

Clare Creativity Conference

How can large organisations be innovative?

Clare College, Cambridge
13th and 14th September 2004

The Silver Bullet Machine Manufacturing Company Limited

On 13th and 14th September, 50 people assembled in the magnificent surroundings of Clare College, Cambridge, to attend a conference entitled

“How can large organisations be innovative?”

This document captures the key conference findings.



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Delegate list

Alex Wiseman	United Utilities	Head of Strategic Planning
Andy Staig	PwC	IT Innovation Leader
Barry Hendry	North Warwickshire and Hinckley College	Director of Community College
Belinda Lewis	Dept of Culture, Media and Sport	Senior Policy Adviser Public Service Broadcasting, and Charter Review Manager
Cary Adams	Lloyds TSB	Director, Business Banking
Catherine McCann	BP	Strategy Project Manager
Dr Chris Swain	Merck Sharp & Dohme	Senior Director
Dr CV Natraj	Unilever	Senior Vice President, Corporate Research
Daren Martin	Egg	Technology Director
David Evans	The Berkeley Partnership	Senior Partner
David Winter	PwC	IT Innovation Leader
Henry Kenyon	PwC	Partner
Jim Gamble	National Crime Squad	Assistant Chief Constable
John Rountree	NovaSecta	Managing Director
John Speed	European Court of Auditors	Director of Human Resources, Informatics and Telecommunications
Dr Karen Morton	Weir Valves and Controls	Principal Engineer
Ken Poole	PwC	Director

Kevin Mansell	Commission for Social Care Inspection	Business Relationship Manager
Mark Batey	University College, London	Graduate student
Mark McNulty	Weir Techna	General Manager of Engineering
Mark Wood	G Adams	Managing Director
Martin Ansell	GE	Operations Manager
Martin Devaney	Wedgwood	Brand Director
Mike Romanos	GlaxoSmithKline	Vice President, Gene Expression and Protein Biochemistry
Neal Jones	Lloyds TSB	Customer Offers Director, UK Retail Bank
Peter Ibbs	Wedgwood	Range Control Director
Phil Morris	The Nichols Group	Consultant
Robin Worboys	TV Learning	Director
Roger Leech	Unilever	Operations Manager
Sharon Lemon	National Crime Squad	Detective Superintendent
Shaun Kennedy	Infineum	Technology Vice President
Steve Calvert	GlaxoSmithKline	Vice President Cheminformatics & Screening Sciences
Steve Moore	ICE³ Innovation	Managing Director
Tony Stansfield	Egg	ETS Leadership Team
Walter Watson	Scottish Power	Strategy and Planning Manager

The Silver Bullet Team

Andreas Kaempf
Anny Sherwood
Martin Delbridge
Monique McKenna
Penelope Spencer
Tim Paley
Torben Sherwood

Conference faculty

Adrian Furnham...

...is Professor of Psychology at University College, London, a well-known broadcaster, and the distinguished author of over 40 books, including *The Psychology of Behaviour at Work*, *The Incompetent Manager*, and his latest title, *The Dark Side of Behaviour at Work: How to understand and avoid employees leaving, thieving, deceiving and whistle-blowing*.

Danny Greenstone...

...is one of the UK's foremost writer/producers for radio and television. While at the BBC he co-created and produced *The News Quiz* and, for television, has been at least partly responsible for *Game For A Laugh*, *Tell The Truth*, *How Do They Do That?*, *Small Talk* and *Pop Idol*. His current slate includes an innovative new quiz in which viewers will see behind the scenes in the production gallery as the producers attempt to manipulate the outcome.

Dennis Sherwood...

...is Managing Director of *Silver Bullet*, and one of the country's leading experts on creativity and innovation. He was for 12 years a consulting partner with Deloitte Haskins and Sells, and Coopers & Lybrand, and subsequently an Executive Director at Goldman Sachs and Managing Director in the UK of SRI Consulting. He is the author of 9 books, including *Smart Things to Know about Innovation and Creativity*, and *Seeing the Forest for the Trees - A manager's guide to applying systems thinking*.

Patrick McKenna...

...is a partner in Edge International, a consulting firm specialising in services to law firms. Patrick is an expert on the management of professional staff, and the co-author of two best-selling books, *Herding Cats* (with Jerry Riskin) and *F1rst Among Equals* (with David Maister).

Peter Hiscocks...

...is Director of Cambridge Enterprise, and specialises in the management of innovation, the commercialisation of ideas, entrepreneurship and new business ventures. Peter has also held appointments as Managing Partner for Integral Europe Ltd, and as a Director of Scientific Generics.

Robert Glen...

...is a fellow of Clare, and since 1999 has been Unilever Professor of Molecular Sciences Informatics at Cambridge University's Department of Chemistry. Robert's previous experience is in pharmaceuticals, working at ICI and Wellcome, as well as setting up his own biotech consulting business. He is the co-inventor of AstraZeneca's anti-migraine drug, *Zomig*.



Conference programme

How can large organisations be innovative?

Programme for Monday 13th September

The centre-piece of this day's activity was *THE BIG DEBATE*

This House believes that creativity is born, not made

Time	Event	Venue
from 12:30	Registration	Godwin Room
1:00 - 2:00	Lunch	Great Hall
2:30	Welcome	Latimer Room
3:00	<i>THE BIG DEBATE</i> - Main speeches	Latimer Room
4:30	Afternoon tea	Great Hall
4:50	<i>THE BIG DEBATE</i> - Speeches from the floor and final vote	Latimer Room
5:45	Close of day 1	
7:00	Drinks reception	Scholar's Garden
7:30	Dinner - after dinner address by Danny Greenstone	Great Hall

How can large organisations be innovative?

Programme for Tuesday 14th September

Most of this day was spent in discussion groups: two in the morning, and one in the afternoon.

Each discussion group had the challenge of solving a particular problem concerning innovation, and was asked to capture their findings and ideas on a series of flip-charts.

After each discussion, groups were invited to bring their completed flip-charts to the Latimer Room, where they were posted to the walls. Then, at 12:30 and 3:30, everyone had the opportunity to read the flip-charts, and to share and discuss their findings.

Time	Event	Venue
8:00 - 8:45	Breakfast	Buttery
9:00	Introduction to day 2	Latimer Room
9:15	First syndicate session	Various
10:45	Morning coffee	Great Hall
11:00	Second syndicate session or Creativity workshop	Various
12:30	Syndicate share	Latimer Room

Time	Event	Venue
1:00	Lunch	Great Hall
1:45	Third syndicate session	Various
3:15	Afternoon tea	Great Hall
3:30	Syndicate share	Latimer Room
4:00	General discussion	Latimer Room
4:30	Concluding remarks	Latimer Room
5:00	Close	



THE BIG DEBATE

This House believes that creativity is born, not made

The debate was chaired by

Patrick McKenna

Partner, Edge International

The motion was proposed by

Professor Adrian Furnham

Professor of Psychology, University College, London

The motion was opposed by

Dr Dennis Sherwood

Managing Director

The Silver Bullet Machine Manufacturing Company Limited

This House believes that creativity is born, not made

The debate was conducted as follows:

Following an introduction to the debate by the Chairman, **Patrick McKenna**, all delegates were asked to participate in an opening vote, as to whether they initially agree with the proposition (aye), or disagree (no).

Professor Furnham then proposed the motion in a speech lasting approximately 30 minutes; **Dr Sherwood** replied in opposition, in a speech of similar duration.

On completion of the speech for the opposition, **Professor Furnham** exercised his right of reply for some 10 minutes; **Dr Sherwood** then had 10 minutes to reply in turn, and for the opposition's closing statement.

Finally, **Professor Furnham** had a further 2 minutes for the proposition's closing statement.

There was then a break for 20 minutes for afternoon tea and informal discussions, after which **Chairman McKenna** invited speeches from the floor.

After these speeches, **Chairman McKenna** offered the opportunity of making a concluding remark firstly to **Professor Furnham** and then to **Dr Sherwood**.

Chairman McKenna then asked all delegates to cast their closing votes.

The following two pages capture the essence of the main arguments: the full speeches can be heard on Disc 1.

The proposition...

Professor Furnham spoke with eloquence, wit and erudition, and opened his speech by reassuring us that many things can be taught, and many people can become better at accomplishing various tasks as a result. But can intelligence be taught? Or charisma? Or wisdom? Or indeed creativity? In Professor Furnham's view, creativity requires a mix of specific factors, factors that are durable, stable, partly inherited, and very difficult to change.

What are these factors? Intellectual ability, relevant knowledge, a particular personal thinking style, intrinsic motivation, and an appropriate environment. All are necessary, together, as a bundle - any one by itself is insufficient. Their common characteristic? None of them can be taught.

All research, affirmed Professor Furnham, demonstrates unequivocally that people cannot be taught to be creative. Yet there are many courses which promise to do just that. Why is this? For the simple reason that, whenever there are people who seek something - to become richer, healthier, more attractive or thinner, and preferably with no explicit effort - the market will always provide. Whether the solution works or not does not matter - people will still hope that it does. These courses are of a variety of types, each purporting to 'solve' a particular problem. So we have the 'muesli' approach, which seeks to unblock; the 'dominatrix', to unleash; the 'arsonist', to light the spark; the 'kindergarten', to encourage play; and the 'jail', for we are all in a box we need to break out of. And then there's brainstorming - a particularly unproductive experience. Why? For three reasons - social loafing, the apprehension of adverse evaluation by others, and the inhibition inflicted on the more introverted by the more extroverted, who use brainstorming as a stage for showing-off. No. Short courses do not work. They are a triumph of hope over intellect, a waste of money, a bad investment.

Creativity is undoubtedly important in business and organisational life. To be successful, urged Professor Furnham, put your money into selection, not training. To paraphrase Emma Freud's 'creative minds have always been known to survive any type of bad training', 'non-creative minds have never been known to benefit from any kind of good training'. Creativity is indeed born, not made.

...and the opposition

Dr Sherwood opened his opposing speech by agreeing with Professor Furnham on three points. Firstly, genetics does indeed determine the primary 'hardware' of creativity, the brain - "that is the primary difference between me and an oak tree". Furthermore, Dr Sherwood was willing to accept that any measurement of an attribute as complex as creativity across a population will give a distribution of scores. Thirdly, Dr Sherwood agreed that conventional 'brainstorming' doesn't work.

But as to the rest, Dr Sherwood profoundly disagreed. In particular, he challenged two specific issues: the validity of psychometric tests for creativity, and the claim that any measure of creativity is intrinsic, innate and static.

In challenging the psychometric tests, Dr Sherwood took the example of the familiar 'nine dot' puzzle, in which nine dots, in a 3 x 3 pattern, have to be joined by four straight lines without taking the pencil off the paper, or by just a single straight line. This seemingly impossible task is easily solved by firstly observing insightfully what we see before us, and then exercising just a little imagination. For example, when we notice that the paper on which the nine dots are drawn is flat, we can ask "how might that be different?", and imagine that the paper might be folded. In which case all nine dots can be brought together on the 'ridges', and easily joined with a single straight line...

Dr Sherwood affirmed that this example is no mere party trick: observing what happens now, and asking "How might this be different?" is a powerful generic process which can be used to discover new ideas in all areas of organisational life, from new products to new processes, from new structures to new relationships and new strategies. For we can all observe. And we can all enquire. Yes, brainstorming is indeed flawed, but not for the reasons cited by Professor Furnham. It is flawed because a blank sheet of paper is the wrong metaphor. Our starting point is not a blank sheet, but a very full sheet indeed: full of a wealth of knowledge, learning and experience. And by asking "How might this be different?", we can use this knowledge as a springboard to wonderful new ideas. By learning, and practising, this process, we can all generate more, better ideas. Creativity can indeed be taught - and learnt.

Selected extracts from the speeches from the floor...

“In my view, creativity is a combination of two things: the way the brain is wired, and the way a problem is formulated and structured. I don’t believe you can learn to rewire your brain, but I do believe it is quite possible to learn how to reformulate and restructure a problem, to look at it from a different perspective. This restructuring can be very effective.”

Dr CV Natraj, Unilever

“Doesn’t it all depend on how you define creativity? There’s a spectrum: if we’re talking about solving day-to-day problems, then I would expect everyone to be involved and make a contribution; but if we’re talking about ‘major’ creativity, then maybe it’s better to rely on a few ‘gurus on a very long leash’.”

Mike Romanos, GlaxoSmithKline

“We’ve been talking about whether creativity is a question of nature or nurture. That’s interesting, but isn’t the more important question whether or not an employer actually wishes to use the creativity that is potentially available? My experience is that many employers don’t.”

Barry Hendry, North Warwickshire and Hinckley College

“I’ve done a lot of work in the US, and I’m convinced that business in America is much more creative than in Europe. Not because people in the US are born more creative, but because they have the self-belief that they can do it. The ‘can do’ culture is pervasive and self-reinforcing: the more you hear it and experience it, the more you do it, and the better you get at it. On the other hand, in a culture which promotes the view that creativity is something you’re born with, most people lose hope, so few people actually do it.”

John Rountree, NovaSecta

Note: although these remarks have been presented using quotation marks, they are not *verbatim* quotations - rather, they are paraphrases of what we believe to be each speaker’s intent. We trust we have not misrepresented anyone! The actual words can be heard on Disc 2,.

... more selected extracts from the speeches from the floor

“I believe a large number of people are born with the ability to be creative; how that’s nurtured and developed depends on the environment in which they work. Getting creative solutions is also about bringing together people with expertise from different disciplines to look at a familiar problem from a different direction.”

Jim Gamble, National Crime Squad

“I think there is a subtle difference between *creative* people and *innovative* people: creative people have ideas, but innovative people have the drive to push the idea through the culture of the organisation.”

Karen Morton, Weir Valves and Controls

“I believe we’ve all ‘got it’, and so the issue isn’t whether the individual has ‘got it’ or not, but whether the individual *uses* it or not - or indeed is *allowed* to use it .”

Danny Greenstone, FremantleMedia

“The creativity I’ve seen within GE from individuals and teams is tremendous - even though there are some very regimented and analytical internal processes such as *Six Sigma*. Where does this creativity come from? I believe it comes from the culture and the environment within GE, where a fundamental belief is that nothing is impossible.”

Martin Ansell, GE

“My belief is that education in this country suppresses creativity. For example, if one of my sons were asked in school, “What is x if $1 + x = 3$?”, and were to reply, “The number of hours before I can get out of this room”, I’m sure he’d be marked ‘wrong’. Even if there were two hours to the end of school.”

Cary Adams, Lloyds Bank

Note: although these remarks have been presented using quotation marks, they are not *verbatim* quotations - rather, they are paraphrases of what we believe to be each speaker’s intent. We trust we have not misrepresented anyone! The actual words can be heard on Disc 2.

