. Hollywood's "gig economy" organizes films as projects made

by teams of independent professionals who work together for a few months and then disband and move on to other projects.

Indeed, more and more forms of intellectual work are taking on this quality, which foretells not only a new form of organization, but new types of offices. Coworking spaces that look a lot like a Starbucks serve the new economy of team-based work with large open-plan offices that individuals, teams, and startup companies rent by the hour, the day, or the month.

**Diversity.** Since diverse teams have been shown conclusively to be more creative, more innovative and more productive than homogeneous ones, these teams aren't composed of people with the same skills, from the same backgrounds, with the same worldviews. They are much more diverse in all respects.

To save time, complex work tasks handled not in a linear and sequential, step by step manner, but in an integrated flow and in parallel as much as possible. Since your outputs are my inputs, and my outputs are your inputs, we progress together, mutually dependently, and we achieve better outcomes, too.

We might describe "cooperation" as the capacity to work together harmoniously, but the shift from individuals to high performance teams is deeper. Call it 'integration' or 'deep collaboration' to invoke the notion that we're striving for something much more than average by working together in a profound way.

**Forming Teams.** Set your teams up for success by staffing them with top performers. When you're assembling a team, ask the best people who they want to be on the team with them. You don't necessarily have to accept their recommendations, but Steve Jobs' comment about A players working only with A players, while B players pick C players, is entirely true.

**Leadership and Facilitation.** Lastly, don't make the team leader also perform the role of team facilitator, as these are two distinct jobs that are sometimes in conflict. The role of a leader is to provide vision and structure, while the role of facilitator is to keep the project moving and the energy balanced among a group of strong personalities.

Managed well, networks and teams can both accelerate the innovation process in any organization, helping to bring the organization's 'rate of adaptation' into alignment with the furious pace of change in the external market. ♦

This article is adapted from the new book, "The Big Shift," due out in June 2018. Contact the author of this piece at [lmorris@innovationlabs.com](mailto:lmorris@innovationlabs.com). Learn more about Innovation Labs at [www.innovationlabs.com](http://www.innovationlabs.com)

# Empathy from Colleagues Goes a Long Way — But Trust Goes Even Farther

BY BILL NOTTINGHAM, NOTTINGHAM SPIRK

The University of Nebraska's football team has won more games than any college team in the nation since 1970, but hasn't brought home a championship since 1997. New head coach Scott Frost will be under intense pressure to return the team to its past glory, but at a recent press conference, he made it clear that the pressure will not filter down to his players.

"We're not going to yell and scream at kids. We're not going to cuss at kids," Frost said. "I don't think that's the right thing to do and I also don't want kids to be afraid to go make a great play. If someone misses a tackle or drops a ball, they don't need to be yelled at. They need to be taught the right way to do it, so it doesn't happen again.

"Once you take away that fear of what might happen if you make a bad play, it really frees you up to go make great plays. I always want our team to play with a desire to excel and no fear of failure," he said.

"No fear of failure" made it into the headline of almost all coverage of the press conference. Think about that. The idea that Division-I college athletes — who have already proven themselves to be exceptionally skilled and motivated — might perform better when treated with patience and respect is so radical that it's newsworthy.

Something similar is going on in business, where the simple human trait of empathy is a leadership trend, and a welcome change. At Nottingham Spirk, we've always believed that fearing failure is counterproductive to innovation.

In his new book, "Dying For A Paycheck," Jeffrey Pfeffer draws direct lines between workplace stress, chronic diseases that are caused or worsened by stress, and rising costs of healthcare. "I look out at the workplace and I see stress, layoffs, longer hours, work-family conflict, enormous amounts of economic insecurity," he said in an interview with Stanford Graduate School of Business. "I see a workplace that has become shockingly inhumane... Seven percent of people in one survey were hospitalized...because of workplace stress; 50 percent had missed time at work because of stress. People are quitting their jobs because of stress. The business costs are enormous."

Simon Sinek made a similar case in his 2014 book, "Leaders Eat Last: Why Some Teams Pull Together And Others Don't." He argues that too many businesses still operate on philosophies from the 1980s and '90s, which justified achieving short-term goals by any means necessary and emphasized manage-

ment over leadership. He explained how damaging this can be to organizations on the Design Matters podcast: "We've literally created cultures in which every single day, everybody comes to work and lies, hides and fakes," he says. "How can a company ever do well if nobody's ever willing to admit they made a mistake?"

And how can a company innovate if everyone is afraid to take risks?

Stress diminishes our capacity to think clearly, particularly about the future. We are hardwired to fixate on threats, real and perceived. So, when people are worried that mistakes will hurt their careers, they're likely to try to get by on tweaking old ideas, rather than dreaming up new ones.

