INNOVATION AND EXECUTION ON STRATEGY

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Executive Summary

For any organization to fulfill operational imperatives and execute on strategy it must consider how it addresses people, processes, and tools. If, in executing on strategy, the organization over emphasizes process, a compliant environment may develop. If it heavily focuses on available tools it may create an approach that leans on technical execution. Creative execution occurs when the organization relies on the people for implementation. While each of these approaches can sustain operations in good times, organizations that balance their reliance on people, process and tools will create an environment where innovation drives execution; a business that thrives in challenging times as well.

As an organizational shift to innovation occurs employees will find ways to keep the customer the focus, continuously improve processes, find new tools, and create better products. This starts with a shift in the mindset of the senior leaders. Once leaders begin seeing innovation as essential to execution and start encouraging and rewarding innovation as an organizational capability, the shift will begin. This requires changes in behavior beginning with the senior staff modeling the behaviors they want to see in their people. As the senior staff shifts their thinking and changes their behaviors individual competencies of creativity and quality thinking can begin to be intentionally developed. Sharing a common language, gaining deeper understanding and skills, offering feedback, and creating supportive environments that encourages the consistent use of these skills all contribute to building the organizational capacity for innovation.

Innovation and Execution on Strategy
The Issue

In a challenging business environment formulating the right strategy and executing that strategy are vital to the sustainable existence of any organization. Formulating the right strategy is the responsibility of the senior leaders with input from others.[1] Executing on that strategy is everyone's responsibility. Communicating the strategy and creating processes that serve it is only a start. When innovation becomes an integral part of execution, consistent processes are still valued and enhanced by disciplined, creative thinking of employees, guided by strategy, and the creative use of existing tools to execute and reach the desired outcomes. Innovation is crucial to executing any strategy.


Creativity

An individual competency for generating new ideas, processes, products, connecting old things in new ways, etc..

Leaders often talk about innovation without agreeing on a definition. Used interchangeably with creativity or inventiveness, this powerful concept becomes fuzzy jargon that we give a nod to without having a clear target for all to shoot at. For this paper, creativity is creating new things (ideas, processes, products, etc.) and innovation finds the best of these and puts them to use. Innovation implies utility and action. Far from soft or fuzzy, innovation is a hard organizational capability.[2] Creativity focuses on individual competencies and skills. Innovation has more to do with a leadership mindset and organizational culture. This mindset unleashes the creativity found in every organization, surfaces the best ideas and applies these ideas to
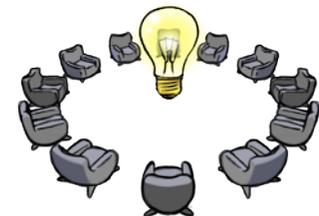
Innovation

An organizational capability for finding the best of the creative output and putting it to use. Innovation implies utility and action

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[1] "In the end, it is the leader's job to define the company's strategic position and make the trade-offs." - The Leader's Role in Strategy, Graziadio Business Review, 2005, Volume 8 issue 2

[2] "While leaders can foster innovation, the organization as a whole must also support innovation through the makeup of its culture and the way it designs its processes," - See more at: http://www.businessnewsdaily.com/6848-creativity-vs-innovation.html#sthash.6UZLJm8r.dpuf

meet real business challenges. The hallmark of innovative organizations is not simply playing video games in the cubicles or riding scooters in the halls. Innovative organizations cultivate the best thinking of their people, identify and develop the best ideas and make use of them **before** the market demands a change in a repeatable and sustainable process.[3] This happens when the leaders in an organization actively create an environment where applying new ideas is encouraged, failure is necessary for growth[4], and where people in the organization intentionally develop quality thinking skills (creative, critical, tactical, strategic, linear and systems).

Some organizations rely on the employees' ability to follow clearly defined processes that leads to fulfillment of the strategy. While outcomes are well defined and communicated, strategy and process tend to be created and designed at higher levels by a small group of leaders in specific roles who hold unique institutional knowledge. This approach (Compliant Execution) creates processes that attempt to anticipate all contingencies and eliminate variance. It creates an environment that enforces compliance to a "check-box" approach to executing on strategy. While these "check-lists" works in most situations, when they fall short it can be catastrophic to customer loyalty, brand reputation, profitable growth and overhead. This approach also limits employee autonomy and motivation creating a challenge to employee satisfaction, loyalty, and engagement. Organizations have three major levers; People, Process, and Tools (Technology). A compliant culture with an over emphasis on process misses the opportunity to leverage two of the three major organizational components.

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[3] "It's [innovation] also concerned with the work required to make an idea viable. By identifying an unrecognized and unmet need, an organization can use innovation to apply its creative resources to design an appropriate solution and reap a return on its investment." - http://www.businessinsider.com/difference-between-creativity-and-innovation-2013-4

[4] How an organization deals with failure is crucial to innovation. Risk is instrumental for people to exercise creativity. When failure is not acceptable it creates a risk-averse environment where innovation is discouraged.