And the result

**Before the debate commenced, Patrick McKenna had invited delegates to declare their position, 'for' or 'against'.
This initial vote was marginally 'against'.**

And at the end of the debate, Patrick again convened a vote, and the result was exactly as it had been beforehand!

So, nobody had changed their mind - but everyone had enjoyed the event immensely!

Danny Greenstone



Creating entertainment

Our after dinner speaker, Danny Greenstone, joined the BBC from school as a filing clerk, and by an appropriately creative subterfuge, finagled his way into scriptwriting for radio. And he has been a scriptwriter-producer ever since, originating, and contributing to, a host of shows from *The News Quiz* to *Pop Idol*. So how does creativity work in the media?

Most importantly, it's a team effort. You must have a writer, you must have a performer, and you must have a producer. Each brings a special form of talent, but it's the collective talent that counts. Is one of these talents more important than others? No - nor does it matter. For sure, there are some very famous names around - Ray Galton and Alan Simpson were a writing powerhouse responsible for the scripts for shows such as *Steptoe & Son* and *Hancock's Half-hour*; a comedian such as Rory Bremner is a great performer; and although the names of the producers - like me!!! - are not household names, within the business, having a top producer can transform an ordinary-looking show into a stunning programme. "All successful shows," said Danny, "have a single common factor: the three talents of writer, performer and producer are blended together to produce something that is much more than the sum of its parts."

And their roles? The writer, of course, creates the lines, the gags, the story. The performer's role - especially in comedy - is not just to put the lines over as convincingly as possible, but also to be *likeable*: every great comedian, from Arthur Askey to David Brent, has that magic elusive 'likeability' factor. And the greatest role that the producer can play is to break the rules. Like the 'rule' that you can't portray Jeeves and Wooster on any medium other than the printed page - until that was broken by Denis Price and Ian Carmichael. Like the 'rule' that comedy couldn't be 'middle class' - until *The Good Life*.

"So," asked Danny, "if in television, the most explicitly 'creative' of all industries, it takes three, how does it work in your industry? Who's the scriptwriter - the originator of the core content? The performer - the person who sells the idea? The producer - the person who makes it all happen? If in television, it needs all three, I'd be amazed if in other industries it didn't - but perhaps the roles aren't as explicit. So maybe that's a problem to solve... And let's also remember another golden rule we all cherish in television - there's no such thing as a bad idea."



Syndicate discussions

The twelve syndicate topics

1.	What forms of organisational structure are the most effective in stimulating innovation in large organisations?
2.	What is the most effective way of designing performance measures to encourage creativity and innovation in large organisations?
3.	“That’s a great idea, but it’s not within our strategy. So I’m sorry, but...” To what extent is this a beneficial statement of focus, or a woeful admission that maybe the strategy is wrong?
4.	How can large organisations best liaise with academic research departments to optimise their innovation?
5.	What are the most powerful methods of recognising and rewarding creativity and innovation in large organisations?
6.	What is the most effective role for a central innovation department ?
7.	How can large organisations best evaluate new ideas fairly and wisely?
8.	How many different ways can we discover of embedding creativity and innovation as a natural aspect of the day-job?
9.	How can large organisations set realistic expectations about the potential value of a new idea?
10.	How can large organisations best identify, and deal with, disruptive technologies ?
11.	How can large organisations build a true culture of creativity and innovation?
12.	Creativity workshop - how to generate stunning ideas

What we did

On the second day of the conference, delegates were invited to participate in three syndicate discussion groups, selected from the list on page 28, which collectively explore many of the significant issues we all face.

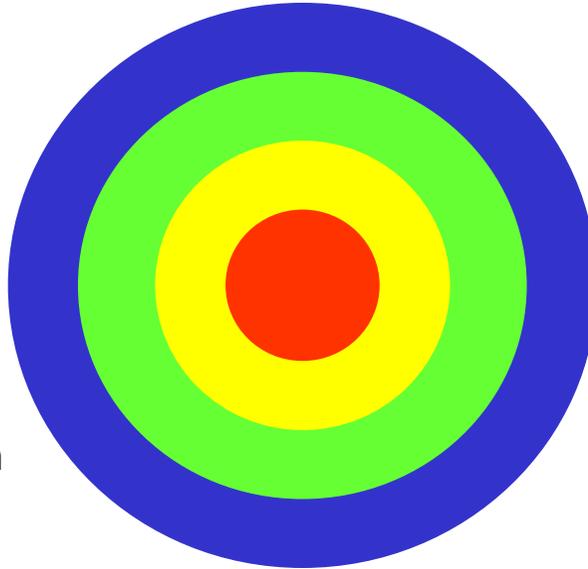
As can be seen from pages 31 to 122, the various discussions, each facilitated by one of the conference faculty, were well-informed and lively...



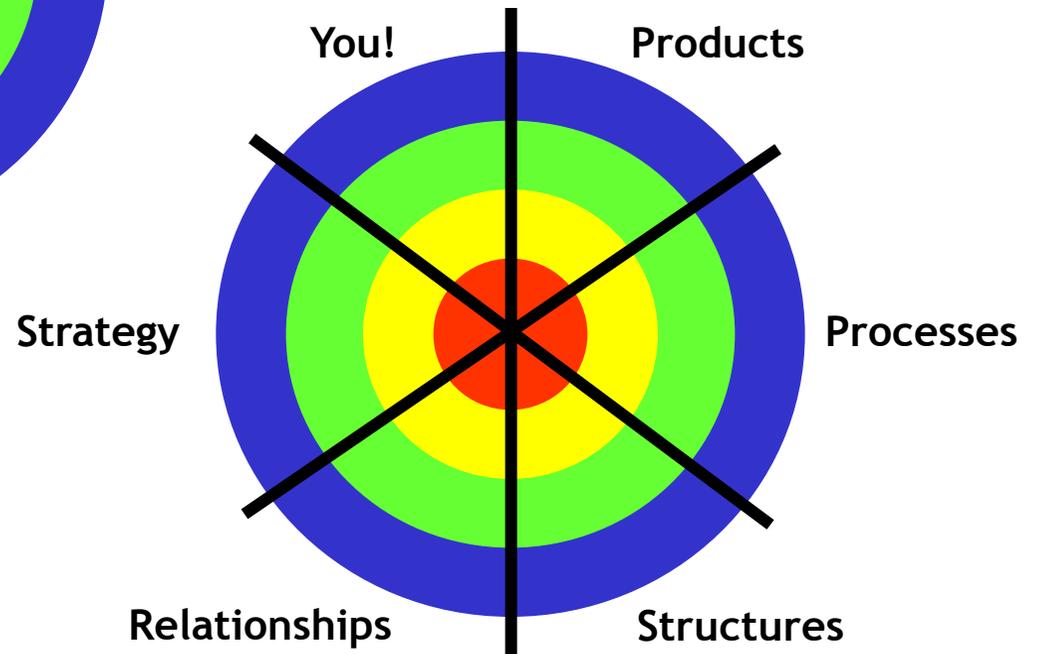
What is innovation?

Innovation is a process...

-  Idea generation
-  Evaluation
-  Development
-  Implementation



...applied to a number of domains



Organisation structure

Facilitated by Patrick McKenna

What forms of organisational structure are the most effective in stimulating innovation in large organisations?

Your task

Your syndicate is a cross-functional team set up by the CEO of a global company to explore the most effective form of organisational structure to stimulate innovation. Your task is to formulate a set of recommendations relating to:

- the **key issues** associated with the choice of an organisation structure designed to stimulate innovation
- the **major pitfalls** that someone designing such a structure might encounter, and so should avoid
- your suggestions as to **best practice** for the design of the structure
- any **ideas** on this topic that you would like to share with the other delegates.

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience of organising for innovation. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- organisation structures they have experienced
- what worked well for each, and what worked not-so-well
- key elements of best practice
- any ideas on this topic that you would like to explore further.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions. It may be the syndicate's view that there is no single, unique 'best' structure - in which case, the syndicate is invited to define what needs to be done to make different structures work effectively.

Organisation structure

Creativity and innovation pose a powerful organisational dilemma. The success of the organisation depends not only on the skills and talents of its people, but also on the structures in which those people exist, and on the various organisational processes which help make things happen smoothly. At first sight, however, the concepts of 'creativity and innovation' appear to be in total opposition to the concepts of 'structure and process'. Surely, won't any 'process' stifle creativity? And equally surely, won't any 'structure' inhibit innovation?

Are 'creativity and innovation' truly in eternal conflict with 'structure and process'? Or can this apparent paradox sensibly be resolved? That's what this discussion was all about...

A fundamental issue is to recognise an important distinction between 'creativity' and 'innovation'. 'Creativity', the generation of ideas, is inherently an activity of a *single individual*, for only an individual human brain can have an idea - but that idea, once articulated, can be enriched by group discussion. In contrast, 'innovation', making that idea real, is necessarily an activity of *the organisation*, for it is only in the rarest of cases that a single individual or small group has the resources and authority to see that idea through development and implementation. To bridge the gap between the individual and the organisation, there must be some degree of structure, and of process, for otherwise things degenerate into chaos. The 'trick' is clearly to make that structure, and the corresponding processes, supportive of creativity and innovation, rather than in opposition to them.

As regards creativity, one example of a supportive process is to encourage knowledge sharing, dialogue and discussion. Yes, each idea originates in the mind of a single individual, but - as already stated - an original idea is much enriched by discussion. One benefit of the 'organisation' is the ability to bring different individuals within that organisation together. So any organisation that can actively build an organisational 'brain bank', by establishing the appropriate level of connectedness between individuals, is bound to be a 'winner'. And if the organisation can also ensure that the 'downstream' activities of evaluation and development are well-structured too, this can only help.

Organisation structure - Do size and structure matter?

- The size, and stage of development, of the organisation is very important in terms of the level of innovation that it can achieve.
- Small organisations function and flourish because they are innovative, but large ones are almost bound to fail at being innovative because of the organisational need for structure and process.
- Start-ups require innovation and passion in order to be successful.
- Organisation structure should not stop innovation - but some structures definitely don't help.
- When a company moves from a centralised to a de-centralised structure, its capacity for innovation changes, but why and how this happens is not well-understood.
- It's not clear whether a centrally driven or locally driven structure is the more appropriate to stimulate innovation.
- Some structures are 'mindlessly global' and 'hopelessly local'.
- 'Light hand on the rudder' structures work well - but require the centre to have great confidence in the abilities of the people running local businesses, and who may be very distant from the centre.
- If people come from different backgrounds and are organised in small teams then they can be quite innovative. If they all come from the same background, and are conditioned to believe that innovation is not needed and that change is impossible, then innovation will not occur.
- In some structures, such as professional partnerships, the only way change can occur is on the basis of consensus. The tough 'this is what we are going to do' approach usually doesn't work.

Organisation structure - Making change happen

- A structure that generates a hostile environment will have to be modified to provide some element of safety for innovation. Similarly a 'fat and comfortable' environment will have to be 'disturbed' in order to stimulate the generation and action of new ideas.
- Large organisations have massive resources and inertia. The inertia implies that the energy needed to shift 'the way things are' can be substantial.
- Many external factors can stimulate change, for example, when an organisation is publicly criticised for not sharing data, it can transform overnight from being protective of data to wanting to share everything...
- ...on the other hand, many external factors (regulation in particular) are designed to make the organisation minimise risk - the role of a compliance department, for example, is often seen as being there to say 'No'. In these circumstances, the way to innovate and achieve change happen is to make sure that initiatives are kept 'below the parapet' and are not seen to represent a significant risk to any part of the organisation.
- To help make change happen, the structure should allow or permit people who have a passionate interest in an issue to be invited to join a project to design and deliver the solution.
- In some cases the organisation structure is built around functional skills, but the solution to a problem often lies in bringing together a multidisciplinary team.
- Employment contract terms (for example, you will work anywhere) alter perspectives and may promote behaviours that counteract parochial behaviours, helping people feel part of a larger group rather than a local, smaller entity.

Organisation structure - Things that help innovation...

- The role of the CEO can be crucial in convincing people that innovation is worthwhile.
- For ideas and innovation to succeed, you need to have a champion at a very powerful level.
- Generating space - in terms of available time - for innovation really helps.
- Setting guidelines, rather than rules, can foster a better environment for innovation.
- Being in a structure where the service provider is closer to the customer promotes idea generation.
- Innovation occurs most effectively when an organisation brings together a multidisciplinary team in which members share their experiences.
- Small teams (say 10 people) seem to care more about each other and the customer, and this helps generate good and relevant ideas.
- Innovation comes from individuals. This suggests that it is best to create groups of individuals of a size that members can identify with, and care about.
- A structure which is often successful is one where individuals have their own responsibilities, but the team is accountable for the delivery of a successful outcome.
- Structures need to make 'participation' attractive.
- A particularly powerful form of bonus payment is one linked to demonstrated performance of having gone outside your own entity and having helped *others* achieve *their* objectives.
- Offering the opportunity for a 'sabbatical' or other release or 'escape' mechanism is one way that inflexible organisations can overcome their difficulty in achieving change and innovation - it allows people to be released to follow their passions.

Organisation structure - ...and things that get in the way

- The drive for (often short-term) profit is seen by many organisations as more important than innovation. This is particularly the case in large, risk-averse organisations, implying that, if the organisation is to be successful at innovation despite these pressures, appropriate structures and processes need to be designed to compensate for, or mitigate against, this prejudice.
- Organisational success can be a major barrier to innovation, for two reasons. Firstly, success can lead to complacency - “We don’t need to do anything new, we’re doing fine just as we are”. And secondly, if it is argued that the current success is due to the existing ‘process’, then any suggestion of change to that process - as might be required to stimulate innovation - will be considered to be a ‘bad thing’.
- Although the ‘process’ can be an inhibitor to creativity, if there is no ‘process’ in a large organisation then nothing happens - or it’s chaos. So there is a need to achieve a balance between, on the one hand, the need for process to allow the organisation to function, and on the other, the need for freedom to allow creativity.
- Silo (vertical) structures work against innovation as they inhibit cross-organisational working.
- Vertical structures almost always have horizontal issues and problems. The resolution of these problems requires mechanisms that cross the vertical boundaries.
- Innovation can be stifled if there is a strong vertical structure, as it can prove to be almost impossible to resource cross-silo teams and to achieve cross-organisational, large-scale innovation and change.
- A structure that promotes a blame culture will result in low risk taking, and therefore very limited change and innovation.

