

# PEOPLE + PROCESS = PERFORMANCE

How having the right culture for innovation adds up.

BY ERIC L. DONER

**T**he research is clear. Organizational culture is the dominant driver of creativity and innovation—regardless of research-and-development (R&D) spending.

*Global Innovation 1000*, the annual study by Booz & Company, shows that companies with cultures that support innovation consistently outperform their competitors. Booz also found that the most innovative companies actually spend the least on R&D.

Is it leaders of organizations that create innovative culture? Is it truly possible to attract, develop and retain creative talent to ensure a continuous flow of new ideas and distinctive products? How do you foster a work environment that produces radical innovation and disruptive technology?

To begin, reflect on the creative environment and how we define innovation. Respected communication strategist Ryan May states: “Creativity is the mental and social process used to generate ideas, concepts and associations that lead to the exploitation of new ideas—put simply: innovation.” And Jeff DeGraff, University of Michigan business professor, author and noted innovation consultant, says



“Innovation is about what doesn’t exist yet. Innovators see it—others don’t.” In this regard, innovation shares an aura of ambiguity with culture.

### Culture Is Elusive

Corporate culture can be hard to define, but you know it when you see it. An organization’s culture is the aggregation of its mission, vision and values plus the beliefs, attitudes, behaviors and actions of both its leaders and its performers. Culture drives policies and practices and shapes the brand. In a thriving culture with authentic leaders, employees who are encouraged and empowered will consistently create and contribute. However, an authoritarian, change-resistant or risk-averse culture prevents innovation. Employees are not likely to offer new ideas; they work just hard enough to not get fired, and only until they can find something better.

Achieving the goal to build and sustain a culture of innovation requires adopting a “People + Process =

Performance” equation. Give strategic priority to both people and process and results are predictable. Neglect or ignore either, and you have a formula for failure.

Bill Bernbach, cofounder of Doyle Dane Bernbach Worldwide Communications Group Inc., once wrote in an *Esquire* article: “Creative people have an annoying habit. They create.”

To foster that creativity, they require a work environment—a culture—where they can practice and demonstrate creativity. Most importantly, they should be applauded for failures, and not be criticized or ostracized.

### Hire for Innovation

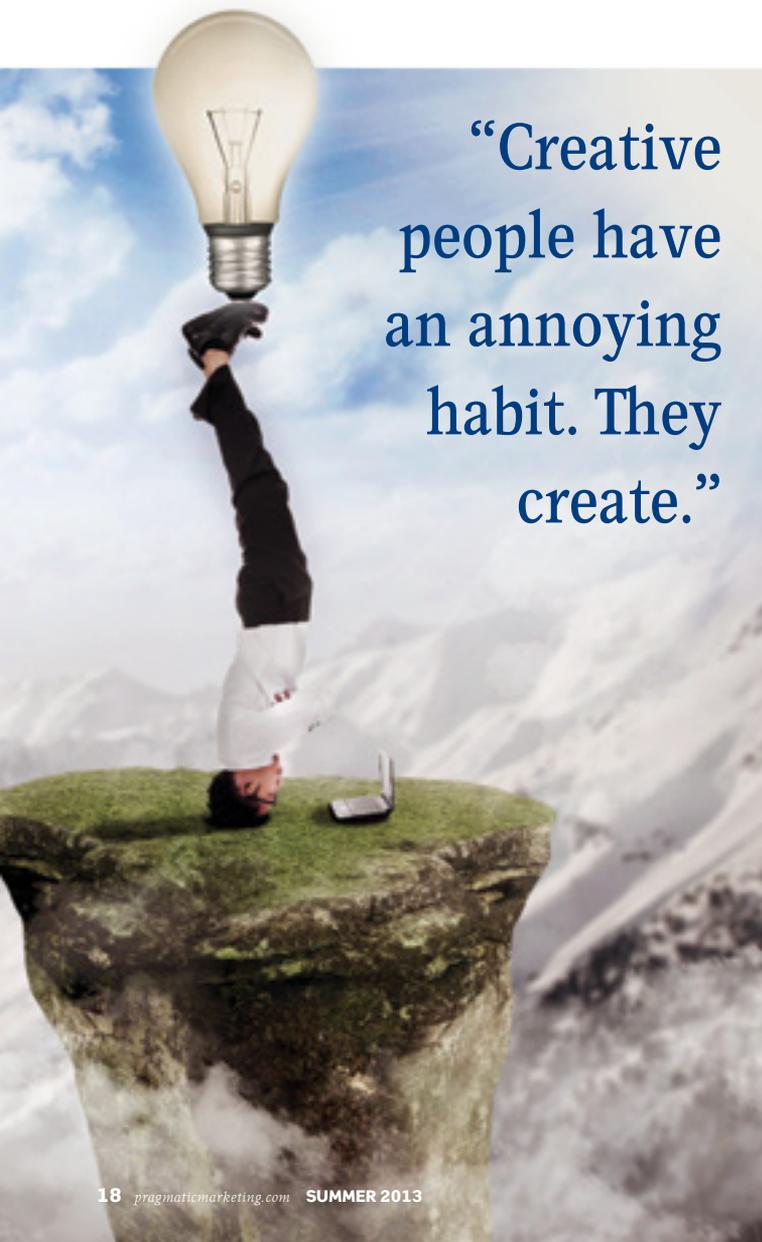
Across industries and geographies, CEOs consistently highlight four personal characteristics most critical for employees’ future success:

- Collaborative
- Creative
- Communicative
- Flexible

In addition to these attributes, a major challenge in the war for talent is to find employees with undefined future skills, for which no training is available today. The *IBM 2012 Global CEO Study* found that CEOs are increasingly focused on finding employees who can constantly reinvent themselves. And John Chambers, Chairman and CEO of Cisco, told graduates of San Jose State University: “The class of 2013 must be innovation-ready to survive and thrive in an economy where lightning-speed change is a matter of course.”