Equally dangerous is putting too much focus in execution on the creativity of people (Creative Execution) or the functionality of tools (Technical Execution). Where individual creativity overshadows

> *An innovative organization leverages people, process, and tools in a disciplined, yet flexible way, to execute on a defined strategy and reach the desired outcomes.*

process and tools, execution runs the risk of becoming inconsistent and undisciplined. This can result in inconsistent product or service delivery, drop in customer loyalty and employee burn out. If tools become the focus, at the expense of people and process, execution links to the available technology. The rapid development of new tools and disruptive technology requires and organization to be vigilant and anticipate new directions. Organizations not willing to pay the price (cost and training time) to adopt new technology will find themselves stuck in the past, using old tools that cannot keep up with the ever-increasing rate of technological change.

An innovative organization leverages people, process, and tools in a disciplined, yet flexible way, to execute on a defined strategy and reach the desired outcomes. Processes are defined and consistently followed. When a situation doesn't fit into the defined process or the process leads away from the desired strategy or outcome, people have the skills and permission (formal and informal, policy and environment) to deviate from the process. They creatively use the available tools to address the situation in a way that adheres to the strategy and reaches the desired outcomes.

Claiming innovation as a value, behavior or strategy finds its way into many corporate statements and employee handbooks. Implementing it correctly is far less common. Becoming an organization that practices innovative execution on strategy requires a consistent, long-term commitment to developing specific individual competencies and organizational capacities.

Moving toward Innovative Execution

Terms to Explore
A Partial List
- What does success look like?
- What will we be doing if we are innovative executors?
- Innovation –
- Creativity –
- Execution –
- People/Process/Tools or Technology (PPT)
- Measurements
- Culture
- Climate
- Environment
- Values
- Norms
  - Strategy –
- Types of Thinking:
  - Strategic
  - Tactical
  - Creative
  - Critical
  - Linier
  - Systems
  - Logical
  - Rhetorical

Innovative execution build on a shared critical thinking methodology and good judgment. When leaders devise plans and make decisions that create a disruptive change cycle, organizational instability, and work environment that discourages engagement they risk damaging their brand (organization and personal) and the bottom line.[5] While intelligence and experience are part of the equation, a lack of skills needed for managing self and relationships (team and network) also impact a leader's ability to critically think and make decisions. This costs the business in efficiency, employee engagement and retention, poorly negotiated contracts and settlements and bad strategic decisions.

Building Organizational Capabilities:

Before organizations attempt adjusting their approach to strategy the Senior Executives must create a shared understanding of what innovative execution means. They must shift their mindset to encourage innovation and define the behaviors to be modeled by the senior team.

This conversation to shift thinking, define behaviors and agree on terminology can be challenging. A bullet point in a senior team meeting agenda will not suffice. Even dedicating a whole meeting or day is not enough. This conversation needs to take place over time so people absorb the significance and offer their best

Senior Team Conversation Starter:
Mindset shift:
- Support for risk taking and change
- Tolerance of mistakes
- Teamwork (within Business Units) and collaboration (across Business Units)
- Value of Emotional/Social Intelligence
- Thoughtful urgency
- And…

Behaviors:
- What can other business units do to support my success? What do I have to offer other Business Units to support their efforts?
- What do I need to support risk taking in my direct reports?
- What do I need from my teammates to help me be successful? What do they need of me?
- What does it look like to hold each other and our direct reports accountable while being tolerant of mistakes?
- What does it look like to be tolerant of mistakes and use failures to encourage development?
- How can I address urgent imperatives without compromising continuous improvement and long-term success?
- And…

thinking. A series of discussions led by a skilled outside facilitator allows all leaders input and time to process. The outcome of these conversations needs to go beyond a document, brochure, or a memo. A clear path to changing behaviors, execution on strategy and implementing change need to be the result. The high-level outlines for communication, training, support, and rewards along with individual responsibilities need to be produced. It's best for the appropriate departments and subject matter experts to generate the specific plans for implementation and adoption but the energy needs to come from the senior leaders.

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[5] If they see the disruption [change] as a threat, they tend to overreact, committing too many resources too quickly. - Disruptive Change: When Trying Harder Is Part of the Problem HBR
https://hbr.org/2002/05/disruptive-change-when-trying-harder-is-part-of-the-problem

This mind shift and behavioral change happens over time. This journey begins with the enthusiastic "buy-in" of the senior team. If the term "Innovation" in any form is found in your values, strategy or behavior statements serious consideration and resources should be offered to this topic. The significant time, energy, effort, and resources required for this process indicate the investment your organization's willingness to become innovative. Investing in this way pays dividends in long-term profitability, sustainability, and resilience. If innovation is to be more than a "bumper sticker" slogan that looks good a brochure becoming clear on innovative execution must be pursued.