Organisation structure - It's all about culture

- Structures that value humility can achieve amazing results.
- When you move from a rule-bound environment to a looser environment and don't change the people then creativity goes up - suggesting that innovation is not something people are born with.
- Pre-meeting briefings help achieve consensus and get people to work towards a common goal. This can be time consuming, but is often necessary - and a worth-while trade-off - in order to get a good result.
- Transferring people who have successful track records in making ideas happen around the organisation can have a powerful effect on the organisation's overall ability to innovate...
- ...but people become very precious about their ideas, and just transferring *individuals* won't necessarily result in the transfer of *ideas*.
- Innovation can be stimulated by focusing on, and leveraging off, what motivates the individual, and by exploiting how success is measured at the individual level. In some organisations, competition - from external organisations or within the group - can be a powerful motivator, but this won't work in a non-competitive environment like the Civil Service!

For more on the importance of culture, see pages 107 - 115.

Organisation structure - Ideas and recommendations

- Where a particular innovation has flourished in a particular area, transfer the individual to other areas to 'spread the word'.
- One-third of the annual bonus should be awarded on the basis of a clear demonstration that you have helped *someone else* achieve *their* objectives - this promotes teamwork and sharing.
- Create a pilot project in which *others* can become active, and participate - incremental build.
- Build consensus - critical mass - incrementally, so that others will follow.
- Build in some form of flexibility - secondments, access, sabbaticals, flexible or mobile contracts...



“Creativity is about intellectual freedom, so it cannot be constrained by a process.” Discuss...

The polarisation between ‘creative freedom’ on the one hand and ‘process’ on the other appears to present a paradox, in response to which the creativity freedom fighters vigorously defend their right to ‘no constraints’, to the frustration of ‘management’.

But can the paradox be resolved by distinguishing between two very different types of ‘process’? The first type of ‘process’ is one which constrains people to do things in a certain way, so that the nature of the outcome is precisely in accordance with some predetermined format. This, of course, is about compliance, and about meeting *Six Sigma* quality standards. But there is a different type of process, a ‘process’ which helps people to think constructively and productively about a problem, rather than constraining the outcome. This kind of process is a *heuristic*, a method for tackling complex problems in an insightful and intelligent way, rather than an *algorithm*, which is far too mechanical.

The heart of the issue is this. When tackling a complex problem, what do you actually think about? What do you do in your brain? What do you focus your attention on? Do you simply sit there, staring at a blank sheet of paper, waiting for the lightning to strike? Or do you do something deliberate and systematic, something that increases the likelihood of discovery?

‘Brainstorming’ conventionally advocates the ‘blank-sheet-of-paper’ approach, supported by a social contract of politeness. But it doesn’t offer any guidelines for what you actually do in your brain. As an aid to creativity, brainstorming is therefore not particularly effective, except in so far as it gets people away from the day-job for a short time, so decreasing the effect of interruption and distraction. Far, far more effective is *InnovAction™*: as described on page 118, *InnovAction™* is a rigorous process in which you start from what you know, disaggregate the familiar into its component parts, and then, systematically, search for differences. Yes, it is a ‘process’ - but a process which guides *what you think about* rather than *what you think*. The distinction is fundamental.

Performance measures

Facilitated by Peter Hiscocks

What is the most effective way of designing performance measures to encourage creativity and innovation in large organisations?

Your task

Your syndicate is a cross-functional team set up by the CEO of a global company to explore the most effective performance measures to encourage creativity and innovation. Your task is to formulate a set of recommendations relating to:

- the **key issues** associated with the choice of performance measures designed to encourage creativity and innovation
- the **major pitfalls** that someone designing such performance measures might encounter, and so should avoid
- your suggestions as to **best practice** for the design of the performance measures
- any **ideas** on this topic that you would like to share with the other delegates.

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience of performance measures. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- performance measures, embracing all aspects of creativity and innovation, that they have encountered
- what worked well for each, and what worked not-so-well
- key elements of best practice
- any ideas on this topic that you would like to explore further.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions. It may be the syndicate's view that there is no single, unique 'best' set of performance measures - in which case, the syndicate is invited to define what needs to be done to make different sets of measures work effectively.

Performance measures

“If you can’t measure it, you can’t manage it” is a familiar adage. But how can we design a set of performance measures which actively manage creativity and innovation and allow us to demonstrate measurable success, but without encouraging unhelpful behaviours and even cheating? For we all know how performance measures drive behaviours, and there are any number of stories about how ‘the system’ was manipulated to make a given performance measure look good - from the hospital who always had very short queues in the Accident & Emergency ward, achieved by keeping people on seats or stretchers in ambulances, where they aren’t counted, to the organisation which measured ‘ideas generated’, thereby encouraging everyone to contribute heaps of very ill-thought-through rubbish.

One specific, and important, issue is the difference between measures of output (such as revenue earned from new ideas) in contrast to measures of input (such as time spent on idea generation). 3M famously has an output performance measure that 30% of its revenue in any year must be attributable to products that were not in its catalogue four years previously, and 3M is indeed a highly successful manifestation of an innovative powerhouse. To make this happen, of course, all the ‘upstream’ activities of idea generation, evaluation, development and implementation have to work extremely well. This suggests that the setting of such a performance measure acts as a driver on all the ‘upstream’ activities to make sure that they all do indeed work. In an ideal world, this is true. But in the real world - especially in an organisation which is seeking to enhance its creativity and innovation - to introduce ‘output’ performance measures could well be the path to failure: “Yes, we do have a measure that x% of our revenue should come from new products, but in fact we never achieve it. The problem is, we don’t know why...”

Maybe it’s wiser, especially for organisations where the explicit encouragement of creativity and innovation are relatively new, to start with measures of input, and of process: measures like ‘number of people trained’, ‘number of idea generation workshops held’, ‘time taken for ideas to be evaluated’. That way, the ‘right’ behaviours can be directly encouraged, and made to happen, and the prize of great ideas is the result...

Performance measures - Key issues...

- Don't overcomplicate: any approach which uses large numbers of performance measures - reference was made to systems using 38, 42 and even 64 individual measurements - is doomed to failure.
- Recognise that performance measures drive behaviours - everyone wants their performance measures to look good, even if the behaviour required to do that is counter-productive. So, before introducing a new performance measure, think very carefully about:
 - the full range of possible behaviours the measure might encourage, many of these being unintended
 - what might be done to 'cheat'.
- Some measures apply to outputs (say, the revenue attributable to a new product), and some to inputs (for example, the number of hours spent generating ideas). If innovation is relatively new to an organisation is it wiser to start with a portfolio of input measures (number of people trained, hours spent generating ideas...), and then, over time, introduce output measures (number of ideas successfully implemented, additional revenues and profits achieved)?
- Sometimes rewards are not made soon enough after idea generation, so failing to encourage individuals to innovate.
- Making people responsible seems to work; some 'soft' measures of behaviour, if well-defined, seem to be effective. If encouragement of the right behaviours works for Health and Safety, will it work for innovation and creativity?

Performance measures - ...and some more key issues

- What about electronic measures, based on surveys? In particular, one delegate spoke well of the OCI (Organisational Culture Inventory), which his organisation had deployed to significant benefit because:
 - it was implemented and used quickly and easily
 - leadership both listened to it, and acted on it
 - they devised various ways in which the economic success of the departments was linked to the survey results
 - it can be linked to the 'balanced scorecard'.
- But beware the questions on surveys! “Do you have enough time to be innovative in your job?” always gets a low score...
- Linking performance measures to reward - especially pay - can be fraught with difficulty. Being seen to be fair can be very hard.
- Performance measures can encourage counter-productive internal competition - for example, the case in which the manager gets the bonus for the efforts of the team. This can apply on a bigger scale too - how many Nobel Prizes have been won by laboratory heads for work done largely by their graduate students?



Performance measures - Ideas and recommendations

- Whatever is important, you need to measure it! But is there a universal set of metrics which can be used in all organisations to encourage innovation and creativity? The answer was either “no” or “it depends”. But what on? How about:
 - the stage of the lifecycle of the products of the company (for example, where you need the innovation)
 - the type of organisation
 - how ideas link to the company’s performance.
- There could be a case for developing a long list of potential measures. and then deciding which of them are appropriate for encouraging the organisational performance in creativity and innovation.
- Beware the consequences of measuring - we don’t want to end up wandering around aimlessly like the traffic wardens in New Zealand whose performance measure includes ‘distance walked’!
- Work out the cause-and-effect relationships, and filter out the noise to see what the true drivers of performance and behaviour really are. But don’t use too many measures - if you do, you are likely to have no idea why anything truly happens, or which specific measures are encouraging which specific behaviours.
- Money and quantity aren’t in themselves enough: we need a ‘balanced’ set of measures.

Koestler's Law and emergence - the twin keys to creativity

In *The Act of Creation*, first published in 1964, Arthur Koestler writes:

The creative act is not an act of creation in the sense of the Old Testament. It does not create something out of nothing; it uncovers, selects, re-shuffles, combines, synthesises already existing facts, ideas, faculties, skills. The more familiar the parts, the more striking the new whole.

Koestler's definition is enormously important:

- Firstly, it states that *you don't have to be a genius, or lucky*.
- Secondly, it tells us that the process underlying idea generation is *the formation of a new pattern of component parts that already exist*.
- Thirdly, as a result, *we can all contribute - we can all be creative*, for there is a process we can all follow: a process of pattern formation, just like manipulating a jig-saw, or playing with Lego bricks.

Examples of Koestler's Law are everywhere. All music comprises different sound patterns of the same notes; all matter is formed from different molecular patterns of the same chemical elements; the Sony *Walkman* is a physical pattern characterised by neatness, the cassette tape, and headphones, but without the conventional tape recorder's ability to record. Sony did not invent neatness; nor the cassette tape (first introduced by Philips); nor headphones (which pre-date speakers). But Sony were the first to create the new *pattern*, formed by bringing these pre-existing component parts together. And they did it 'just right' - the *Walkman* wouldn't work if the jogger had to carry those bulky speakers.

The 'just-rightness' of the *Walkman* is a powerful example of *emergence* - the property of a *system of appropriately connected parts* to exhibit characteristics that appear at the level of the system, rather than at the level of any of its components. An example: "*He went to the bank*". This is a system, which we call a 'sentence', of appropriately connected parts, which we call 'words'. The system demonstrates the emergent property of 'meaning' - we understand what the sentence is saying. This meaning cannot be inferred from the individual component parts: I can study the word 'to', in isolation, for ever, yet this will never throw any light on the meaning of the sentence, which can be inferred *only* from the system *as a whole*. Also, if I connect the parts together in another way, say, "*the he bank to went*", the meaning disappears; likewise, if something is missing - "*I went to the*" - this doesn't work either. 'Good' patterns can therefore be distinguished from 'poor' patterns by virtue of the presence, or absence, of emergence.

Creativity is the formation of a new pattern, from pre-existing component parts, such that the resulting system exhibits an emergent property that has interest or value, in an appropriate context.

Strategy

Facilitated by Dennis Sherwood

*“That’s a great idea, but it’s not within our strategy.
So I’m sorry, but...”*

**To what extent is this a beneficial statement of focus, or a
woeful admission that maybe the strategy is wrong?**

Your task

Your syndicate has been invited by the CEO of a global company to advise on this problem. The CEO tells you that, five years ago, a team of engineers had requested funds for the development of a new product. The request had been rejected on the grounds that the proposed product was outside the group’s strategy. The engineers had subsequently left, obtained funding from venture capitalists, and had now launched an absolute blockbuster. The CEO feels that a great opportunity had not only been missed, but deliberately turned down - and he doesn’t want to make the same mistake twice. What would you advise?

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience of strategy formulation and implementation. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- The extent to which, in the delegate’s experience, the ‘fit’ to the organisation’s strategy has, or has not, been a key criterion by which a new idea is accepted for development, or rejected.
- If a good ‘fit’ has been an important criterion, to what extent has this led (or might this have led) to lost opportunities? And does this matter?
- If a good ‘fit’ has not been an important criterion, how has the organisation handled the resulting diversity? And what was the role of the strategy?
- What do you consider to be best practice in handling new ideas that are on the ‘strategic edge’?

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions.

‘Strategic fit’ - is it relevant?

Strategy is an essential component of wise management, and the more senior the manager, the more time, effort and energy is devoted to it. Strategy defines what the organisation wishes to be, and how it is to move from ‘here’ to ‘there’. But, by the same token, it determines what the organisation is *not*, and what, explicitly, it *shouldn’t* do.

This focus, of course, has many benefits, for it defines a very clear sense of mission, which everyone in the organisation can be motivated by. We all know the story of the cleaner in NASA, who was diligently sweeping an office, and when asked, “What are you doing?” replied, “I’m helping to land a man on the moon!”.

But is there a downside too? A downside made explicit by recognising that there may be opportunities which were not on the ‘strategic radar’ at the time the strategy was formulated, or even an opportunity that was on the radar at that time, but that was overlooked, ignored or rejected?

If one aspect of the strategy is to provide a set of key criteria whereby ideas are accepted if they ‘fit’ and rejected if they don’t, then the rigid application of these criteria systematically rules out all ideas on, or beyond, the ‘strategic edge’. This could, in general, be a ‘good thing’, stopping the squandering of the organisation’s resources on projects way beyond the organisation’s core competences or core markets. But it also implies that the strategy is omniscient, and that, by definition, there are no other possible opportunities worthy of the organisation’s attention.

Few of us, however confident we are, would claim this degree of wisdom. But we don’t want a wasteful free-for-all either. Is there a sensible way of keeping the ‘strategic edge’ both fuzzy *and* manageable?

Strategy - The paradox of 'strategic fit'

How essential is 'strategic fit'?

- 'Strategic fit' is a 'good thing', for it provides focus, guidance and direction, and many successful academic research departments follow a highly focused strategy rather than being all-over-the-place.
- But if only those ideas within the pre-defined strategic 'envelope' are accepted, and - by definition - all others are rejected, we risk losing the benefits of internal and external serendipity, when someone inside the organisation has a really great idea, or when something happens outside of the organisation which offers the organisation an opportunity (or, indeed, poses a threat).
- So, a set of 'strategic clothes' which fit 'too tightly' may help you look good, but might be counterproductive in the longer run.

So what should you do with things that don't fit?

- Firstly, recognise that this *will happen*, both internally from your own people, and externally in the market.
- So don't be surprised when it does - and in anticipation of this, what about having some funds, put aside in advance, and *specifically earmarked* for allocation to feasibility studies relating to ideas 'on the strategic edge'?
- This requires considerable wisdom in budget allocation. Is a trusted, experienced and insightful individual likely to make better decisions than a committee?

Strategy - Best practice and ideas

Suggestions for best practice

- Encourage creativity in the 'day-job' - not every idea has to be a blockbuster, and the 'day-job' is full of opportunities for doing things differently and better.
- When an idea at the strategic edge comes up, be alert to all sorts of ways of exploiting it, from joint ventures to spin-outs, from skunk works to spin-ins.
- Encourage good ideas by sharing and spreading knowledge: senior managers have a critical role here in 'building bridges' across the organisation, and in putting people in contact with one another.
- Give explicit, visible recognition to ideas that successfully 'get through the net'.

