**UNIVERSITY OF TRIESTE – DEAMS DEPARTMENT**
**BACHELOR COURSE IN BUSINESS & MANAGEMENT**
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BLOCK 4
**Management of Innovation**

INSTRUCTOR
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# HOW TO BUILD AN INNOVATIVE ORGANIZATION
# PART 2

## Components of the Innovative Organization

| Component | Key Features |
|---|---|
| Shared vision, leadership and the will to innovate | Clearly articulated and shared sense of purpose Stretching strategic intent 'Top management commitment' |
| Appropriate structure | Organization design that enables creativity, learning, and inter-action. Not always a loose 'skunk works' model; key issue is finding appropriate balance between 'organic and mechanistic' options for particular contingencies |
| Key individuals | Promoters, champions, gatekeepers and other roles that energize or facilitate innovation |
| Effective team working | Appropriate use of teams (at local, cross-functional and inter-organizational level) to solve problems. Requires investment in team selection and building |
| High-involvement innovation | Participation in organization-wide continuous improvement activity |
| Creative climate | Positive approach to creative ideas, supported by relevant motivation systems |
| External focus | Internal and external customer orientation. Extensive networking |
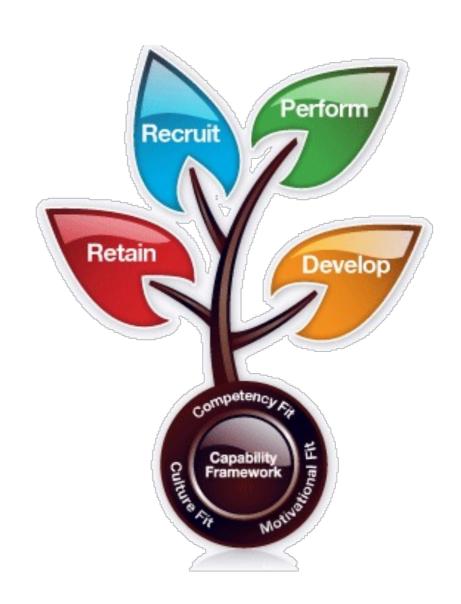
# 3. KEY INDIVIDUALS

- Key individuals are those figures that  have a critical importance in driving the innovation process and turning an invention into an innovation
  - technical experts (when it needs to solve the impossible; <span style="color:red">technological capabilities</span>)
  - organizational sponsor (procuring resources, convincing skeptics and critics; over-optimistic; <span style="color:red">team management capabilities</span>) -> process managers
  - business innovators (understand the market; <span style="color:red">market-sensing capabilities</span>)
  - technological gatekeepers (informally bridge between the internal and external environment; manage knowledge flows; <span style="color:red">interpersonal capabilities</span>)

# KEY INDIVIDUALS AND TALENT MANAGEMENT

Talent management is the attraction, selection, and retention of employees, which involves a combination of HR processes across the employee life cycle. It encompasses workforce planning, employee engagement, learning and development, performance management, recruiting, onboarding, succession and retention.

