People, Teams and Culture: How to Create an Innovation Mindset in Services

Making the right investments and propagating an innovation culture in organizations that provide services

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TONIGHT’S DISCUSSION

• The Innovation Myth
  – Invention vs. innovation
  – Innovation in products vs. services
  – Barriers to innovation
  – Innovation starts with people

• Innovation Teams
  – Assembling innovation teams
  – Jobs vs. Roles
  – Dynamics of a successful team
  – Supporting innovation teams

• Innovation Culture
  – Define “innovation” for your firm (how much risk etc)
  – Benchmark your current culture (find where the innovation happens)
  – Establish innovation goals (quantitative and qualitative)
  – Model the behavior & invest for success

• Key Points of Leverage
THE INNOVATION MYTH

GROWTH

PROFITS

INNOVATION
INVENTION VS. INNOVATION

1. Selling Matters
2. At a Startup, Jobs Grow Faster Than People
4. People Have Operating Ranges.
5. Don’t Listen to Customers.
7. Be an Entrepreneur, not a Visionary.
8. Know Your Own Operating Range

BOB METCALFE
3 COM FOUNDER
TECHNOLOGY REVIEW, NOV/DEC 1999
INNOVATION IS GOOD
BUT..... INNOVATION IS HARD
SERVICES (vs. product) INNOVATION

"I'll be happy to give you innovative thinking. What are the guidelines?"
There are 4 key barriers to successful innovation.

These barriers extend the development, sales, deployment and adoption cycles and prevent innovative products and services from “tipping!”
WHERE DOES INNOVATION REALLY COME FROM?

- Innovation starts with people
  - Entrepreneurs at the edge of the enterprise
  - Rebels who question the truth
  - Inventors with perfect knowledge

A guy comes to a meeting and says “bug”
There is a common and persistent belief out there that entrepreneurship is about creativity—that it’s about having a great idea. But it’s not, really. Entrepreneurship isn’t about creativity. It’s about organization building—which, in turn, is about people.

Andrew Yang: Smart People Should Build Things -
Regardless of the type of innovation initiative, success depends on PEOPLE interacting with PEOPLE.

Who do you need, and what do they want?

Source: Skills for Innovators.
ASSEMBLING EFFECTIVE INNOVATION TEAMS

- Build teams, not committees

- Functions first, jobs second, people third
  - Define all FUNCTIONS that need to be covered
  - Define which JOBS map to which functions
  - Hire the right PEOPLE for those jobs

- Common mistake: retrofitting the jobs to the people or the functions to the jobs
  - Especially prevalent in small businesses where people wear many hats

- Teams are made up of people (from the jobs) playing roles

NOTE: This order is important (don’t retrofit the jobs to the people or the functions to the jobs)
JOBS vs. ROLES
MANAGING CRITICAL ROLES

• “Roles” are not “people”
  – One person can play multiple roles
  – Some roles may need to be filled by more than one person, and in different functions.

• Roles can be optional
  – Not all roles are necessary for all projects
  – Probability of success is increased if more roles are filled, especially for more radical and unchartered innovations

• Roles are “agile”
  – All roles except that of the Project Manager are informal and self-selected, and work best if left that way and facilitated, not mandated.

• Roles can change over time
  – Roles need to be matched with the stage of project.
SAMPLE ROLES ON INNOVATION TEAMS

THERE ARE 5 KEY ROLES ON ANY PRODUCT OR SERVICES TEAM

- Champion
- Sponsor
- Project Manager
- Gatekeeper
- Idea Generator

DIFFERENT SKILLS ARE NEEDED TO SUCCEED AT EACH ROLE

Source: Skills for Innovators.
CHARACTERISTICS OF HIGH-FUNCTIONING TEAMS

• The whole is greater than the sum of the individual parts

• Players “want to go home with a headache”

• Output in terms of volume and accuracy is higher by an order of magnitude

• Teamwork, transparency and trust are evident

• Passion and accountability is a common theme

• Goals are met; success is achieved more often than not
INNOVATION TEAMS SHOULD EVOLVE OVER TIME
"If you’re not failing now and again, it’s a sign you’re not doing anything very innovative."

WOODY ALLEN
DEFINE YOUR INNOVATION CULTURE

• Every company has a different tolerance for innovation – it is important to clearly define what it means in your firm

• How much risk is the company willing to take?
  – Bet your company?
  – Bet your services?
  – Bet your budget?
  – Just being willing to ask a question?

• What is the company’s tolerance for failure?

• Where are the innovators today?
  – Solely at the edge of the enterprise?
  – On every team?
  – Somewhere in between?