Ideas and recommendations

- Harness - and rejoice in - creativity *within* the strategy: this is often neglected or lost.
- Remember that creativity is not just the 'big idea' - 'little ideas' have value too.
- Use internal 'talent scouts' to hunt out internal ideas.
- Keep a defined percentage - 5%? 10%? 15%? - of the total budget reserved for 'edge' ideas.
- Knowledge sharing is critical in supporting the processes of creativity and innovation.
- British academics should be more strategic.
- Avoid bureaucracies - they don't make wise evaluation decisions.
- An idea for academic research - do individuals or committees make better evaluation decisions?



Liaison with academia

Facilitated by Bobby Glen

How can large organisations best liaise with academic research departments to optimise their innovation?

Your task

Your syndicate is a cross-functional team set up by the CEO of a global company to explore the formulation of a wise policy for liaison with academic research departments, around the world, to optimise innovation. Your task is to formulate a set of recommendations relating to:

- the **key issues** associated with how large organisations work with academic research departments
- the **major pitfalls** that a large organisation wishing to develop a relationship with an academic research department might encounter, and so should avoid
- your suggestions as to **best practice** for the nature of such a relationship
- any **ideas** on this topic that you would like to share with the other delegates.

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience of the relationship between large organisations and academic research departments. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- the key features of the nature of the relationship (for example, mutual expectations, contracts, delivery, personnel, shared objectives, performance measures, project planning, meeting deadlines...)
- what worked well for each, and what worked not-so-well
- key elements of best practice
- any ideas on this topic that you would like to explore further.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions.

How can enterprises best liaise with academia?

Enterprises in both the private and public sectors need great ideas that work. And academic institutions are full of people who have great ideas, especially in the more fundamental areas of science and engineering. Furthermore, enterprises, in their never-ending drive to reduce costs, or to transform fixed costs into variable ones, are finding it increasingly attractive to outsource activities such as research and development. At the same time, academic institutions are seeking to extend their revenue base, and to have closer contacts with 'the real world'. It would therefore appear that there is, potentially, a perfect opportunity for enterprises and academia to collaborate, with each party satisfying the requirements of the other.

That's the theory. What's the practice?

Yes, it can work, but there are quite a few issues to bear in mind.

Are universities in fact in competition with industry? As universities are increasingly strongly encouraged to commercialise their intellectual property, shouldn't they set up their own companies, rather than devote their energies to working on behalf of others?

And didn't academics become academics - especially in science and engineering - because they explicitly didn't wish to become cogs in the corporate machine? So why should they willingly become so 'through the back door'?

From the corporate standpoint, how can a company be sure that it will not only get what it is paying for, but get it to the quality it expects, on time, and within budget.

So, it's a tricky area...

Academic liaison - Key issues...

- Businesses and universities have different objectives: how can these objectives best be aligned?
- IP ownership and exploitation can be a major area of potential conflict:
 - Who owns ideas?
 - Companies want to control, academics more often want to give or share.
 - Contracts: how can you define the scope of rights and obligations, and manage the sharing of IP?
 - How can we best manage the inherent conflicts between trade secrets, patents and publication?
 - What about things you can't patent, such as processes and algorithms?
- A closer liaison between a company and a university department can also give rise to a number of indirect benefits such as:
 - recruitment
 - motivation
 - exposure to new people, ideas and technologies.

But sometimes, it can be very hard to convince others of the value of these.
- Are academic institutions becoming more commercial, and invading industry's territory?
 - Universities are becoming commercial, and even risk losing charity status.
 - Academic centres are moving into the business zone, retaining rights, creating spin-outs.
 - This move is a potentially worrying factor, especially when research is closer to market.
- There is often a mismatch in time horizons:
 - Universities think long term, businesses to next quarter.
 - The relative timings of publications and patents can be a source of conflict.
- Companies forge relationships with individual researchers, but the contracts are with the university - this can be a problem if researcher moves on, for both parties can lose association and continuity.

Academic liaison - ... and some more key issues

- The volatility of business - as targets change and people move around - can damage relationships, and can be perceived as disruptive from the more stable viewpoint of a university.
- Collaboration between academics can be poor. When individuals only have part of the expertise required, they need to collaborate, but this can be inhibited by:
 - internal competition for funding
 - the absence of a mechanism for collaboration
 - the lack of a common interest among academics as compared to colleagues in business.
- Communication between and within academics, and between the academics and the business, both before and during research, requires continuous attention, with regular meetings and frequent contact.
- Delivery milestones can cause problems of misunderstanding or conflict:
 - milestones are often not set or defined clearly
 - milestones often move - it's usually hard to predict the time required to reach a research milestone with any accuracy
 - milestones may become irrelevant, as science or business needs change.
- Universities often underestimate the necessary commitment of time, resources, and administration required to deliver a truly successful partnership with industry.
- From the company's standpoint, what can sensibly be outsourced, without risking loss of control, ownership, or quality of outcome?
- What is the best way to deal with no-go situations, such as the need to terminate things that are not working well? This raises all sorts of contractual and process issues.

Academic liaison - Pitfalls to avoid

- Poorly constructed contracts create disconnects, inhibit cooperation, and cause all sorts of problems. Although everyone who should may not read a contract, clarity, and explicit agreement, are absolutely important, especially as regards who controls, and owns, the intellectual property.
- Contracts can be used to set precedents which might make some matters (such as overheads, price, terms) very difficult to change afterwards.
- Who are the parties to a contract? Does the contract relate to an *individual* or a *department*? And if with an individual, what happens when that individual moves?
- Beware lack of clarity! And the use of legalese!
- It can take a much longer time (and therefore more money) than anyone might wish to establish a good liaison, and to negotiate a robust, clear and fair contract. This can be trying for everyone, and requires patience, determination, good will, and good communication.
- How the university is allowed to use corporate money needs to be very clear: for example, can money allocated to “overhead” legitimately be diverted to history, divinity, or general libraries not used by scientists?
- Academics and corporations may have a quite different understanding of problems and priorities. Good communication is key.
- The company needs to have a robust and effective way of handling information received from the university, which does not rely on specific individuals, or unique knowledge.
- Problems will inevitably arise if expectations and commitments are fuzzy or unclear.
- Lawyers: are they part of the solution, or of the problem? Especially when they are ‘closed minded’.

Academic liaison - Best practice

- Start by defining the right problem, and the problem right.
- Create readable agreements that people can work with.
- Design clear processes for interaction and communication, on both the academic and business sides.
- Ensure personal accountability, even after people move on (both academic and company side).
- Use professionals - buyers, lawyers - rather relying on scientists to manage contracts and relationships.
- There must be a clear decision-making process to ensure failing projects are cut.
- Accept longer-term projects only if they can be truly independent of volatile business needs.
- Institute and communicate a clear IP policy up-front (for example, unrestricted access to results, but you can sell them to someone else).
- Is “open innovation” best practice? Too early to tell.



Academic liaison - Ideas and recommendations

- Plain English contracts.
- Apply best practice as suggested on page 61.
- Have regular, realistic, reviews, including post-delivery reviews.
- Involve the legal teams to interact throughout the process, so they can jointly work at anticipating and solving problems, rather than just acting when things go wrong afterwards. Currently, lawyers on the business and academic sides almost never meet until there is a conflict.
- Is there an opportunity for someone to take an initiative to draft a proposed 'standard contract'?



Recognition and reward

Facilitated by Patrick McKenna

What are the most powerful methods of recognising and rewarding creativity and innovation in large organisations?

Your task

Your syndicate is a cross-functional team set up by the CEO of a global company to explore how best to recognise and reward creativity and innovation, so as to encourage creativity and innovation as widely and deeply as possible. Your task is to formulate a set of recommendations relating to:

- the **key issues** associated with the choice of methods of recognising and rewarding creativity and innovation
- the **major pitfalls** that someone designing a new system of recognition and reward might encounter, and so should avoid
- your suggestions as to **best practice** for the design of the new system for recognition and reward
- any **ideas** on this topic that you would like to share with the other delegates.

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience of recognition and reward. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- methods of recognition and reward, embracing all aspects of creativity and innovation both for individuals and teams, that they have encountered
- what worked well for each, and what worked not-so-well
- key elements of best practice
- any ideas on this topic that you would like to explore further.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions. It may be the syndicate's view that there is no single, unique 'best' method for recognition and reward - in which case, the syndicate is invited to define what needs to be done to make different methods work effectively.

Recognition and reward

No area of the management of innovation is more fraught than that of recognition and reward. “What’s in it for me?” and “Why should I bother?” are legitimate questions, and appear to be answered by “because you are rewarded for so doing”. But that’s a lot easier said than done...

Some of the key issues are:

- **What is the reward for?**
Idea generation - even if we haven’t evaluated the idea, let alone implemented it? Revenue or profits actually realised - even if the idea was first mentioned ten years ago? And what about ideas that are about process or relationships, and which have no obvious financial measure?
- **Who receives the reward?**
An individual, or a team? And which, specific, individual? And who is included - or more importantly, excluded - from the team? Although ideas originate in the mind of a single individual, the original idea is always enriched by discussion and dialogue. Newton famously ‘stood on the shoulders of giants’, so who, legitimately, can claim an idea as ‘all mine’?
- **What form should the reward take?**
If it’s financial, how much should it be? A flat sum, or a percentage of the incremental profit stream? A holiday for the family, or shares in the new venture? And if it isn’t financial, what else is valued by the recipient, and of an appropriate quantum?

And then there is the question of failure. All the textbooks on innovation advocate ‘failing fast, and learning’. Is it appropriate to reward people for trying, even if the outcome is heroic failure?

A minefield indeed...

Recognition and reward - Key issues

- What is a reward? Is it ‘something that has the most direct relevance to a selfish desire, whether this is explicitly known or not’? How, then, can you find out what motivates people? In a small organisation, it might be possible to find out quite subtly, or to ask each individual; in a large organisation, this becomes more difficult.
- Awards that appear to work best are often non-financial reward, so winners are commended people, who, in a blaze of publicity, shake the CEO’s hand, are fêted at gala dinners, are nominated ‘Employee of the month’ or ‘Team of the quarter’. Alternatively, some people may value highly the opportunity to speak at seminars, to present or publish papers, the recognition and respect of peers, and just the personal knowledge that ‘without your molecule, these people would have died’. And, at its simplest there is time - part of the reward package at 3M is the ability to spend up to 15% of working time on ‘personal projects’.
- If there are winners, there must be losers too, so a key problem with any reward scheme is the implied divisiveness, the dangers associated with unfairness, and the possibility of driving counter-productive behaviours, including unhelpful competition, the unwillingness to share knowledge, and straight cheating.
- Does everyone need to be creative, and therefore motivated to be so, and rewarded accordingly? Perhaps not. Perhaps just certain groups at certain times. As an example, a particular pharmaceutical organisation classifies people according to three categories, one of which is ‘creatives’, comprising 15% of the community. Does this disenfranchise, and even alienate, the remaining 85%, who - presumably - don’t feel as if they should have any ideas?
- Is such a classification helpful? Surely the question ‘Does everyone need to be creative?’ should be answered “yes”, whilst recognising the inevitable reality that different *roles* make different demands on any individual’s creative talents, and offer different opportunities for exercising them...

Recognition and reward - ...and some more key issues

- Individual or team? Experiences were very varied: some organisations reported much better success with team rewards rather than individual ones; others, that team rewards acted to ‘dumb down’ the high-performing individual.
- The time horizon over which the reward applies is also important. Does the organisation wish to recognise sustained performance, over a long time, during which a series of difficult problems were solved - as might be the case, for example, in pharmaceuticals? Or is the matter much shorter-term, for example, for the ‘best idea for controlling costs’?
- Promotion is often part of the reward package, but there is a considerable risk of invoking the ‘Peter Principle’, whereby success in role A leads to promotion to role B, for which the individual is totally unsuited! This is a multiple tragedy: role B is not fulfilled; role A is depleted; the promoted person feels unsettled; the person who sponsored the promotion is accused of bad judgement; and the organisation loses too...oh dear...
- Peer recognition has already been noted as being of particular value - here are some specific ideas:
 - In some countries, for instance Spain, recognition of the boss is the important part!
 - Scientists might be encouraged to publish their work - or have the paper ‘ghost-written’ if the individual finds the act of writing to be a chore.
 - Internal newsletters are potentially a powerful vehicle for giving people recognition, but they are much better when developed at a peer level, rather than by The Internal Communications Department or (worse) senior managers .
 - Industry awards (‘Oscars’) can be great for some, as the degree of external recognition can be very powerful. There are some counter-examples, though: the insurance industry for one.

Recognition and reward - Some further thoughts

- How do you create the desire to want to change and improve? And could this ever be a job requirement?
- Reward and recognition systems need to align with the values of an organisation. If these are fundamentally in conflict with creativity and innovation, just 'fixing' the reward structure to give a prize for the 'best idea' is most unlikely to have any but the most superficial impact.
- When a new person joins an organisation from a different culture, they will undoubtedly be used to different norms of behaviour. So what happens when someone from, say, a 'macho' investment bank, where departments are deliberately set off against each other, is appointed as a senior manager in an organisation where inter-departmental co-operation and sharing are deeply valued? Can internal competition be used to advantage where it may be seen as counter-cultural? For example, to speed product development, Steve Jobs set up two teams at Apple to compete against each other. Is this a good way to push back against the prevailing culture to achieve an end?
- If internal competition is considered to be self-destructive, is an alternative way to bind a group together by reference to an external organisation - did the Americans reach the goal of the space race more quickly because they were in a competition with the Russians?

Recognition and reward - Ideas and recommendations

- The reward and recognition system must be transparent. Be very clear about what it takes, and what an individual or team needs to do, to earn recognition and reward - this is especially important when the reward is financial.
- Be alert to the fact that rewards drive behaviours. So take care as to how rewards are defined, and, before announcing them, make sure you've thought through, and explicitly avoided, any opportunities for the reward to drive counter-productive behaviours.
- Rewards are more appreciated, and act as a much stronger motivator, when they are in harmony with an individual's needs and passions. Different people behave differently, so be alert to different people's needs, and tailor the rewards accordingly.
- Peer recognition can be one of the most powerful motivators to many people, as manifest by, for example:
 - acknowledgement from the boss, or 'Head Office'
 - publications, conference appearances...
 - internal newsletters
 - industry awards
 - press publicity.
- Encourage creativity and innovation by introducing explicit incentives such as:
 - the opportunity to be awarded 'blue sky' time
 - a share in the financial realisation of benefits - say, x% of incremental profits.
- Set a competitive benchmark, internal or external, so that creativity and innovation can be measured, and to act as a motivator. Or better still, set the benchmark for others...



The central innovation department

Facilitated by Bobby Glen

What is the most effective role for a central innovation department?