So how does an organization find and recruit “future-proof” employees who think big, thrive on ambiguity and continuous change, and are lifelong self-directed learners? For further insight, I turned to Joseph Murphy, a psychometrician and evangelist for staffing process improvement. He assured me that it is possible to measure the ability to brainstorm and the capacity to generate robust and valuable ideas. He cautioned, though, that organizations must clearly define their skill requirements to test for them—and must ensure that their culture values creativity and “tolerates” creative employees.

Remember our equation: People + Process = Performance. You may win one battle in the talent war when you acquire the people you need to create exciting new products. However, the major battle is to ensure that your policies and business practices do not create barriers to innovation. Your cultural strategy must encourage autonomy and breed creativity. Carefully onboard, guide, coach and develop your human assets to sustain their motivation, retain their loyalty and help attract more like-minded creative talent. According to the



IBM study, a majority of 1,700 CEOs surveyed highly value a corporate culture of openness—diversity of thought and the free flow of ideas—and they expect innovation. But while they value such a culture, are they creating it?

## Management Style

Leadership style and skills play a large part in the equation. In a blog posting on [businessdictionary.com](http://businessdictionary.com), Ryan May wrote, “Supervisors must manage for the creative process and not attempt to manage creativity itself.”

And in their *CBS Money Watch* blog, Kelly and Marshall Goldsmith warn about the behavior of well-intended but self-delusional managers in “The Three Most Annoying Habits of Successful People”:

1. **They need to win all the time.** They’ll steal your idea and take credit for it.
2. **They try too hard to add value.** Instead of saying “terrific idea,” they say “Why don’t you add this piece to it?” They may add 5-percent value, but lower your commitment by 50 percent.
3. **They are publicly critical.** They have high standards and complain to their colleagues when others fall short of expectations.

Managers should be mindful of these examples and avoid inadvertent comments that stifle creativity and innovation

Consider these suggestions from the IBM study and from my personal experience:

**Replace rulebooks with shared beliefs.** Reduce complexity to enable everyday decision making, and help employees become fluent at responding to issues and problems.

**Look hard at your corporate culture.** Look at what you actually practice, not what you intend to project. How can you improve your culture if you don’t know what it looks like?

**Build values that employees will live out.** Allow them to help create the purpose and system. The people closest to the work often have the best ideas.

**Create unconventional teams.** Leverage diversity, experiences and unknown strengths.

**Concentrate on experiential learning.** Make it relevant to both the current job and future success.

**Empower high-value employee networks.** Encourage social media, since employee connections can become valued collaborators and customers.

**Create a stimulating environment.** Art, collectibles and games are great sources of inspiration. Capture everything using whiteboard paint, for example. Just add erasable markers.

**Encourage and reward risk taking.** Failure is a great teacher, but you have to be willing to take risks. Provide frequent positive feedback and reward creative ideas that work.

**Enable and facilitate shared tribal knowledge.** Informal learning has more stickiness.

Cisco’s Chambers also told the San Jose State grads that the “Internet of Everything” requires a new mindset, and its power can be used to solve some of our world’s most vexing problems. Surely this quest for solutions requires innovation, in both computing power and people power. We must remember that it is people who build, manage and maintain the information infrastructure—and they need supportive business practices to enable them to create, innovate and perform.

Computer scientist and graphical user interface pioneer Alan Kay said in 1971, “The best way to predict the future is to invent it.” We have witnessed that future and there is much more ahead. Some of the greatest innovations of the 21st century have been developed in, and will continue to evolve from, an entrepreneurial culture where creative people can best apply their skills and produce value. And while start-ups certainly encourage and even demand creativity from employees, established organizations can also adopt the elements of an entrepreneurial culture.

Organizations that get it right when it comes to creating and sustaining a culture of innovation will stay in the game and earn big wins. They will be led by courageous leaders who take purposeful action. They will be willing to examine and improve their corporate culture and invest in people, learning and systems to invent their future. [PM](#)

## About the Author

**Eric Doner** is a respected organizational culture strategist with more than 25 years of corporate experience in sales, management, learning and development, consulting, military and nonprofit leadership and academic roles. He is the founder and CEO of AchieveCorp, a firm that provides assessments, tools and training to enable organizations to create greater value by improving their culture. He is a professional speaker, trainer and co-author of “Plan to Win: Strategic Territory & Account Planning” (THiNKaha, 2011). You can read his blog at [www.achievecorp.com](http://www.achievecorp.com) and contact him at [edoner@achievecorp.com](mailto:edoner@achievecorp.com).