Building Individual Competencies:

Share a Common Model and Language

Key sets of competencies essential to innovative execution include emotional/social intelligence, creativity, and quality thinking.[6] Once the senior leaders agree on which models to use, these models and language need to be spread and adopted by the entire organization. This is no trivial matter. Creating good communications, memos, email blasts, online resources starts the process but people will not consume these resources until they understand why the organization prioritizes innovation. Before people will share the language and the model they need to understand why it's important and how they will

> **Ideas for developing Understanding, Competencies, and Abilities**
> - Develop subject matter experts and master practitioners as resources
> - Weekly open discussion calls
> - Monthly webinars
> - Monthly video conferences
> - Multi-day workshops (focused on interaction)
> - Discussion starter and activity ideas for meetings and conferences
> - Online best practice repository/resource
> - And…

[6] Quality Thinking is an inclusive term I use that encompasses many different types of thinking (strategic, tactical, creative, critical, linier, systems, logical, rhetorical, etc.) Because quality thinking includes creative thinking, I'll simplify my references to just quality thinking.

benefit from this change. This is a process, not an event. This process starts with consistent and intentional two-way communication of why innovative execution is essential for the organization, how each

> **Ideas for sharing the Model and Language:**
> - Mass email announcement and progress updates
> - Intranet Information Hub – where to go for the latest information and updates
> - Talking points for team meetings
> - "Meeting in a box" resource for managers
> - Give-away materials - posters, desk top, job aids, key chains, wallet cards
> - Video messages from senior leaders
> - Facilitated discussions for input and understanding
> - And…

individual will be positively impacted adopting this approach and, lastly, the specifics of this new approach. Leaders can mine the two-way communications for improvements and refinements of the plan. Many organizations stop with this communication. Information transfer just starts a process that results in the consistent innovative execution on strategy.

Develop Understanding, Competencies, and Abilities

Encouraging deeper discussions and opportunities to gain/build associated skills starts once the organization begins using common language around innovative execution, emotional/social intelligence, and quality thinking. Facilitated, open discussions allow people to find personal meaning and application. Live meeting, conference calls, video conferences provide these opportunities. This moves the language and model from being words on a page to creating personal and shared understanding. These formats also allow for sharing best practices and applications for quality thinking that result in innovative execution. Encouraging people to challenge their understanding and skills offers the side benefit of gaining their buy in. A deeper comprehension of the model and increasing skill levels will move the motivation for continued adoption from external to internal. Their own desire to grow increases.

Application and Feedback

Without intentional practice and informed feedback people will never reach their full capability and will likely stop using the skills. Creating opportunities for real-life observations, guided practice and feedback from others encourages continuous improvement and continued, wide-spread adoptions of the desired behaviors. Managers support this by building feedback onto one-on-one development discussions and including in performance conversations. The value of investing in on-going training and development programs cannot be overstated. Focusing on observing others, intentional practice and feedback, these programs build professionals who actively and accurately apply competencies that transfer to real-world situations. By interacting with subject matter experts and master practitioners, the desired skills

Ideas for Encouraging Application and Feedback
- Design and deliver deep training/development programs that highlight practice and feedback.
- Acknowledge managers who develop SMEs and master practitioners.
- Reward managers who cultivate master practitioners.
- Create and share competency guides that define what competencies look like at different proficiencies.
- Normalize and reward feedback as part of development and performance discussions.
- And…

and behaviors become normalized and expected. Acknowledging and rewarding those who coach and encourage the skills is as important as doing it for those who apply the skills. Pushing for continuous improvement of innovative execution skills will also deeply embed these skills into the organizational culture.

Organizational/Environmental Support

Work environment offers a vital opportunity for supporting individual behavior. Create artifacts that overtly and subtly encourage desired behaviors and attitudes. Displaying well designed posters that encourage quality thinking serves as reminders of what the organization values. Offering job aids or "give-away" items that support emotional intelligence

are tangible links to the desired behaviors. Environmental support must be linked to real training and development opportunities. A poster is not enough. People need to be equipped and rewarded for the desired behaviors. Link performance to demonstrating quality thinking and emotional intelligence. Make topics of innovative execution standard for meetings, conferences, training, and retreats. Creating a supporting work environment concurrently with promoting the shared models, owning the concepts, and building the competencies enhances the depth of acceptance and application of innovative execution in your organization.

Ideas for Creating Organizational Support
- Posters/Displays that outline and encourage the emotional intelligence and quality thinking.
- Offer "give-away" objects that connect to object lessons and concepts from training.
- Create a list/schedule of topics relevant to innovative execution to be discussed at meetings and conferences.
- Video messages from senior leaders encouraging adoption and development of innovative execution.
- And…

Closing Comments

Innovation creates a significant and lasting competitive advantage. When claimed but not applied, innovation becomes a "bumper sticker." Its value disappears and the unintended, negative impact handicaps the organization. Organizations need to become clear on what innovation means and let it guide how people, processes and tools are used to execute strategy. This cannot be done by a brochure, and event or by proclamation. It requires total buy in from senior leaders and a long-term investment in the people and organization. While the investment is big the payoff can be bigger when there is commitment and attention to the details of implementing innovative execution.

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