Your task

Your syndicate is a cross-functional team set up by the CEO of a global company to explore the role of a new, central innovation department, designed specifically to maximise the effectiveness of the organisation's creativity and innovation. Your task is to formulate a set of recommendations relating to:

- the **key issues** associated with defining the role of the central innovation department
- the **major pitfalls** that an organisation wishing to implement a central innovation department might encounter, and so should avoid
- your suggestions as to **best practice** for the role of the central innovation department
- any **ideas** on this topic that you would like to share with the other delegates.

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience of both central innovation departments, and a more decentralised approach. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- the roles they have seen played by a central innovation department
- how the central innovation department interacted with the rest of the business
- what worked well for each, and what worked not-so-well
- their experience of how businesses which do not have a central innovation department achieve the same objective
- key elements of best practice
- any ideas on this topic that you would like to explore further.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions.

The role of the central innovation department

Should innovation in an organisation take place through a central innovation department? And if so, what is its role?

A command-and-control culture tends to like centralisation, but a central innovation department is not necessarily a symptom of an authoritarian organisational style. There are many, compelling arguments which support centralisation, not least the benefits of proximity by bringing the ‘creatives’ together, and of ‘protecting’ the creative activity from the rest of the organisation.

But if creativity is centralised on the ‘creatives’, does this give everyone else in the organisation the perfect excuse for never coming up with any ideas? If the central department plays a key role in idea evaluation, is there a danger that everyone else’s ideas are rejected, officially because they are not ‘good enough’, but in reality because ‘they weren’t invented here’? And if the central department is cosseted in its sanctuary, is there also the danger that the ‘creatives’ might become so remote from the rest of the business, let alone the customer, that they lose all touch with reality?

These arguments, of course, pre-suppose that centralisation of innovation implies that all the ‘creatives’ are brought together. This is not the only option, for an alternative is for the central department to act not as the originators of ideas and the arbiters of ‘good’ and ‘bad’, but rather as champions and orchestrators, on behalf of the business as a whole, of the *innovation process*. What might this imply? Making sure that people are trained. Convening and running idea generation workshops. Getting the right people together to form evaluation panels. Maintaining a central log of ideas. Tracking ideas through the idea generation - evaluation - development - implementation process. In this model, the business as a whole takes full responsibility for generating ideas, evaluating them and making them happen: what the central department does is to ensure that this all happens efficiently and to high standards.

Which type of role works best? That’s what this syndicate was all about...

Centralised innovation - Key issues...

- Innovation can occur without a central department.
- The point is not so much whether the innovation department is centralised, but more whether innovation in the business is led from a central agenda, or from a local market-based agenda.
- No matter where the innovation is led from, the most important things are to have excellent communication, strong buy-in, and proper teamwork.
- If consensus has to be gained for a centrally set objective before it can be taken forward, then the objective will generally be diluted during the consensus generation process.
- A central innovation department needs to be kept small, so as to avoid it being seen as the only place where innovation is allowed or taken forward.
- If there is a central innovation department, it needs to act with a degree of humility in order to have the greatest impact.
- For some businesses, deep expertise at a global level can only be developed centrally.
- There needs to be clear and complementary differentiation between the central and local innovation units.
- In a 'heavy asset' business, innovation needs to come from the centre as it cannot be self-generated and taken forward at a local level.
- To get functions to work by 'hand-shake', rather than have 'head on' confrontation, it is best to have the central innovation team staffed by people with a wide range of skills - for example, accountants, economists, engineers - and not just by people from a narrow or similar background.

Centralised innovation - ...and some more key issues

- The best innovation takes place in customer- or market-facing entities - but these innovations need to be driven by a central department.
- Sales and profits are much higher when the role of the centrally-led innovation team is to create products that are suitable for more than one market - that's something a local team just can't do.
- All measures for monitoring central or local units are flawed! Measures are needed, but organisations should be very wary about being too focused on particular measures.
- One way of measuring innovation in a product-producing company is in terms of the percentage of the product portfolio developed in the recent past - say, the last year, two years or three years.
- A central innovation department can become the place to take all problems - and this is unhealthy!
- If there is a central innovation department, then it is vital that it has a mechanism for accessing local market expertise.
- Customers should drive the ideas - but new products can create new markets, and customers may not be aware of a need because they have not yet thought of it.
- Part of the role of an innovation department is to change the organisation when necessary - and often this can only be driven through at the centre.
- Innovation needs a central centre of excellence working alongside centres of local competence.

Centralised innovation - Pitfalls to avoid

- A danger with a centralised innovation department is that people elsewhere in the organisation take the view that they don't have to innovate - the central department will think of everything.
- If innovation is centralised it can become 'silo' like and 'elitist'. This can bring the 'not-invented here' syndrome to the fore.
- The central department risks being out-of-touch with the business, especially as regards timing - central initiatives must be correctly synchronised with the needs of the business.
- If there is a central department, it needs to make sure that credit for the ideas that do come to fruition is fed back to the source - which generally, at least in part, is outside the centre.
- The innovation function needs to be outward looking and not self-serving. Also it needs to be agile, able to listen, and not a puddle of treacle!
- If there is a central innovation fund, it's important that it doesn't become a 'slush fund' whereby funds set aside for innovation are used for other purposes.
- Funding innovation is always an issue. In hard times it can be too easy to cut! Innovation can be the last function to be funded in good times and the first to have funds taken away from it when money becomes tight.
- If there is a central innovation function then the people in it need to know how to behave. They must show humility and sympathy for others, and not be Prima Donnas!

Centralised innovation - Ideas and recommendations

- The key role of a central department is to create business opportunities. This does not imply that the central department is the only part of the business empowered to do this. It can do some direct creation, especially for products that span different markets. But more importantly, it should ensure that creativity and innovation are encouraged across the whole business.
- A central innovation department needs a champion - someone senior who can advocate its importance, argue for funding, and protect it too!
- Ensure that the function is relevant, well-managed and well-integrated with other parts of the organisation.
- Make part of the innovation function 'pure', whilst part is focused to responding to a brief.
- Adopt the 3M philosophy of allowing people to spend a defined proportion of their work-day - say, up to 20%, to work to their own, rather than the organisation's, agenda.
- Assign the most dynamic individuals and thought leaders to the innovation function, with explicit freedom to explore ideas not only within the established business framework, but also beyond the current business framework to identify new opportunities for joint ventures or spin-backs.
- Allow venturing with other organisations to develop ideas, possibly on a basis that allows the idea to be brought back 'in house' if and when appropriate.

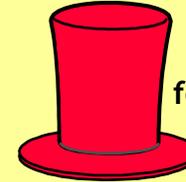
Wise evaluation



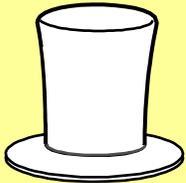
What's good about the idea?



What issues need to be managed to make this idea successful?



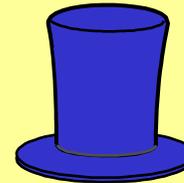
How will people feel about the idea?



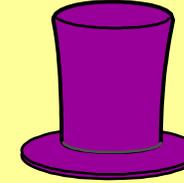
What data do we need?



What ideas can we generate to solve the problems identified by the other hats?



What else do we need to consider?



What next?

No idea is born with a business case attached.

If a new idea is challenged too soon, it will die; if there is no challenge at all, the organisation will waste resources, and might even jeopardise the business.

To evaluate ideas in a wise, balanced and safe way, ask these questions, which are based on Edward de Bono's *Six Thinking Hats*.

Wise evaluation

Facilitated by Adrian Furnham

How can large organisations best evaluate new ideas fairly and wisely?

Your task

Your syndicate is a cross-functional team set up by the CEO of a global company to explore the design of a process to evaluate new ideas fairly and wisely. Your task is to formulate a set of recommendations relating to:

- the **key issues** associated with how large organisations evaluate new ideas
- the **major pitfalls** that a large organisation wishing to develop a new process for idea evaluation might encounter, and so should avoid
- your suggestions as to **best practice** for such a process
- any **ideas** on this topic that you would like to share with the other delegates.

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience of idea evaluation. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- the key features of evaluation processes they have seen, or maybe designed (such as the process itself, the way evidence is gathered, how judgement is exercised, how the judges are selected and trained...)
- what worked well for each, and what worked not-so-well
- key elements of best practice
- any ideas on this topic that you would like to explore further.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions.

Wise evaluation

Evaluation - the exercise of judgement as to whether an idea is 'good', and so should be progressed to development and implementation, or 'bad', and so shelved or dropped - is arguably the single most important activity in managing the entire innovation process. If the criteria for evaluation are too stringent or risk averse, valuable opportunities might be foregone; if the process is too lax, the organisation may waste valuable resources on weak ideas, paying the double penalty of squandering resources on a bad idea, and of losing the opportunity to have invested those resources on an alternative.

Given the importance of the evaluation process, what is best practice? Is it simply a matter of having a tough board process for investment appraisal? Surely not - evaluation isn't just the allocation of the company's funds, it's also about how people react to ideas that are put on the table, and about what individuals do in their own minds before they choose to articulate a raw idea in the first place.

The heart of the formal evaluation process, of course, is judgement, and judgement can be exercised only by one or more people, assessing evidence according to pre-determined criteria. Who is best suited to act as a judge? An individual? Or a committee? How do we know that the judges are suitably 'wise'? And what training should they receive before they sit in judgement?

Judging an idea, of course, is made more difficult by virtue of the fact that the 'evidence' on which the judgement has to be based is largely hypothetical, or at best based on some form of prototype or pilot. How much effort can legitimately be expended on developing the prototype before a formal evaluation is made? That, of course, leads to the concept of staged evaluation, in which a series of progressive, limited investment decisions are made, as an idea passes from one 'gate' to the next. But at each stage-gate, we're back to the same, fundamental issue: a decision has to be made to commit further resources, a decision based on necessarily incomplete evidence. So the evidence must be balanced and pragmatic, and the process of judgement must be fair, open, consistent, speedy and transparent...

Wise evaluation - Key issues

- Before starting to evaluate, make sure everyone understands the idea first, so “everyone gets it”.
- The process should be transparent and fair, wise, open, and not inhibitory - not a ‘Nyet group’...
- ...but it should also be challenging, so as to ensure integrity and ‘keep the bar raised’.
- Keep it simple.
- Should you ‘stick to the knitting’, by filtering according to the idea’s fit with current strategic objectives? (See also pages 50 to 53.)
- It is tempting to attempt to analyse every idea with rigour, but no organisation has the resources to do this, and the bureaucracy would be a problem.
- With a new idea, we’re ‘walking in the snow:’ if you are the first one, and there are no tracks, how do you know if you are going in the right direction? How can you evaluate a new idea under such uncertainty?
- Other businesses deal very effectively with risk and uncertainty - especially the trading activities in investment banking. They make extensive use of mathematical techniques such as portfolio theory and options pricing - what can we learn to help us deal with the risk and uncertainty of innovation?
- The evaluation process might inadvertently skew incentives. Two examples:
 - An organization where the route to promotion was the creation of new ideas, and then they found they had far more ideas than they could cope with - so they clamped down.
 - The World Bank rewarded people on how much was lent, so encouraging lots of useless loans.
- Do bright people always find a way to do their projects? And in so doing, aren’t they proving that they have the energy and drive to see their project through?

Wise evaluation - Pitfalls to avoid

- An unwise idea evaluation process may kill idea generation, for it sets a strong cultural tone, especially if it is seen to be there simply to kill everyone else's ideas. A wise evaluation process needs to be positive, picking the winners, and not - perhaps even inadvertently - creating a discouraging and negative culture.
- Beware over-processing and over-complication. The evaluation process should not be too cumbersome, costly, or inappropriate in comparison to the potential value of the idea being evaluated.
- There is a danger that ideas that aren't immediately recognised as 'good' right now might be rejected and lost. Some ideas require some degree of development, piloting or 'incubation' before a yes/no decision can best be made. All ideas should also be logged - even the 'rejected' ones - for their time may yet be to come, or they might be key components, alongside some other ideas, of a real blockbuster. Let's remember that, in a world of reel-to-reel tape recorders, the inventor of the cassette tape will go out of business, as will the believer in the second coming of headphones. But together, they have the potential to invent the *Walkman*...
- Stage-gates can be demoralising - especially to a new person who 'doesn't understand the culture', and so stops coming forward after having been knocked back.
- Early stages of evaluation, filtering out all the 'raw ideas' to form a 'short list', is often done by relatively junior people. There is a strong likelihood that they will 'play safe', for they have neither the business experience, nor the authority, to take any sensible risks. As a result, many ideas will be filtered out, and will never be heard of again. More senior people are much more qualified to 'see through' the idea being evaluated, assessing not only the idea as presented, but also where that idea might lead. They are much more likely to identify, and back, the 'big ideas'.

Wise evaluation - Ideas and recommendations

- Use a well-managed, staged process, allowing sequential filtering and iterative evaluation, so helping ideas to develop.
- The evaluation criteria should be clear and consistent
- Evaluation should not be done by the idea's champion; rather use a heterogeneous, diverse group of suitably senior and experienced people to ensure a balanced judgement:
 - Encourage multiple perspectives, for example, by wearing the 'seven hats' - see page 78.
 - Appoint a devil's advocate ("*Contre-rapporteur*") to ensure that problems are not wished away.
 - Delphi: involve outsiders, for example, stakeholders, customers, suppliers...
 - Peer review.
- If junior people are used for the early stage of evaluation, make sure that someone with much more business experience reviews the ideas that have been *rejected* so as to pick up the ideas too big for a junior person to notice.
- Cranfield "Business Benefits Realisation" approach: sign off the benefits to be realised rather than just the spend, and then audit both the benefits and the costs.
- Let the market decide! Take idea to market, and see what happens, so enabling learning and redevelopment.
- Use an 'options' approach to staged decisions under uncertainty.
- Train evaluators by giving them exercises based on historic decisions. Ask them, "If you were having to judge this idea, would you say 'yes' or 'no'?"
- A thought...Formal evaluation assumes that 'wise' people can successfully 'spot winners'. What is the evidence for this? How do we know that this is indeed better than tossing a coin?

Creativity and the day-job

Facilitated by Adrian Furnham

How many different ways can we discover of embedding creativity and innovation as a natural aspect of the day-job?

Your task

Your syndicate has been invited by the CEO of a global company to advise on this problem. The CEO tells you that although creativity and innovation are core components of the organisation's strategy, and everyone has had some relevant training, the reality is that nothing much innovative actually happens for real. Whenever the CEO enquires into this, he receives the reply, "Yes, innovation is great. But we're so busy doing our day-job...". What would you advise?