• Where is the support– Top down? Bottom up?
Netflix created a culture comprised of people who embody these nine values:

- Judgement
- Communication
- Impact
- Curiosity
- Innovation
- Courage
- Passion
- Honesty
- Selflessness

Adapted from Netflix Annual Meeting Presentation
5 QUESTIONS TO ASK
http://timkastelle.org/blog/2014/02/

1. How do I respond to the ideas of others?
   – The answer should be: in the same way I want others to respond to mine i.e. supportive, constructive and fair. The reality is that often we don’t do this.

2. Do I understand what adds value for others in the firm?
   – Getting your ideas to spread is an important part of innovation – and you can’t do this if you don’t have a clear idea of the value that you are creating for people.

3. Who is in my innovation tribe?
   – There is strength in numbers. And also, innovation works more effectively in groups – it is a collaborative effort. The best way to build an innovation culture is to find the like-minded people, and build on stuff that works.

4. How much can I get away with?
   – How much room to move do you have in your current position? If you’re reading this, it’s likely that you have the authority to make at least some decisions.

5. What can I do right now?
   – When she was starting out her business, Coco Chanel said that her philosophy was “Do what you can, with what you have, where you are.” That’s a pretty great innovation philosophy.
MODEL THE BEHAVIOR

- Focus on what’s “best for the business”
  - Allegiance to the objective – not the department or even the job

- Ensure teams have tight alignment to a single goal
  - Clear vision
  - Ability to communicate in many “languages”
  - Emotional connection

- Management and processes are accelerators, not roadblocks
  - Thin global organization
  - Agile processes

- Configure small, multi-disciplined, teams
  - Teamwork, transparency & trust
  - Domain knowledge & skills

- Ensure people have the ability to question the truth
  - Enables ability to honestly gauge progress and adjust course
WHAT GOES WRONG?

- **Leadership & Alignment**
  - Lack of decisions
  - Goals are unclear and left to individual interpretation
  - Objectives get out of alignment (Corporate/Team/Individual)

- **Team Dynamics**
  - Personal agendas get in the way
  - Overlapping roles or lack of role clarity
  - Trust breaks
  - Teams become committees
  - Team behavior drifts to the extremes (beehive soccer OR the team of one star player)

- **Expectations & Performance**
  - The “B player” problem
  - Tolerance for mediocrity, especially in the middle
  - Too much success (complacency) or too little success (no confidence)
KEY POINTS OF LEVERAGE (& WHERE TO INVEST)
PEOPLE ARE THE KEY

• Innovation and entrepreneurship depend on tolerance for risk and ability to track progress – irrespective of whether we are dealing with products or services
  – Successful entrepreneurs/innovators place multiple bets, knowing that most will not pay off

• Most management processes exist to minimize risk and as implemented can be obstacles to innovation

• Success is dependent on the skills, expertise and personality of CHAMPIONS who have a vision and passion for the future

Great ideas, great management systems, great funding do not eliminate the dependency on key individuals
PASSION MATTERS

• Passion trumps process, every time
• Passion is a source of influence and makes leaders effective change agents
• It is passion about a particular vision that gives teams a common goal and drives people towards success
• It is passion that makes individuals want to take risks and be accountable
• Where there is passion, there are results

The best thing you can do is kill bad ideas quickly

The worst thing you can do is kill good ideas slowly
RISK IS GOOD

• Risk represents the opportunity to do something valuable

• Fail quickly, fail often
  – Learn by doing
  – There are no crystal balls that show the future
  – A perfect plan does not mean guaranteed results
  – Successful innovators make many attempts

• Too early to market costs more than too late
  – Making a market costs more than making a product

The Secret to Success: Failure. If you haven’t failed yet, you haven’t been in the business long enough.

RICHARD BRANSON
Top 10 Insights for 2013
CHANGE SHOULD BE EMBRACED

- There is little visibility on what the future will look like, or when it will occur
  - There are no crystal balls that can predict the future

- Multiple activities must run in parallel – without full knowledge of the requirements or what the outcome of other tasks will be

- Change usually means conflict and start ups ALWAYS mean change
  - If nobody’s angry – it is probably not worth the effort

“The only thing we know about the plan is that it is wrong”
The ability to stop projects is the ability to free up precious resources.

If you are not able to put an end to projects gone bad, you will have no resources with which to start new paths.
FOSTERING AN INNOVATION CULTURE.....

......DEPENDS ON PEOPLE: TEAMWORK, TRANSPARENCY & TRUST
ABOUT MIDIOR

• Founded: 1997

• Headquarters: Cambridge, MA

• Industries Served: Financial Services, Technology, Industrial Products & Manufacturing

• Practice Areas (see website for additional detail)
  – Management Consulting (Product Development, Product Management, Innovation)
  – Technology Services (Requirements, Systems Implementation, Data Management & Conversion)
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