## BUILDING A CULTURE OF TRUST

People always ask me how we deal with "failure" at Nottingham Spirk. The simple answer is, we don't. As Nelson Mandela reportedly said, "I never lose, I either win or I learn." This may sound like the slogan from a cheesy inspirational poster, but really it's the scientific process: Observe, question, hypothesize, experiment, analyze, and repeat as needed. Then we take time to pause, regroup, and pivot if necessary, is built into our process. We want our Innovation Center to be more like a farm, where ideas are nurtured and grown, than a factory.

A lot goes into establishing and maintaining a culture of creativity, but the single most important factor is trust. Your associates must believe that if they give you their best, you'll have their backs. This can't be something you express only upon hiring someone, at performance reviews, or in annual meetings. Trust must be earned, every day, in ways big and small. There are only so many times you can award raises or bonuses, but there are countless opportunities to demonstrate empathy, if you're tuned in.

There's a scene in *Mad Men* in which Advertising Executive Don Draper responds to his assistant's complaint about never thanking her by shouting, "That's what the money is for!" The show is set in the 1960s, but Americans still seem to have an similar relationship with workplace gratitude. According to a 2013 survey by the Greater Good Science Center at UC Berkeley, 93 percent of respondents said that grateful managers are more likely to succeed. Only 18 percent thought that gratitude made them "weak."



**Bill Nottingham**  
Vice President,  
Nottingham Spirk

---

# “A lot goes into establishing and maintaining a culture of creativity, but the single most important factor is trust. Your associates must believe that if they give you their best, you’ll have their backs.”

---

Here comes the messed-up, mysterious, and most interesting part: Almost all respondents reported that saying “thank you” to colleagues makes them “feel happier and more fulfilled,” — but during the average day, only 10 percent say they actually act on that impulse. A stunning 60 percent say they either never express gratitude at work, or do so “perhaps once a year.” In short, Americans actively suppress gratitude on the job, even to the point of robbing themselves of happiness.

The GGSC offers suggestions for fixing this. The first says, “Start at the top ... It’s up to the people with power to clearly, consistently, and authentically say ‘thank you’ in both public and private settings.” From there, you need to make it clear that the organization supports not only innovation, but also the steps involved in getting there. Every disruptive innovation was a crazy idea at some point. Without strong, consistent C-suite support — verbal and tangible — people will keep their ideas to themselves.

## BACK UP WORDS WITH ACTIONS

Daniel Pink makes the case that people are motivated most powerfully by the desire for “autonomy, mastery and purpose.” Of those three, autonomy may be the most lacking in corporate cultures, which tend toward top-down control and restricted roles. At Nottingham Spirk, we have found that assembling a unique team for each project, instead of moving it through departments assembly-line style, provides many new opportunities for our associates to take leadership roles. In our Vertical Innovation™ process, the team is with the project from

beginning to end, giving everyone skin in the game and a stake in each other’s success.

We also believe that it’s also important to recognize that innovating is demanding, requiring many hours of intense effort. To stay sharp, creative people need to recharge through time spent with their families and on other passions.

We long ago replaced our vacation-time policy with DPTO, discretionary paid time off. “Discretionary” means just that — our associates decide how much time to take, within certain guidelines to ensure that projects don’t stall. When a partner-client needs us to sprint, our associates can put in extra hours, and be happy to do it, because they’re not already overworked and they know they’ll get time to recuperate. We try never to miss an opportunity to show our associates that we trust their judgment, appreciate their efforts and value their contributions. In return, they work hard, and they stick around—the average tenure at NS is 15 years, which is rare in creative fields.

A few years ago, John Nottingham was invited to give a presentation to a trade group. Upon arriving at the event, the young associate accompanying him realized that he’d failed to bring the laptop on which John’s deck was stored. The associate was mortified, but if John was annoyed, he hid it well. “It’ll be fine,” he said, and delivered his speech from memory. John has probably forgotten about this, but the associate never will. ♦

Contact the author of this piece at [bnottingham@nottinghamspirk.com](mailto:bnottingham@nottinghamspirk.com).  
Learn more about Nottingham Spirk at [www.nottinghamspirk.com](http://www.nottinghamspirk.com)



# How CIO Onboarding Could Make or Break Corporate Innovation

BY MARIA FERRANTE-SCHEPIS, MADDOCK DOUGLAS

The Chief Innovation Officer (CIO) role is quickly becoming the common answer to the question of “How will our company get better at innovation?”