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience of the reality of making action follow the words. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- the extent to which, in the delegate's experience, the statement "the day-job gets in the way" is an excuse not to participate, or a true organisational dilemma
- those aspects of the typical day-job that act as barriers to creativity and innovation...
- ...and as enablers
- key ideas for overcoming the barriers and fostering the enablers, so truly embedding a culture of innovation within the day-job.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions.

Creativity and the day-job

If you go into many organisations, and ask what creativity and innovation mean to anyone you happen to meet, don't be too surprised if you get responses like:

- “Innovation? Isn't that what those guys in the white coats do?”
- “Nothing to do with me. I'm not in marketing.”
- “Yes, I remember. Isn't that something we did at that off-site two years ago?”

Yet those same organisations are quite likely to emphasise the importance of creativity and innovation in their visions, their mission statements, their strategies, their press releases and their advertisements.

Somehow, there is a disconnect. Despite the official endorsement, creativity and innovation are either locked away in the specialist departments of R&D or marketing, or a special treat indulged in once in a blue moon on away-days.

Why are activities as vital as creativity and innovation not an inherent part of everyone's normal day-job? Why isn't it the norm for everyone to be alert to spotting opportunities to do things differently and better, and to explore improved ways of doing things? Yes, as we have already noted (see, for example, page 66), some roles legitimately require a higher degree of compliance with the 'rule book' than others, and so the scope for being creative is more limited, but surely no role is entirely devoid of opportunity day in, day out, year in, year out.

Is it simply impossible? Unlikely, for there is a precedent. Twenty years ago, if you had asked an employee in a manufacturing organisation what quality means, the employee is likely to have answered, “that's what the quality inspectors do”. Today, they don't. They reply, “that's what *I* ensure, all the time”. Quality, lean manufacturing, *Kaizen*, *Six Sigma* - all these have successfully been embedded in the day-job, and the day-job of shop-floor workers at that. What do we have to do to embed creativity and innovation in *everyone's* day-job in the same way?

Creativity and the day-job - The reality

- Does the day-job really get in the way? It certainly can do. How often do you hear excuses like “I’m too busy to think”, “It’s not my job”? Furthermore some managers will deliberately stifle creativity, for it’s far easier to manage a group of people constrained to the rule book than a group of ‘free spirits’.
- Many aspects of the day-job legitimately require compliance with the rule book, which tends to imply there is no scope for creativity; furthermore, many people, whose self-confidence as regards creativity is low can use the day-job as an excuse not to have ideas, even if the opportunity is there.
- Different jobs and roles, of course, offer very varied opportunities. An airline pilot, for example, is well-advised to land a plane forwards, the right way up, and on the wheels, rather than being ‘creative’ to explore what happens if the plane were to land sideways. On the other hand, a scriptwriter for a television soap opera is required to be creative all the time. Nonetheless, what if the airline pilot has some ideas for the design of the instrumentation? And, in fact, isn’t the scriptwriter quite constrained too, for even a soap opera has ‘rules’...?
- Also, even in an environment as rigorously managed as *Six Sigma*, innovation is not thwarted, but actively encouraged - especially innovation targeted at improving quality.
- The tyranny of the urgent can be a major blocker. Creativity takes time and space, and innovation requires resources. If the organisation is starved of time and resources, innovation will never happen.
- Creativity benefits from sharing concepts and knowledge. Organisations which don’t share, where people don’t listen, where ‘not invented here’ sits comfortably alongside ‘I know it all’ should not be too surprised if they’re not innovative.
- Not having a system to create ideas clearly doesn’t help: and the system comprises training in idea generation and evaluation, a process of logging and tracking ideas, as well as appropriately supportive processes for reward, promotion, funding and budgeting.

Creativity and the day-job - Ideas and recommendations

- Make creativity a recognised, and expected, competency: incorporate it in job descriptions and objectives, review it at appraisals, and reward it accordingly.
- Positive, immediate reinforcement, so that those who originate ideas receive - and are seen by others to receive - endorsement and encouragement.
- Many ideas occur at boundaries, so ways of encouraging people to 'look over', and even cross, boundaries, can help. One easy way of doing this is during training, so that different communities are deliberately brought together. This very simple idea could be extended to sharing training with customers or suppliers - what better way is there of understanding customers' needs (especially in a business-to-business context) than by joint training?
- Many people are deterred from coming up with ideas because they fear the risk. What about running a workshop with the objective of identifying as many ways as possible for tilting the risk-reward trade-off in favour of creativity and innovation?
- Empower people to have ideas, and make them accountable too. This sounds like a tall order, but can be made real by explicitly recognising that creativity is not just the blockbuster, but applies to any good, pragmatic way of improving processes, or of making what we do now just a little better. It all helps.
- People can't do what they don't know how to do. So ensure everyone is trained in deliberate and systematic creativity, and in the principles of wise evaluation. But rather than 'sheep-dipping' people in a training course, relate the skill enhancement directly to relevant problem-solving, so that people are not only trained, but can immediately apply that training to solve some problems.
- Which aspects of the day-job would benefit from creativity? For example, in IT, systems design; in customer service, how to deal with customer complaints. There are opportunities everywhere. So find them, and then run an idea generation workshop in each area...



Realistic expectations of value

Facilitated by Bobby Glen

How can large organisations set realistic expectations about the potential value of a new idea?

Your task

Your syndicate has been invited by the CEO of a global company to advise on this problem. The CEO tells you that he has a major concern that a key element of the organisation's new idea evaluation process - the estimation of the new idea's potential value - is deeply flawed. "Everyone knows our investment criteria, and everyone is smart enough to fix their spreadsheets so that they come up with the 'right' answer," he says. "And the easiest way of doing that is to fudge the revenue line, attributing more value, often forecast to be achieved unrealistically quickly, than the new product warrants. So when the product is launched, the expectations are far too high, and the sales targets are never fulfilled. This is all counter-productive, and I reckon most of the problem lies in the pie-in-the-sky hyping-up which took place during the original evaluation." What would you advise?

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience in estimating the potential financial value of new ideas. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- the different methods they have experienced that can be used to estimate the potential value of new ideas
- what worked well for each, and what worked not-so-well
- key elements of best practice
- any ideas on this topic that you would like to explore further.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions.

Setting realistic expectations of value

Does the statement made by the CEO, as quoted in the brief, ring true? Have you experienced the ‘hyping up’ of the sales line to ensure that the NPV is just big enough to pass the hurdle rate?

This, of course, is an activity in which everyone, quite willingly, colludes. The project sponsor wants the project to look good, for no-one wants to submit a Board Paper that is tossed out. And the Board, however stringent they may appear to be, also want to believe that that sales forecast will come true, for good sales are in their interests too.

There is, of course, sensitivity analysis, in which ‘optimistic’, ‘pessimistic’ and ‘base case’ scenarios are compared. The issue concerns the ‘pessimistic’ case: just how ‘pessimistic’ is it? No project sponsor wants to present a Board Paper in which the ‘pessimistic’ case is so miserable that it leads to nasty questions, or risks compromising the Board into having been seen to have taken, *ex post*, a bad decision. So the temptation to present a ‘pessimistic’ case that is low enough to show how diligent the sponsor has been, but not so low as to cause concern, is strong indeed.

Here’s a test. Take a look at the last six or ten innovation projects, relating to new product launches or process improvement. Compare the financial projections as presented in the Board Paper with the actual out-turn. Is there any pattern?

For sure, no-one has a crystal ball, and no-one can forecast the future with certainty. That’s not the issue. The issue is can we do things better than we do at present? How do we learn from past experience? Can we enhance the way in which new ideas are valued, leading both to better decisions, and - arguably more importantly - a more robust way of understanding, planning and managing innovation projects?

Estimating value - Is value often overstated?

- Enthusiasm generally leads to ideas being over valued at the outset. The evaluation process needs to be designed to recognise and address this.
- 'Overloading' the proposition to enhance the business case can be managed by having a strong challenge process executed by people who really understand the business and the market - and who together cover a broad range of experience and interests.
- To help overcome over-evaluation, there needs to be a feedback loop whereby the results eventually delivered from the idea are compared with the estimates submitted when the idea was originally evaluated.
- Sometimes, things can work the other way around: rather than actual sales falling far short of the forecast, it can happen that the actuals are *more* successful than the plan, with the result that the organisation is unable to fulfil demand. To guard against this - especially in a mature market - it can be helpful to 'start simple and with modest expectations', but in the context of having thought through exactly how to handle a boom, should it emerge.



Estimating value - The process

- One delegate reported the experience that, in a manufacturing company, marketing people - who look at the opportunities strategically - are more successful at evaluating new products than production people, who look at things from a technical prospective.
- Another delegate noted that his organisation uses a 'scientific' approach to evaluating ideas, rather than 'gut-feel'. This involves trying to fit every new idea into a standard framework, but their experience is that this does not work in many cases. Perhaps 'gut-feel' - perhaps better referred to as 'trusted expert judgement' - should be allowed to sit alongside a rigorous 'scientific' evaluation process, and be allowed as a basis for the approval of an idea, in at least some cases.
- Is the value of an idea only financial? And do different people, or roles, have different views on what constitutes value - especially the value of benefits such as market penetration, reputation enhancement, keeping the competition out...
- Beware the process that assumes a life of its own, or an idea that becomes a *cause celebre*. Once an idea has been judged a 'no', the project must be stopped, and the resources deployed elsewhere.
- In evaluating ideas you need to understand the impact of the idea on others, both inside and outside the organisation. Also as part of the evaluation you need to form a view on the level of confidence you have as to the ability of the people involved to adapt and participate in the required change.
- The value of an idea can be set by the environment at the time - for example, the dot.com boom. The evaluation process therefore needs to recognise and accommodate the fact that the environment will change over time, and so will the value of the idea.
- The evaluation process needs to recognise that timing is also critical. Even if the potential size of a market is attractive, too early a launch can waste a lot of money, and too late might allow competitors in.

Estimating value - Best practice

- When evaluating where to invest surplus cash, do not attempt to out-manage the market. In an example of a biotech investment, a much stronger market made a sound investment decision an outstanding success - but the success achieved was completely different from the estimated value.
- The way ideas are evaluated needs to be tailored to the stage of the development of the idea. The appraisal should be kept 'live', and refined as the level of uncertainty decreases.
- The evaluation process needs to be strong enough to stop an idea when it becomes clear that it is a waste of time.
- Small scale innovation often just happens without any form of formal appraisal or evaluation, because there is no significant additional cost attached to the innovation that requires formal approval. These ideas 'escape' through the evaluation net.
- Ideas are presented differently in different countries and cultures. The evaluation process used needs to reflect these differences. For example:
 - Americans tend to make an awful lot of noise about all their ideas - including those that eventually lead to little output!
 - The Japanese tend to be very formal and realistic about the value of an idea.

Estimating value - Ideas and recommendations

- Establish 'evaluation gates' at various points in the evaluation process.
- Have an open, consistent, accepted definition of what is meant by 'value'.
- Keep the evaluation current - and stop work if the idea fails a later evaluation.
- Have a rigorous, but not impossible, evaluation process - there is no point in a process that sets hurdles that make all the ideas fail.
- Listening to wiser minds - and don't ignore what you don't want to hear.
- Learn from what actually happens - actively manage the feedback loop from actuals back to the original estimate...
- ...and reward people in proportion to the accuracy of the original estimate.
- Link project sponsors' reward mechanisms to the value created by the ideas they sponsor.
- Making sure that 'space' is left for 'gut-feel'.





Disruptive technologies

Facilitated by Peter Hiscocks

How can large organisations best identify and deal with disruptive technologies?

Your task

Your syndicate has been invited by the CEO of a global software company to advise on this problem. “My biggest fear,” he says, “is being caught out by some disruptive technology. I read Clay Christensen’s book, and it scared me stiff! By definition, a disruptive technology is one you don’t see coming, so how on earth can you spot them before it’s too late?” What would you advise?

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had considerable experience in disruptive technologies. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- your personal definition of ‘disruptive technology’
- your view on where, and how, to look for ‘disruptive technologies’
- key elements of best practice in the identification of ‘disruptive technologies’...
- ...and on how to deal with them when they emerge
- any ideas on this topic that you would like to explore further.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions.

Disruptive technologies

As the brief states, disruptive technologies present a real problem - by definition (it appears) you can't see them coming, and you notice them only when it's too late, by which time your market position has been totally undermined.

Clayton Christensen's book *The Innovator's Dilemma* painted a vivid, and well-validated, picture of how, time and again, an incumbent market leader had been robbed of its dominant position by the meteoric success of an organisation which, only a few years previously, had been a down-market manufacturer of the cheap and the shoddy. The dilemma, of course, is that, according to the 'text book', the incumbents had not only been doing nothing wrong, but rather, much that is right. They had been listening to customers. They had spent large sums on R&D. They had vibrant, creative cultures. But they still got overtaken. Overtaken primarily because they had not noticed, two years previously, a new, unproven and largely unsatisfactory technology; nor did they anticipate that the technology would, much sooner than anyone might have expected, develop, prove itself and become so satisfactory that it would overtake the existing one.

Christensen's more recent book, *The Innovator's Solution*, offers some wise advice as to how an incumbent business can seek to protect itself from being attacked by a disruptive technology. Let's see what the syndicate came up with...

Disruptive technologies - What, and where, are they?

- The term 'disruptive technology' is misleading, and can cause you to look in the wrong place. The key problem is one of marketing - not technology. To protect yourself, you need to look at customers - potential as well as actual - not just your products, capabilities or competitors.
- There is also a need to be alert to the impact of technologies that are declining as well, since these can also cause an upheaval in your market: for example, the saturation of classical CD recordings has resulted in a decline in recording activity, and an opportunity for something new to attack.
- Should we broaden the definition beyond technology? Can a new business model be a disruptive innovation? There are many precedents, such as Direct Line in insurance and Dell in PCs...
- Innovation *per se* is not the issue: the innovation must be exploitable in the market.
- Beware myopia: low-cost detergents evolved in India, and were treated with derision because they were adopted, initially, by a low value sector. But they became a big - and profitable - competitor.
- The definition of a disruptive technology as one that attacks you from 'below' might tempt a business into a strategy of deliberately creating products for low value segments, so as to ensure that the organisation invents the next disruptive technology itself - and so can control it. But is this wise? Firstly, there are many possibilities, so you inevitably have to choose some, and reject others. What happens if one of the rejected opportunities turns out to be the blockbuster? Also, there is no law that states that all low value projects necessarily migrate to higher value segments, especially if brand positioning is inconsistent. So you might be stuck in the low value segment much longer than you might wish - though this might still be intrinsically profitable.

Disruptive technologies - What can we do about them?