Source: https://www.gartner.com/en/human-resources/glossary/talent-management

Here reading on WHAT YOUNG
MANAGERS WANT

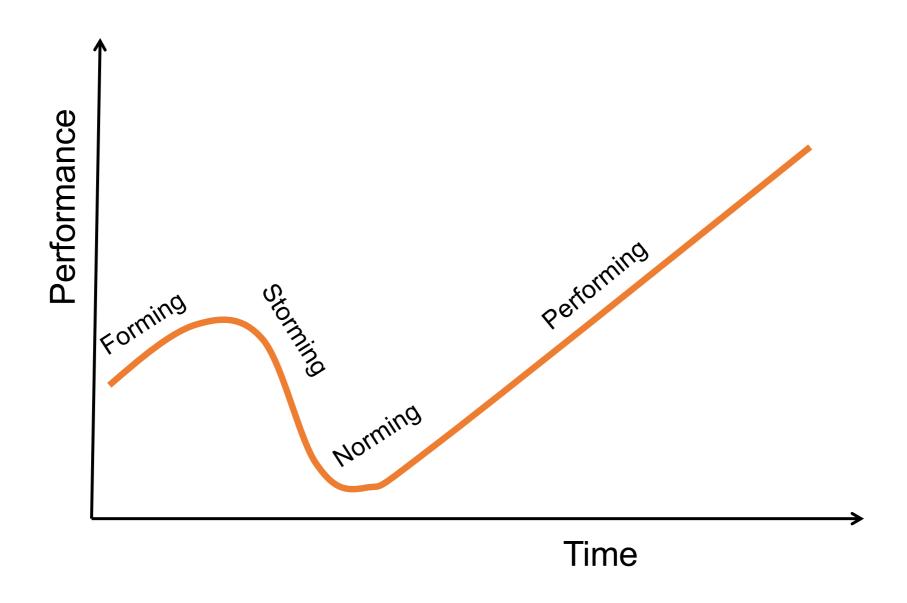# TALENT MANAGEMENT in UDINESE CALCIO

# 4. EFFECTIVE TEAM-WORKING

## TABLE 5.5

### Potential Assets and Liabilities of Using Teams

*Source:* S. Isaksen and J. Tidd, *Meeting the innovation challenge.* 2006, Chichester: John Wiley & Sons, Ltd.

| Potential Assets of Using a Team | Potential Liabilities of Using a Team |
|---|---|
| Greater availability of knowledge and information | Social pressure towards uniform thought limits contributions and increases conformity |
| More opportunities for cross-fertilization; increasing the likelihood of building and improving upon ideas of others | Group think: groups converge on options, which seem to have greatest agreement, regardless of quality |
| Wider range of experiences and perspectives upon which to draw | Dominant individuals influence and exhibit an unequal amount of impact upon outcomes |
| Participation and involvement in problem solving increases understanding, acceptance, commitment and ownership of outcomes | Individuals are less accountable in groups allowing groups to make riskier decisions |
| More opportunities for group development; increasing cohesion, communication and companionship | Conflicting individual biases may cause unproductive levels of competition; leading to 'winners' and 'losers' |

# TEAM-WORKING LIFE CYCLE

# PROMOTING EFFECTIVE TEAM-WORKING

- How to promote an effective team-working
  - A clear, common and elevating goal
  - Result-driven structure
    - Open communication, clear coordination of tasks, clear roles and accountabilities, monitoring performance, providing feedback, fact-based judgment, efficiency and strong impartial management
  - Competent team-members
  - Unified commitment
    - Effective teams have an organizational unity: members display mutual support, dedication and faithfulness to the shared purpose and vision, and a productive degree of self-sacrifice to reach organizational goals.

# PROMOTING EFFECTIVE TEAM-WORKING

- External support and recognition, popularity and social success

- Principled leadership
  - Leaders provide clear guidance, support and encouragement, and keep everyone working together and moving forward. In less creative teams, the leader '. . . creates a situation where **everyone is confused and afraid** to ask questions.' Leaders **'tear down people's ideas,' 'set a tone of distrust**,' and 'stifle others who have ideas and energy to succeed.' They '. . . **keep all control, but take no action**'.

# PROMOTING EFFECTIVE TEAM-WORKING

- Participation in decision making
  - engage the members of the team in the process of identifying the challenges and opportunities for improvement, generating ideas and transforming ideas into action
- Team spirit
  - have fun with the team to build/reinforce the team spirit and the sense of belonging
- Embracing appropriate change
  - in order for teams to remain productive, they must learn how to make necessary changes to procedures.

# EFFECTIVE TEAM-WORKING

What to pay attention at:

- Do not confuse GROUPS of INDIVIDUALS / TEAMS.
- Do not confuse ENDS / MEANS. Managing teams is a time consuming activity.
- Do not confuse FREEDOM / ANARCHY.

# 5. HIGH-INVOLVEMENT INNOVATION

- Motivation and commitment policies/routines taken over an extended period of time (Toyota and kaizen – continuous improvement; 3M's 15% free time policy; brainstorming sessions; ideas contests; etc.)

- Significant impact on innovation and on firms' quality performances

- Significant impact on sales growth and profitability

# Benefits and Costs of HII policies

| Performance Areas (% change) | Average across sample (N=754) |
| --- | --- |
| Productivity improvement | 15 (MIN: 12 - MAX: 20) |
| Quality improvement | 16 (MIN: 09 - MAX: 17) |
| Delivery performance improvement | 16 (MIN: 12 - MAX: 22) |
| Lead time reduction | 15 (MIN: 05 - MAX: 25) |
| Product cost reduction | 8 (MIN: 05 - MAX: 15) |

- LESS efficient firms benefit more from HII policies
- BENEFITS are "expected", COSTS are not

# What drives employees motivation and commitment?

# The Maslow's pyramid of needs

Leading challenging and innovative projects, exerting decision marking at high level

