Implementing an Innovation Strategy and the Role of the Innovation Leader

Introduction

In today's fast moving and complex global environment, the ability to innovate and deploy faster and more profitably than competitors is now a requisite for growth and success. For companies that are founded on new products, such as Apple, the focus on innovation has always been a fundamental part of the culture. For many companies, the move to dynamic-innovation is more difficult for many reasons that include a diverse customer base, a complex mix of products and services, a focus on minimizing risks and a traditional static-control culture.

The burst of media and academic attention in the last decade has focused on innovation processes, such as the Stage-Gate, and on the CEO's role in setting a strategic vision and unleashing creativity and risk-taking throughout the organization. Very little has been written on *Innovation Leaders*, those individuals who lead a new product or service through ideation, design, development, market launch, and implementation. Despite the lack of attention, these Innovation Leaders are the catalyst for change by bringing diverse parts of the organization together to launch new products and services.

Our research focuses on the Innovation Leader, specifically:

- What are the distinguishing characteristics or capabilities of a successful Innovation Leader?
- What practices do Innovation Leaders follow to enhance their success and conversely, what practices tend to detract from the success of these leaders?
- What organizational practices support and detract from successful innovation?
- How do organizations select and develop individuals who will be successful?

Leading Innovation

Consumer Packaged Goods (CPG) companies are classic examples of organizations that have to move from a static-control to a dynamic-innovative focus. Innovation is critical to the success of CPGs. An Accenture study showed that on average, top-quartile performers generate 20 percent more revenue from new product introductions than companies in the bottom quartile. The research also showed that high-performance businesses introduce more new products and bring them to market five times faster. However, a 2008 study by AMR Research on consumer goods companies found that only one in two product ideas moved from development to launch and that only two-thirds generate the revenues expected. This study also found that over 50 percent of new products are brand extensions rather than breakthrough products.

Innovation is a multi-disciplinary, cross-functional activity. In CPGs, the innovation process needs to touch all areas of the business including sales, operations, R&D, market research, as well as retailers and manufacturers. This network of resources places specific demands on the organization to find people who can manage not only the process, but also the people involved.

Innovation Leader Definition

Our research included a survey of the literature and interviews with leaders inside CPG organizations and innovation experts, consultant firms that specialize in helping companies create innovative ideas, as well as leading academic faculty.

Essentially, the Innovation Leader must think and act as both inspired, creative genius and the strategic general manager. They must alternate between: 1) facilitating broad, creative thinking about what is possible; 2) bringing disparate ideas and consumer insights together into revolutionary product/service ideas; 3) analyzing the business risk, financial return, and operational implications of taking the product to market; 4) leading a cross-functional team; and 5) building support throughout the organization. Clearly, this role requires a resiliency to accept ambiguity and to toy with, reframe, and abandon ideas.

These Innovation Leader capabilities have been validated and translated into assessment tools by the Penn State Leadership and Innovation Laboratory. The three tools: *Individual Creative Potential Assessment*, *Leader Skill in Facilitating Innovation*, and *Team Climate Assessment for Innovation* can be used in recruiting, development, and performance management.

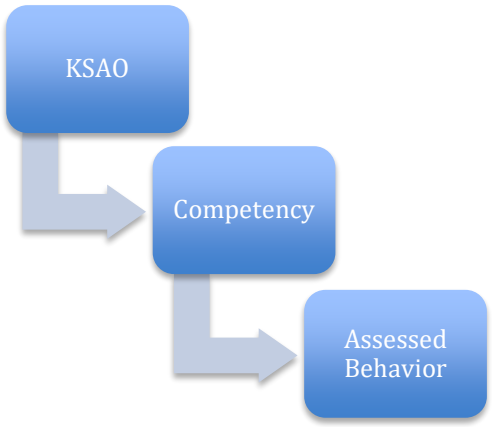
Innovation Leader's Role, Competencies, and Behaviors

Role of the Innovation Leader

The Innovation Leader's role is to shepherd a new idea all the way from inception through product launch, managing not only the process, but also the people involved. Our research demonstrates that the way that the leader drives actions through this complex network of resources has significant impact on the success of innovation.

The Innovation Leader has a profound influence on the innovation process and the organization as a whole. The Innovation Leader must have the agility to alternate between facilitating broad, creative thinking about what is possible and making hard decisions analyzing business risks, financial impacts, and operational implications of introducing a product into the portfolio. As the innovation process moves forward, the Innovation Leader must motivate a cross-functional team to collaborate, build support and stay motivated despite the likelihood of multiple "failures" before an idea becomes successful. The role requires the ability to draw on different techniques at different stages of a product or project development cycle.