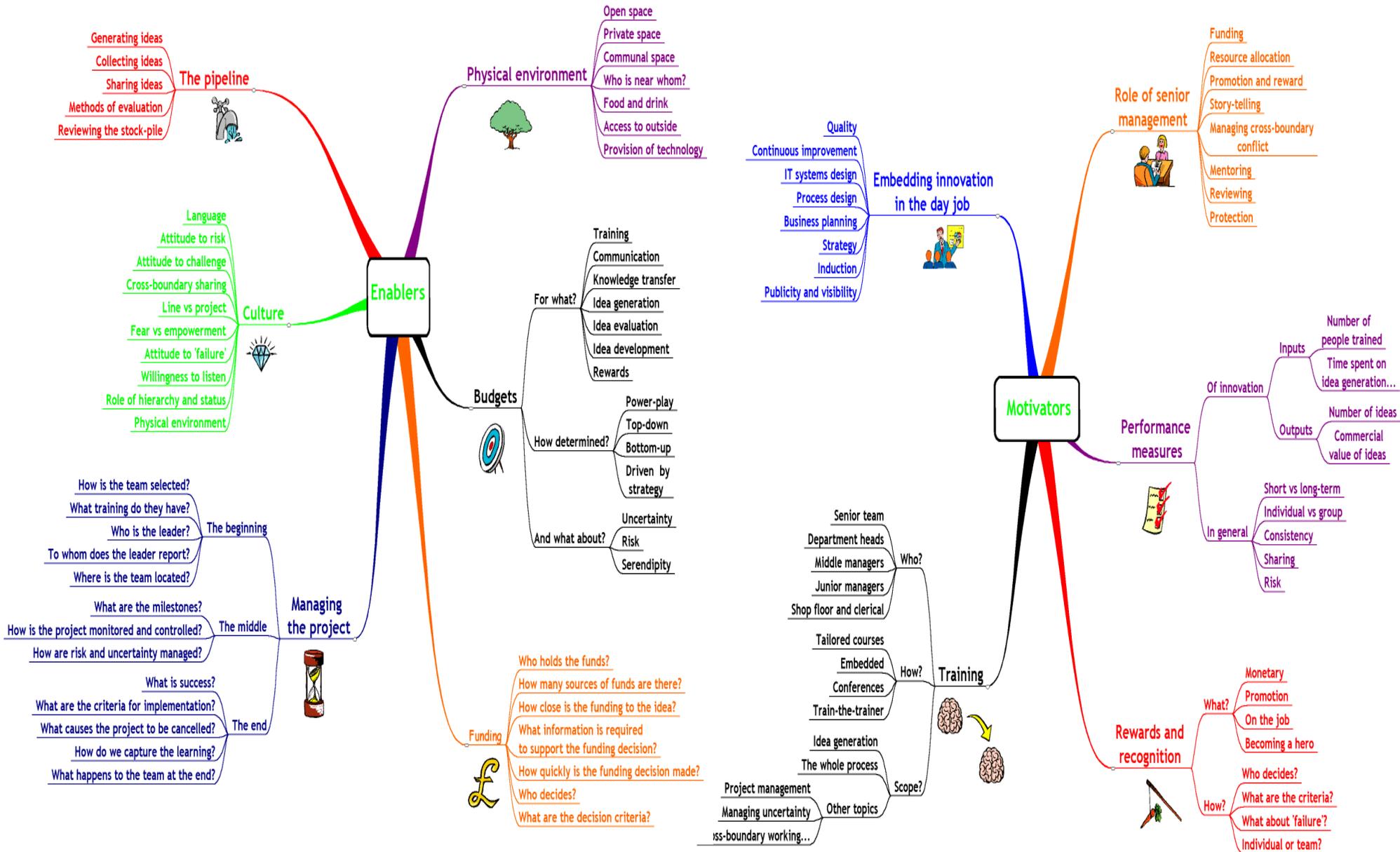
- The application of genomics to drug discovery illustrates the risk of pushing a technology for its own sake: some organisations - unwisely - jumped into it, believing it to be a magic solution to their business problem. It wasn't.
- We always need to be alert to customer needs, both explicit and latent, and beyond the technology.
- Timing is all. Digital cameras took 12 years to take off; disruption in TV has not happened yet, but will; other examples include inkjet printing, and video-on-demand.
- “It'll go away”, “It hasn't happened yet” are the bleats of those who wish to deny the possibility of disruptive technologies, or who believe they are immune. But how can you keep flexibility, and your options open, when you can't predict?
- How do you help colleagues and clients to 'get it' with respect to currently very poor, but rapidly improving, technologies that will eat your lunch in a couple of years' time (for example, video over the internet)?
- Regulatory issues can also introduce complexity, for example, biotechnology, Unipalm (palm oil based therapies).
- Public opinion can accelerate or inhibit the take-up of new technologies - for example, stem cell research, primate research. Inhibition clearly favours the 'higher' incumbent. But acceleration can be devastating.
- A modular, iterative approach can be effective when innovations depend on new ways of interconnecting a variety of existing or new technologies, such as the hydrogen-powered car. In these cases, the need is to try all the new pieces, rather than to develop the whole car - which is of course far too expensive. Experiment, but learn quickly. Try in a small way, and track results.

Disruptive technologies - Best practice

- Beware the timing: introducing a new way of doing things to counteract a potential disruptive technology may take longer than you think, and acting too soon might be lethal too - keep flexible!
- Identify customers, users, patients who have a unique unmet need, for example, customized medicine.
- Think about creating or recognizing catalysts: once medical imaging was actually demonstrated (even though pieces had been in place a while), there was lot of interest, and rapid development.
- Look for missing or emerging complementary technologies: the light bulb was useless without electricity, mobile phones need other users, as is the case with fax. There is a need to understand these interdependencies and dynamics to have confidence that market will develop.
- Beware the search for, and meeting of, 'obvious' needs: computers and mobile phones were surprise successes, which were not perceived as 'obvious' needs at the time. Many blockbusters did not meet a pre-determined consumer demand, and - conversely - many products which were designed to do just that flopped.
- Remember the massive underestimation of blockbuster technologies by past experts: Bell said there would be one telephone per town, Ken Ohlson of DEC said there was no need for a personal computer, IBM said there would only be 5 computers.
- Use experimentation, getting stuff out to market, and getting consumer feedback, quickly. And be prepared to kill off projects that look as if they're going nowhere.

Disruptive technologies - Ideas and recommendations

- Disruptive technologies - low cost detergents, low cost banking (now used by 25% of the UK population), whatever - don't evolve out of, and even less into, a vacuum. They all fill gaps in a market, gaps that were (perhaps deliberately, perhaps inadvertently) ignored by the incumbent. A wise incumbent is therefore actively searching for those gaps, and envisaging (perhaps using scenarios) as to how those gaps might be filled. The incumbent can then take much wiser choices, such as how best to fill the gap itself, or what to watch for to pick up the earliest possible signals that it might be under attack.
- How can we spot gaps? Some are driven by context (such as the effect of terrorism); some by regulation or deregulation; some by the divergence between the offerings on the market and people's real need, such as low cost hotels with clean rooms but no restaurant. None of these need be a 'surprise'. Scenario planning is designed to help you explore potential changes in context and regulation; value engineering focuses on the value of specific product or service attributes; and deliberate creativity is all about being very insightful as to what happens now, and exploring "how might this be different?".
- Recognise that any 'product' or 'service' is in fact a bundle of individual attributes, which are constantly differing in their value to the customer and cost to provide. If we can spot how these might be rearranged, deleted or reshuffled - as happened with low-cost airlines and hotels - we can avoid being caught unawares.



***Building a culture of
creativity and innovation***

Facilitated by Patrick McKenna

How can large organisations build a true culture of creativity and innovation?

Your task

Your syndicate has been invited by the Chief Executive of a large government department to advise on this problem. “We need new ideas around here. But everything - absolutely everything - is designed to maintain the *status quo*. From the performance measures to the procedures manuals, from the reward system to the influence of the hierarchy. I’m not wishing to throw all the babies out with the bath-water, but I would like *something* to be different! I have the will to make something happen, and we have some funds to finance the programme too. But every time I try something, the treacle slows it down, and then totally suffocates it!” What would you advise?

Please capture your findings on the pre-printed flip-charts, which, on completion, should be taken to the Latimer Room.

Some suggestions as to process

Everyone in the syndicate will have had at least some experience in how stifling an uninnovative culture can be, and how difficult it can be to turn things round. In the first instance, it may therefore be helpful if, individually and in silence, each delegate makes some notes on:

- examples of initiatives and interventions that have been successful...
- ...and those that haven’t
- your views on how best to tackle the situation
- any ideas on this topic that you would like to explore further.

Once everyone has formulated their own views, these can then be shared, leading to a general discussion, and the agreement of conclusions.

Building a culture of innovation

Culture. A big word. And a highly amorphous concept. How do you get to grips with such a slippery construct? And how can it be changed? Isn't it just 'there'?

And in terms of creativity and innovation, organisational culture has an enormous impact. Why? For one very cogent reason. As we have already noted (see page 33), whereas *creativity* is an activity originated by a single individual and much enhanced in small groups, *innovation* is inherently organisational. No individual, no small group, has the authority and command over resources to be able to take a 'raw' idea through the processes of evaluation, development and implementation. For these to happen successfully and effectively, there must be a degree of organisational co-operation and co-ordination. And that's where the culture kicks in.

A syndicate discussion of just a couple of hours is, of course, far too brief to explore such a pervasive, complex topic, so the session focused on three themes:

- An opening share of what individual delegates consider to be the key aspects of culture that they believe need attention, or might beneficially be changed in order to encourage creativity and innovation.
- A 'thought experiment' based on how we might choose to build a culture in a new organisation, absolutely from scratch. Given a green-field site, unencumbered by the baggage of the past, what would we do? And does that give us any ideas for actions that can be taken in what for most of us is the real world, which isn't a green-field at all, but very muddy indeed...
- And, recognising that most of us are in the mud up to our armpits, what can we realistically do?

Culture - Sharing experience

“We have a lot of spectacularly intelligent people, but we don’t necessarily get the best from them.”

“We have to keep the strong compliance culture, but still give ourselves the nimbleness we need to innovate.”

“We have to change the way that the organisation thinks about what it’s supplying and how it’s supplying it.”

“If you get things wrong, you get punished.”

“We get products on the shelves from concept to reality sometimes within a week, and we can’t use our normal development teams to do that.”

“We have to look at different cultures, and the British way isn’t always the best - certainly the French don’t think so.”

“We need to respond to the current culture and have the power to change it in a way that works best.”

Culture - Building a culture from scratch: what would you do?

- Pay attention to competitors: should we scare ourselves from what they are doing? Can we benchmark? How can we best learn from others with good experience in parallel activities? For example, might a bank be able to improve how it handles cheques by studying how the Post Office handles vast numbers of letters?
- Accept failure, and view it as an opportunity to learn. And remember that cultures can be very different: after the merger of two banks, a group was asked “How many projects have you been on which failed?”. One-half of the room couldn’t stop owning up to failure, and the other said nothing. ‘Baggage’ is just so important to recognise.
- Some new organisations can be like a crusade, now that’s a really binding culture!
- Recruitment policy can be so constraining. If we continue to recruit in our own image, then what will change?
- Premises and environment have to be right, for example, open plan, tables to sit at and share ideas, coffee areas, breakfast meetings...and dress down days - but not so we all end up wearing blue shirts and chinos, so substituting one uniform for another...
- But you can’t impose these cultural artefacts, people have to be comfortable with them: you can’t end up with everyone choosing to have ‘boxes’ for offices. Key signals about cultures of innovation might be how the car park spaces are treated, if there’s a gym, or (better still, perhaps) a crèche. Details like the height of partitions can be oh-so important!

Culture - But in most cases, it isn't a green-field site...

- Can you identify some event which you can use as a unifying motivator to convince people of the benefits of changing the culture? For example, an external market disruption, such as the EU changing from 15 to 25 countries, with some new dynamism and use of IT, a change of leadership, a merger, some bad publicity, a regulatory review of core business...or even a management consultant bringing in the latest fad to the CEO.
- Is there a means of tapping into these natural change events which allow the opportunity to take on more in the way of innovation? Can you think of a way of capitalising on a change that you know is happening, and give it a spin in the direction that you want?
- How about shooting some sacred cows? That would be pretty symbolic! Have you ever heard anyone say “We don't know why we do half the things we do in this organisation”?
- This might stimulate the unfreezing / refreezing process that psychologists talk about. But where might we like to freeze it to? Unfrozen cultures can develop into anarchy...
- And what about organisational values? Where do these help innovation? Perhaps it's not just culture, but behaviour at a more superficial level. Will behaviour change culture, or does attitude change first, and then culture? Do you win peoples' hearts first so that behaviour change then follows? And even if we have a values statement, the 'big issue' is how to get people to live them. Is a 360° feedback process a major driver of change? But what happens if people feel constrained from giving the feedback they might wish? Or if the receivers of that feedback are not listening? To make values real, people need very clear guidelines on what behaviour is 'right' and what 'isn't, such as a set of 'parables' (see page 114). And, to make things stick, they should be rewarded for showing the 'right' behaviours -and sanctioned if they don't.

Culture - ...but a very muddy one indeed

- Values also get wrapped up in the whole experience of the brand - recruits will be attracted by what they believe the company to be like, so they already identify with it and in some ways want to live up to the values (as they understand them) before they join. And we all know that when values are strong enough, the rule book can be implicit in all that we do. So just what is the public perception of your organisation? Do you know why someone would choose your company rather than another in the same industry? Does this perception fit the profile that you want? Or are you just not getting the right people in the first place?
- Make some capital available for innovation - an internal venture fund that everyone can compete for, as long as it's not too bureaucratic. Or rather than competing for the funds, maybe we could collaborate...especially if we seek to apply Koestler's Law: is the combination of the two ideas more powerful than either one separately?
- Will any of these changes be sufficient? Or do we have to revert to starting a 'burning platform' by some other means? Does anyone really have the authority to do this? And if someone does, does he or she have the necessary influence to make something real actually happen? Perhaps cultures can only be 'infected' one bit at a time - so we start the change in one area and allow others to see how great it can be!

The Third Law of *Organodynamics*TM

Organisations end up with the cultures they deserve.

For more on *organodynamics*TM, see <http://www.silverbulletmachine.com/news.html>.

The power of ‘parables’

The essence of ‘culture’ is *behaviour*, for culture can only be manifest by how individuals behave. And the essence of behaviour is *choice*. If people have no choice, if everything they do is totally constrained by the ‘rule book’, or by fear, then individual behaviour is totally constrained. In this almost totalitarian world, the culture is explicitly defined by the leader - as the darker parts of the history of the twentieth century show all too well.

But what happens when people have choice, when they are empowered?