Unfortunately, there is no large pool of seasoned innovation leaders to choose from, because as a discipline, innovation is relatively new. Furthermore, because innovation is defined and approached in various ways, there is a huge disparity of innovation skills among CIO. Companies are taking a few approaches to filling the Chief Innovation Officer role, and there are pros and cons to each:

**Home Grown:** Take someone from within, and declare that person an innovation officer. This could be a marketing, technology or product person or even a business unit leader. Sometimes it’s just a smart person that the company doesn’t exactly know what else to do with.

- **Pro:** The person knows your company and how to navigate the politics and culture.
- **Cons:** They are starting completely from scratch relative to understanding innovation program development and management. Also, they don’t want to burn bridges with stakeholders in the company in case this new innovation gig doesn’t work out.

**Imported:** Find an innovation expert from another industry that’s further along the learning curve of innovation.

- **Pro:** The leader has more experience knowing how to set up an innovation program and manage it.
- **Cons:** There may be nuances in your industry that this person could struggle with (e.g. The insurance regulatory environment. This typically throws outsiders for a loop.) Also, your culture may resist an outsider coming in and telling everyone how to innovate.

**Swiped:** Find someone within your industry that has been a successful innovation lead in a similar company.

- **Pro:** Best of both worlds.

- **Con:** It can be like searching for a unicorn.

Regardless of which route you take, the on-boarding of a new CIO is often a woefully undernourished part of the process. As someone who can speak from experience, having served on a first iteration of an innovation team at a very large insurance company, and seeing many corporations Maddock Douglas has worked with since then who seek to develop the innovation discipline, the on-boarding process feels like this:

1. Welcome! We are thrilled to have you.
2. There’s the restroom.
3. We need to show results quickly for this to work.
4. Go figure it out and then tell us what you need.

While this sounds wide open and exciting to some, it can often be a recipe for disaster for others. Why? Because without proper structure that is set up collaboratively at the beginning, the new Chief Innovation Officer is trying to educate both herself and the organization at the same time. Eventually, the gravitational pull from the larger organization’s business as usual will win out. If it were better managed at the beginning, the new Chief Innovation Officer has a better chance at success and consequently, the organization does too.

The leadership team and the new innovation officer, must answer these critical questions around structure during onboarding:

What’s the definition, appetite and level of patience for innovation? The answer to this question will guide the focus of the new innovation leader on quick wins, moonshots, and/or (hopefully) a portfolio approach.

What’s the evidence that it’s “working”? It can’t be the same measures as are used for the core business. Proper onboarding will suss out whether leaders are talking out of both sides of their mouths on this one.

How will the innovation work be connected to the company’s mission? There’s got to be a clear tie back. This is the most critical of the three elements, as it is the one that prevents innovation from being crushed by the business, because it would be evident how it IS the business.

I’d like to give credit to our friend and past client, Dr. L. Miguel Encarnaçao, for isolating and defin-



**Maria Ferrante-Schepis, President, Maddock Douglas**

---

# “What’s the definition, appetite and level of patience for innovation? The answer to this question will guide the focus of the new innovation leader on quick wins, moonshots, and/or (hopefully) a portfolio approach.”

---

ing some answers very clearly from his vast experience as an innovation officer in multiple companies. I guess you could call him one of the unicorns. Here are three best practices from Miguel:

1. Deploy Spiral Integration: taking an iterative approach to bring learning from innovation into the business in much smaller bites, and more often. For example, if there’s an insight learned by innovation research on the fuzzy front end, start using it right away. Don’t wait till there is an idea getting ready for launch. By then, opportunity is missed to involve people and benefit the business today.
2. Change management is critical: This is a collaborative effort with HR, marketing, product and other key areas, actively designing for the impacts to talent, metrics, incentives and so forth. Again, this cannot wait until there’s a pipeline of cool

new ideas, it must be done from the beginning, and the Chief Innovation Officer must have support to lead it.

3. The strategy for innovation must cover multiple starting points: consumer insight driven, technology driven and market/competitor driven. While some companies adopt heavily focus on just one of the three, the reality is that all three are necessary for success, and there are logical intersection points where solid, valuable work can be done to drive innovation forward.

Of course, these strategies are easier on paper than they are in reality, just remember that the key is to contemplate impacts and opportunities early on. ♦

Contact the author of this piece at [maria.fs@maddockdouglas.com](mailto:maria.fs@maddockdouglas.com). Learn more about Maddock Douglas at [www.maddockdouglas.com](http://www.maddockdouglas.com)

# Innovation Isn't Work — It's a Lifestyle

BY SHAWN NASON, NASON GROUP

Every time I look back on my life and career, I realize every year that I grow 10 years wiser. When I first realized this, I asked myself why I felt this way. Was it because of something that had taken place in my personal life? Was it the result of something that had happened to me professionally? Could it have just been life itself? The answer is “Yes!” to all of the above!

