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Leader – The Cheerleader!

Years of research have proved that CEO involvement is critical to innovation. However, the debate is still on regarding how much of it is actually called for. Does the CEO need to overtly manage the entire show, should he simply steer the course of innovation, or is there more to it? During a roundtable conference of CEOs on innovation and strategies to foster to it, majority of the CEOs favored the “cheerleader” approach to innovation, clearly condemning the “micromanager” in them.

CEOs might be best served to stand at bay and cheer employees. Since innovation is not doctored and is a natural phenomenon, it will unfold on its own provided the conditions are congenial. However, in stark contrast is another school of thought that advocates serious activism on the part of CEOs. This theory states that CEOs should create an accountability pattern for employees that links the financial and performance parameters for innovation. These should be gauged at short intervals to determine the success levels in terms of financial rewards and business success of the innovation. According to this school of thought, innovation is no superfluous activity. Therefore, it should have clearly defined goals that are measurable and workable.

Another important aspect of CEO involvement is the thrust behind the drive. CEOs have to stop just short of being aggressive in their approach to innovation, while completely shying away from the timid and underdog approach. Making assertive decisions and floating radical viewpoints is an interesting way of maintaining the innovation momentum. For instance, during a planning session, the CEO could float an extremely radical thought to set the ball rolling. When extreme ideas come from the boss, others in the lower rung of the hierarchy feel more comfortable. They have fewer inhibitions about expressing their thoughts frankly.

An effective way of leading an innovation drive would be to cite examples of successful innovations that were largely driven by customer preferences. CEOs are customer-centric people. They lead with the intention of meeting customer demands. Hence, following the customer’s imagination about the “ideal” product is a sure way of hitting the bulls-eye. Customer preferences have to be understood in a much larger perspective, where customers are not individuals but a universe that operates in an environment of its own. Listening to customers is only a preliminary aspect of innovation through customer preference. The real gain lies in understanding the dynamics of customer preferences. Treating customer preferences in a larger perspective results in business process innovation and not product innovation alone.

Path to tread

Innovation may be driven by the CEO and customer preferences, but it’s not all that simple. Organizations can end up in trouble if they go solely by customer demands. Blindly chasing customer dreams could result in disruptive innovation that could give the entire exercise of finding radical business solutions a blow. A classic case in point is that



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of the Swiss watchmakers. They got so carried away in making small incremental changes in watch mechanics that they were caught completely off guard when the Japanese quartz technology made its debut. Thus, a pinch of customers' say and a dash of market trends is what would determine the success of innovation.

Despite the many advantages of innovation, why do companies hesitate to bet on radical thoughts? The reason is obvious but elusive. Innovation is not a standalone concept. It calls for a cultural and organizational overhaul. Companies have to grow beyond their traditional mold to be able to appreciate new thoughts and creative business propositions. In addition, allocation of budget from low-risk to high-risk areas is a bottleneck. Most CEOs prefer to play it safe and put their money in time-tested strategies. However, there are still a few leaders who believe in "nothing ventured, nothing gained", and hence venture out in search of new ideas. These are the people who make it big.

Experts believe that anything that aims to improve operations, work efficiency and profitability by keeping employees motivated is innovation. Introducing a new product, a cost-saving business model, better customer service initiatives or a social responsibility drive are all forms of innovation. It's the CEO and the management that have to take a call on the kind of innovation drive the organization needs to pursue.