Let’s take a concrete example. Imagine that, one day, the manager of a department is approached by the most able person in the team to request a transfer to another department. What might the manager do? There are many possible choices, for example, the manager might say:

- “Thank you for coming to see me. Let’s discuss it at your next appraisal”
- “Those decisions are made by our HR people. Why don’t you speak to them?”
- “Thank you for letting me know, but I’m sure you realise how important to the company your current role is.”
- “I’m very sorry, but that is out of the question.”
- “Thank you, I’ll discuss it with the Departmental Director.”
- “Thank you, please tell me more. What can I do to help?”

There are of course many other responses too, each of which is symptomatic of a distinctive culture. Different organisations will prefer different responses in each situation, and I would argue that the ‘culture’ as a whole is the set of behavioural choices which it ‘expects’ people to take under various circumstances. And, in practice, many of these choices are underpinned by a consistent set of values - so, in this case, the value ‘people are chattels’ leads to the response “it’s out of the question”, whereas the value ‘we trust our people’ leads to “how can I help”.

How, then, can people in the organisation ‘learn’ the culture? And how can the culture be changed?

Try ‘parables’. ‘Parables’ are mini-case studies, just like “Imagine that, one day, the manager of a department is approached by the most able person in the team to request a transfer to another department. What might the manager do?”. Each is very simple, and highlights a real situation in which individuals have choice. Convene a small group, and invite them to discuss the case, and to identify as many different responses as possible. Then, from the large range of choices, explore which responses are to be preferred to others, and why.

Building a culture of innovation - Ideas and recommendations

- Pay attention to competitors.
- Accept, and learn from, failure.
- Leadership is crucial.
- Look at others from whom you can learn - benchmarking, analogues, parallels.
- Recruitment - are you recruiting clones? And if you aren't, are you listening to what the new recruits, from other organisations, bring?
- Be alert to location and environment - do you have open, collaborative areas, where people can share thoughts and ideas?
- Identify your core values, and make sure that people understand what these mean in terms of day-to-day behaviours.
- Don't impose - behaviour change only sticks when people behave the way they do because they naturally do things that way, and want to do things that way.
- Audit where we are.
- Make it personal - 360° feedback.
- Understand where and how innovation fits into the organisation.
- Provide a high level of support for idea implementation.



Creativity workshop

*Facilitated by
Danny Greenstone and Dennis Sherwood*

InnovAction!™

- **Step 1 - Select the appropriate focus of attention**

“We need to invent a new game...what about basing our thinking on chess?”

- **Step 2 - Define what you know**

“Chess is played by two players”...“The castles are placed on the corners”...

- **Step 3 - Share**

“Only one piece can be on any square at any time”...“With one exception, each piece keeps its identity throughout the game - a knight is always a knight”...

- **Step 4 - Ask “How might this be different?”**

“What if there weren’t two players?”

- **Step 5 - Let it be...**

“Mmm. Well, there might be four...” “...playing as two teams of two...”

“...conferring...” “...or maybe not...what if the second player didn’t see the first player’s moves?” “Or maybe we could have 32 players, one for each piece...”

- **Step 6 - ...Then repeat steps 4 and 5 for another feature...**

“What if the castles didn’t start at the corners?”...

Creativity workshop

This session was rather different. Rather than a syndicate discussion, this was a ‘master class’ in one of the principal tools of deliberate and systematic creativity, a process known as *InnovAction™*. The essence of *InnovAction™* is the explicit recognition that, in business and organisational life, we only need ideas in contexts which are both familiar, and where there is an enormous amount of existing learning, knowledge and experience. The starting point of conventional brainstorming, the blank-sheet-of-paper, is therefore precisely the *wrong* starting point. The ‘paper’ isn’t blank at all, but rather very full indeed, full of our learning, knowledge and experience.

Furthermore, what we are actually looking for is not a ‘bolt from the blue’, but rather an insight as to what we can do in the future that is different from what we are doing now. Our search is for *difference* rather than *novelty*. And the easiest way of discovering differences is to have a very insightful understanding of what happens now in some detail, (and there is, of course, always a ‘now’, for we need ideas only on familiar territory), and then ask “how might that be different?”.

So, suppose we want to invent a new game. This is too broad a category, so let’s narrow things down to indoor board games. There are many of these, from *Snakes and Ladders* to *Monopoly*, from *Scrabble* to *Chess*. If we start with, say, chess, the first step is to identify, precisely and insightfully, everything we know about chess. There’s actually quite a lot: there are two players, it’s played on a board, each piece has its own moves, each piece starts in a specific position... All of these features, collectively, define chess, and distinguish chess from all other board games. So, if we change just one feature, we will make a different game. What might happen, then, if the pieces weren’t in specific positions to start with? Suppose, for example, that I could put my pieces wherever I like - even if I keep to the constraint of the two back rows. And, at the same time, my opponent could do likewise. Or what would happen if I set my *opponent’s* opening position, whilst my opponent set mine? Mmm... that could be interesting...

To experience deliberate creativity, the participants were invited to invent some new reality TV shows, based on *Big Brother*...

What we know about *Big Brother*

- Contestants are young...
- ...extrovert...
- ...unmarried...
- ...from diverse backgrounds...
- ...socially and ethnically...
- ...who don't know each other...
- ...and are forced to live communally...
- ...with no privacy...
- ...for there are cameras everywhere.
- There's a different house for each series.
- It's very mundane.
- It's competitive.
- The winner is the last person left in the house...
- ...as determined by viewers' votes...
- ...so viewers control the outcome.
- There's a big prize...
- ...all of which goes to the single winner.
- There is no communication outside the House...
- ...except with *Big Brother*...
- ...through the *diary room*.
- There is an excitable and empathetic presenter.

- There is a lot of sex...
- ...but alcohol is rationed.
- Viewers are strongly engaged...
- ...and there is a lot of coverage in the papers.
- Contestants are given tasks to do...
- ...of ten in uncomfortable circumstances...
- ...which deliberately encourage interaction...
- ...and conflict.
- It's not 'fair'.
- Contestants 'play up' to the camera...
- ...and try to hide their motives...
- ...often trying to shock.
- Contestants seek fame...
- ...are 'wannabes'.
- It's not scripted.
- The producer can manipulate the contestants.
- Viewers pay to vote...
- ...and much of the money goes to the production company.
- Activities in the House are broadcast every day...
- ...over a period of ten weeks.

How might this be different?

A key feature of *Big Brother* is that contestants inside the house cannot communicate with the 'outside world', except by conversations with *Big Brother* through the *diary room*. How might this be different? Suppose someone 'outside' can also communicate...

How might this communication take place? Well, by phone, text message, the internet, video, letter, face-to-face (arranged meetings), smoke signals... And what might the communication be about? News, gossip, the voting, information about other contestants...

Voting. Information about other contestants. AHA!

A BIG IDEA

Suppose each contestant had a 'twin' on the outside, so the programme followed both the contestants inside the House, and the 'twins' outside. Who might the 'twins' be? Maybe someone known to the contestant (like *phone a friend* in *Who wants to be a Millionaire?*), but maybe not...

The 'twin' can provide information and advice to the contestant, about votes, and about other contestants, and acts as the advocate of the contestant, using the media to build support.

Mmm... But what about a variant on the theme, in which the 'twin' of contestant A *cannot* talk directly to contestant A but only to contestant B - and *vice versa*. Contestant B therefore carries the message to contestant A. Does contestant B tell the truth? And if not, does the 'twin' of contestant A *deliberately give misleading information* to contestant B in the expectation that contestant B will lie when relaying the information on to contestant A? Drama, conflict...maybe this could really work...

And another *BIG IDEA*

Another key feature of *Big Brother* is that contestants act as individuals in one static location, each craving their own 'fifteen minutes' of fame. They bleat, plea, condemn and criticise to *Big Brother* via a single camera.

Suppose we make contestants responsible *for*, and *to*, each other to survive... and then throw in a 'curved ball' by planting an interloper who would 'deliver the goods' to the viewer? Suppose we keep the contestants off balance by changing the location to which they have become acclimatised and comfortable? Suppose we keep the communication process a one-way street... but the *other* way? Suppose the only way to succeed is to wrinkle out the lies from the truth ...

A *BIG IDEA*

"*On The Rocks*" sets the contestants up as pairs - maybe genuine wedded couples or related couples, perhaps 'best pals' from work. Each member of the pair is responsible for the survival and betterment of the *complete* pair - it only takes one to harm both.

But one of the couples is a plant. *We*, the programme makers, have put them there. Spies. Their job is not only to wind up, cajole, bully and hype the contestants, but also to 'grass' and spill the beans to us. As a result of this information, viewers are encouraged to contact the pairs, by any means possible, to reveal what is being said... *or* to steer them the wrong way. And of course the audience does as much cheating and manipulation as the producers to create truly dramatic, unpredictable, jaw-dropping and mouth-watering television.

Will the *right* pair win? And if they do, will it be because they have been manipulated?
Or because they have managed to avoid the manipulation and be themselves?

Feedback

Scores

	bad					good					
	1	2	3	4	5	6	7	8	9	10	average
The event overall				1			5	13	3	3	8.0
<i>THE BIG DEBATE</i>	1				1	2	3	8	6	3	7.8
The syndicate discussions			1		1		11	6	5	1	7.5
The syndicate share				2	9	6	5	2			5.8
The venue overall							4	8	7	5	8.5
The rooms					1	2	4	7	4	4	8.0
The dinner						3	3	11	2	3	8.0
Breakfast and lunch					2	1	10	8	2	1	7.4
Administration					1	2		8	9	4	8.4

The figures in each column represent the number of delegates scoring each item at the stated level.

What were the most enjoyable features of the conference?

- Introduction with others with different experiences.
- Meeting some great people!
- Meeting people with similar issues.
- Meeting different people.
- The delegates.
- Diversity of the attendees.
- Learning from others' wisdom.
- The varied delegates, the discussions, the location.
- Interacting with a diverse set of participants.
- Consultation with colleagues.
- Informal discussions.
- The mix of delegates and their enthusiasm.
- I felt that I benefited from the rather unstructured nature of the conference as this allowed a type of metamorphosis which meant that my experience was individual to me and more like a private consulting session rather than a conference or training course.

- The delegates.
- The environment, and the diversity of the attendees.
- Interaction, stimulation of grey matter, great participants.
- Adrian Furnham's opening statement in the debate.
- Quality of the debate.
- *THE BIG DEBATE*.
- *THE BIG DEBATE* was very enjoyable!
- *THE BIG DEBATE*, and one of the syndicate sessions.
- The discussion after *THE BIG DEBATE*.
- The syndicate sessions.
- The syndicate discussions, and breadth of talent from other organisations.
- Setting.
- The general format: no powerpoint presentations, open discussion, thought-provoking facilitation.
- The creativity workshop.

And the least?

- The rooms.
- We needed more time for discussion in the syndicate groups.
- The depth of issues wasn't there.
- One of the syndicates - too few people.
- To many syndicates - reduce from three sessions to two.
- Wandering around reviewing the syndicate feedback didn't really work: the summaries at the end were more helpful.
- The sharing sessions didn't really work because the flip-charts were understandably brief.
- The syndicate feedback session too short.
- The syndicate feedback was too rushed.
- Too little time to discuss syndicate findings.
- Probably insufficient learning and conclusions from the syndicates.
- The share session - the flip-charts seemed fairly meaningless and out-of-context, but it did provide a good chance to chat with other delegates generally. I would have preferred to hear the key learning points from the group.
- The diversity of interest and organisations made for generalisations, and a tendency towards the lowest common denominator.
- The weather!
- The travel.
- *THE BIG DEBATE* - first part.
- *THE BIG DEBATE*.
- Coldish food for lunch on the second day.
- Created more questions than it answered.

To what extent has the conference helped you tackle some important issues for your organisation?

- Very useful, plenty of food for thought that will help us tackle, some day, the major issues.
- It has given me food for thought and a good start.
- No single answer, but there probably isn't one! But a number of *silver bullets* were splayed round...
- Somewhat. There is no *silver bullet* - you have to keep trying.
- Shown no magic answer - experiment to find what works for each specific situation.
- Certainly broadened understanding of the issues around many subjects, although we weren't provided with real examples of potential solutions.
- Many, many ideas.
- I'm more aware of the issues, but I didn't take away any more tools for my kitbag.
- Because the ideas which I will take back were selected by me, and I was given the chance to explore these ideas with the other delegates, I am more comfortable about applying these ideas.

- A great deal.
- Gained confidence that our problems are not unique, and have seen potential solutions to some of them.
- It has broadened my appreciation of issues and tactics.
- Good ideas on process, and better understanding of issues.
- Will need more incubation.
- To a certain extent - it was refreshing to learn that others share the same issues.
- Provided a framework for starting to change processes and systems by using the ideas and innovation of the team.
- Interesting to understand a range of issues.
- Of real practical value.
- It has helped me reflect on key areas.
- One or two hints to develop further - overall, a good review of issues.
- Gave me a couple of pearls of wisdom - ask me in a year's time how valuable they were!
- A lot.

What advice or recommendations would you offer for any future conferences?

- Longer conference - more time!
- Case studies to illustrate main themes.
- A case study might have helped to develop ideas further.
- Keep to two syndicates, and introduce another activity, such as a case study.
- Guest speaker from a recognised 'best practice' innovator?
- Some specific/actual examples of best practice solutions in a variety of organisational environments.
- Better administration.
- The development of ideas into 'how'.
- Begin the conference with some definitions, and a framework.
- More time on day one to get everyone on the 'same page'.

- Good format. Don't have any more delegates - limit at 50 people.
- Keep to smaller syndicates.
- Perhaps fewer syndicate subjects.
- Improve the method for syndicate share.
- Poster feedback sessions don't work too well to share across the whole conference. Extend feedback in plenary.
- Balance the number of delegates in each syndicate, so that there are neither too few people, nor too many.
- Fewer syndicates, more interaction.
- Maybe the conference could have benefited from being a few hours longer.
- More focus - more detail on fewer topics.
- Keep up the good work!

Additional comments

- There was an implicit assumption in the workshops that best practice was represented, whereas many (most?) had come to learn from others - eg performance measures. It would have been helpful to understand these from successful innovation companies, eg Nokia, 3M.
- Alarm clocks would be useful in the rooms!
- I have thoroughly enjoyed the whole experience, and the time spent with interesting, stimulating people. The two days allowed some time for thinking. Excellent - thank you!
- We ran out of time!
- Hard to judge the benefit right now - will feel better after incubation and the notes.
- A stimulating and enjoyable meeting.
- This was the first time I have attended a management conference where the delegates were not preached to about the management technique '*de jour*'.
- Thanks!
- Great!
- Great stuff!
- Very enjoyable - nice crowd, warm, clever, open.
- Great mix of people!
- Thank you for a fantastic experience!

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Barnsdale Grange, The Avenue, Exton, Rutland LE15 8AH

E-mail: dennis@silverbulletmachine.com

Website: www.silverbulletmachine.com

Mobile and messages: 07715-047947

Telephone: 01572-813690

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Conferences