I remember clearly, walking into a new job a few years ago with a colleague, one of the best people I have had the pleasure to know in my life. We had an enormous challenge before us, but we never doubted our ability to get the job done. We met and worked with talented, dynamic, and compassionate individuals. During that experience, so many lives and an incredible business were transformed.

As a leader, I needed to be fully aware that running fast would significantly impact the culture and the engagement of the associates. As you are running, you need to assess the current culture and how it can support innovation, or how it could throw up barriers that impede culture needed to support this kind of innovation while creating a new culture. This was the case a few years ago. To build the community of innovators, we had to break every change management rule, strategy, and playbook. We simply didn't have time. The platform was already in ashes, and we needed to put the organization on the path toward profitability.

One of the things that made this experience so exciting for me was that my leader, a friend, trusted me and allowed me to move in a direction I'd always wanted to go. We could focus on transforming a culture, business model, and people. However, the coolest part was witnessing people transform and take flight. This was how innovation became part of their creative DNA.

Through that experience, I have learned more about who I am and what I want to do. Most importantly, I know what I do not want to do. I have learned the type of leaders I like to be around, and the kind of teams I like to be a part of — ones with:

- Passion

- Drive
- Intensity
- A spirit to learn and, sometimes, fail
- The spirit to live life fully

I witnessed people achieve what they did not imagine they could achieve. I saw them take flight when they did not believe they even knew how to fly. Together, we built a model of innovation that allowed us to not only do it as a job, but to live it, breathe it, and have fun with it.

## WHAT I LEARNED

I want to focus my learnings on how we measure success in innovation and the impact it has on team and individual engagement. I stumbled across another innovator, Adam Malofsky, who has written about innovation as a lifestyle. Adam shared an article about innovation metrics in Forbes, “Innovation is a Lifestyle, Not a Bunch of Metrics.”

The industry is caught up on ROI (Return on Investment) but not on ROI (Return on Innovation.) The metrics around these two ROIs are very different. Return on Investment is all about the money. Return on Innovation is all about the people, the process, what you have learned, and sometimes about the money.

Now don't get me wrong. I started my journey as a corporate finance person. I understand the impact to the bottom and the top line. However, in innovation, this cannot be the primary focus — or you put shackles and chains on the innovators within your organization.

*“I see innovation as a lifestyle. If you're not doing it 100 percent of the time, as a part of your body and soul, it's hard to be truly innovative.” - Adam Malofsky*

When you are a leader of innovation, you must provide space for people to breathe and explore what change looks and feels like. I used to believe that everyone could be an innovator. Now, I believe that everyone has the ability to learn the process of innovation, but not everyone is an



Shawn Nason  
CEO, Nason Group

---

# “When you are a leader of innovation, you must provide space for people to breathe and explore what change looks and feels like.”

---

innovator at heart.

## WHAT I HAVE DONE

I have made a decision to focus on living out innovation as a lifestyle. I will not focus solely on the business or the situation, but rather on the why we are doing what we are doing. As a leader, I am going to unleash the “Power of YES!” in innovation by equipping our team and our partner’s teams to envision and do things they may not believe possible.

Malofsky went on to say, “Innovation is not a program. It’s a life-long enterprise. It’s a lifestyle.” I could not agree more with him. If you have ever spent any time with me, you will see how innovation has changed my life; it drives who I am today as a

man, father, husband, and businessman.

## WHAT YOU CAN DO

If you are an innovator — a person who believes wholeheartedly that innovation is a lifestyle — I encourage you to take time to focus and declutter the obstacles in your life or work that are preventing you from living an innovation-driven life. I know, it may not be easy, but get back to the things you love. Do what you do best!

Remember, innovation is not work — it's a lifestyle! ♦

Contact the author of this piece at [shawn@nasongroup.co](mailto:shawn@nasongroup.co). Learn more about the Nason Group at [www.nasongroup.co](http://www.nasongroup.co)

---

## ABOUT POINTERS

Published by Innovation Leader, the Pointers series collects guidance and advice for corporate innovators, written by our strategic partners. Feel free to share these documents inside your organization, or with peers outside it.

Innovation Leader is a community of executives responsible for strategy, R&D, new product development, design, and innovation at large organizations. We connect those executives at live events, with webinars and conference calls, and supply information and guidance on our website – all focused on helping you achieve competitive advantage. To learn more, or to sign up for our e-mail newsletter, visit us at [innovationleader.com](http://innovationleader.com).

Like this edition and want to see more? Read older issues at [innovationleader.com/pointers](http://innovationleader.com/pointers), or stay tuned for our winter edition on digital transformation.

---