Innovation Leader KSAOs and Competencies



Much of our work has been based on the Knowledge, Skills, Attributes, and Other (KSAOs) that are essential for leading innovation. *Knowledge* is changed easily while *Skills* can be changed over time. *Other* includes areas such as experience. *Attributes* are the most fixed aspect of KSAOs and include areas like intelligence, divergent thinking, etc. KSAOs can be translated into competencies, and those competencies can drive specific behaviors that can be assessed.

When doing talent identification it is important to look to attributes as those are the least malleable. Applying the KSAO model to innovation means that there are a number of attributes that are required for different steps in the process.

Innovation Activity	Attributes
Opportunity Identification	Creative Ability
	Risk Taking
Idea Generation	Openness
	Tolerance for Ambiguity
Idea Implementation	Persistence/Grit
	Low Agreeableness

The three most critical KSAOs for leading innovation are *Openness*, *Persistence,* and *Tolerance for Ambiguity*. Ideally, prospective Innovation Leaders should be evaluated for their ability to demonstrate these KSAOs in novel and challenging situations.

Using the academic research on KSAOs combined with interviews with innovation practitioners, we have identified the following key capabilities or competencies that are important for Innovation Leadership:

- Demonstrate a passion for innovation and taking new ideas to launch
- Demonstrate the ability to alternate between the creative mind and the technical, operational, or business mind at different stages of the process
- Demonstrate the ability to link ideas to organizational strategy
- Demonstrate the ability to ground ideas in consumer research
- Demonstrate flexible problem-solving approaches based on curiosity and intuition
- Demonstrate the ability to lead a diverse, virtual cross-functional team
- Demonstrate technical competency and functional expertise
- Demonstrate the ability to follow the organization's innovation process while providing space for flexibility

Innovation Leader Best and Worst Practices

Successful Innovation Leaders employ a common set of best practices that allow them to navigate between generating creative, consumer-focused insights and making hard, analytical decisions about feasibility and strategic fit. The behaviors are grounded in the KSAOs and the competencies but are more specific in nature and, therefore, easier to assess within the recruitment process, discussed in paper two.

The best Innovation Leaders know how to work with the cross-functional teams to allow the process to happen as broadly as possible, pulling ideas from outside, protecting the "wild idea," and creating a safe environment to make mistakes. These leaders also know how to work with the innovation experts and other facilitators to spark creativity while being intensely aware of how to get things done inside the organization.

The best practices listed below help to set project team expectations and provide a compass for each stage of the product development process. On the other side are worst-practice behaviors. These are actions that--if taken consistently by the Innovation Leader--will lead to team dysfunction and lack of organizational buy-in, resulting in poor innovation performance. Successful Innovation Leaders utilize many, if not all of these best practices when working to launch a new idea or product.

Best Practices	Worst Practices
Ground idea in consumer needs	Take consumer input at face value
Align strategically and operationally	Lack of portfolio management
Use the Stage-Gate process	Change mind without rationale
Build strong cross-functional team	Keep ideas secret
Experiment and cut losses early	Get stuck in an idea
Work within needed timeframe and prices	Lack insight into timing and price
Communication and project management	Negativity
Plan for risks, disasters, and contingencies	No post-mortem to learn from mistakes

The role of the Innovation Leader is very difficult as the path forward is rarely clearly defined. These leaders must keep a team motivated and moving forward despite a seemingly constant set of obstacles and failures. Certain worst practices tend to derail the Innovation Leader's success as well as sabotage the project. With over 50 percent of ideas failing to pass through the Stage-Gate process and lead times of 18 months or more from conception to launch, the Innovation Leader must have a strong desire to succeed and a willingness to experiment. These leaders must also work to challenge the operational status quo.

Conclusion

Shifting to a strategy of innovation requires both a talent and organizational culture component. Contrary to popular myth, the most important marker of a true Innovation Leader is not *Creativity*. The most important attributes are *Openness*, *Persistence,* and *Tolerance for Ambiguity*. These are persistent personal attributes. Moreover, successful Innovation Leaders deploy a series of best practices.

Our findings are significant in that these persistent attributes combined with identifiable practices link to a pattern of success. The impact on organizations looking to transform to a more innovative culture is significant as they can identify Innovation Leaders as well as implement organizational practice to increase their likelihood of success. The identification, recruitment and selection strategies for Innovation Leaders should include an assessment of the KSAOs, competencies and behaviors that are most predictive of creative performance combined with experiences that demonstrate a pattern of successful innovation. This process is discussed in the second paper in this series, *Recruiting and Selecting Innovation Leaders: The Hunt for Talent.*

The drive to a more innovative organization requires a cultural change, including potentially structural, reward and recognition initiatives. Once on-board the innovation leaders need to be supported by developing and enhancing the skills required to be successful. The development of organizational and talent development practices to build a culture of successful innovation are discuss in the third paper in the series *Developing Innovation Leaders.*

About the Authors

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