**Self-Actualisation**
Pursue Inner Talent Creativity Fulfilment

Manage important projects, receiving recognition from others, prestige

**Self-Esteem**
Achievement Mastery Recognition Respect

Be part of a group, a (successful) team

**Belonging – Love**
Friends Family Spouse Lover

Having a job, permanent
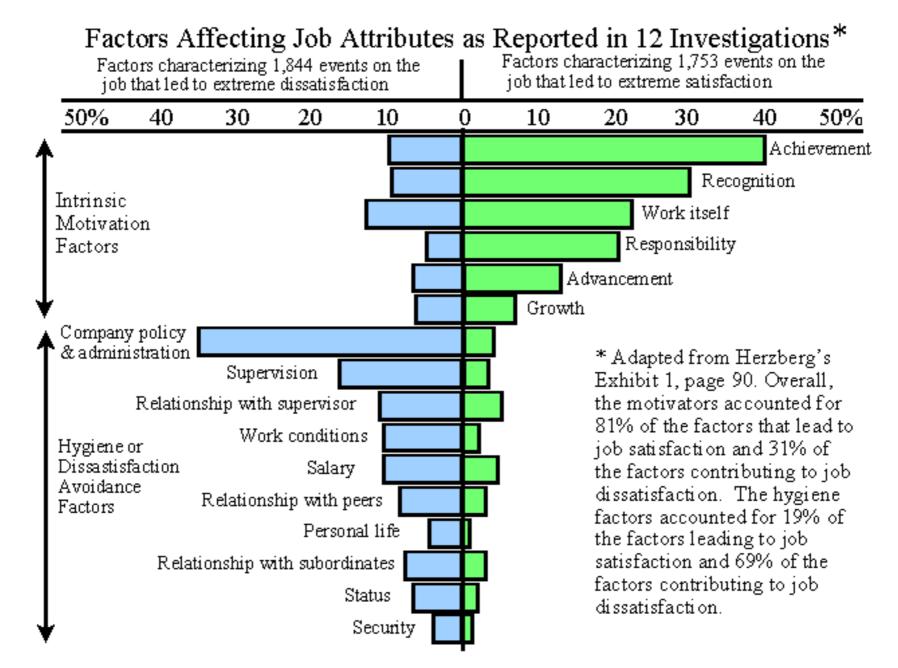
**Safety**
Security Stability Freedom From Fear

Getting money, somehow

**Physiological**
Food Water Shelter Warmth

# … to Herzberg



Factors Affecting Job Attributes as Reported in 12 Investigations*

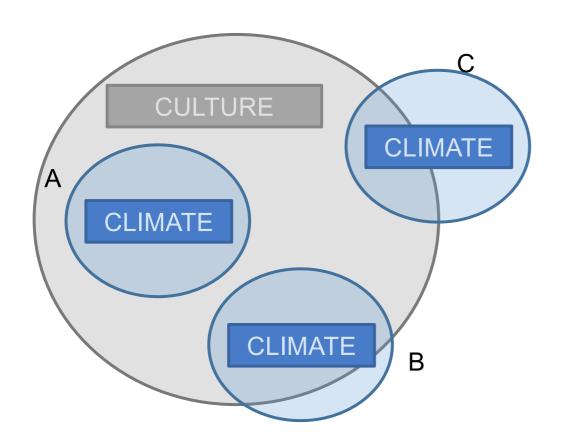# 6. CREATIVE CLIMATE AND CULTURE

Culture = "it basically equates to the pattern of shared values, beliefs and agreed norms which shape behavior"

Climate = "the recurring patterns of behavior, attitudes and feelings that characterize an organization"



**ASSUMPTIONS:**

1. The CLIMATE is easier to be managed than CULTURE
2. To a more creative climate should correspond higher innovation performances

# BUILDING A CREATIVE CLIMATE

- Create trust and openness: let people feel 'emotionally' safe in relationships
  - everyone dares to put forward ideas and opinions
  - fasten decision-making (good intentions of people can be assumed)
  - facilitate problem-solving (motivate people in sharing/not hiding information)
- Create challenges and involvement: let people find joy and meaningfulness in their work, they'll invest much energy
  - - - - ch&inv -> people become apathetic about their work
  - +++ ch&inv -> people show signs of 'burn out'
  - 'optimal' ch&inv -> motivation
- Give support and space for new ideas
  - insufficient time -> people concerned with their current projects and tasks. Stress and frustration arise
  - too much time -> too many ideas to evaluate, bureaucratic and un-effective selections procedures

# BUILDING A CREATIVE CLIMATE

- Manage conflicts and debates
  - Conflicts are normal: all organization have some level of personal tension.
  - In a climate of trust and openness, conflicts can be constructive to avoid "group think" effect
  - In a different climate, professional conflicts can degenerate in personal conflicts (that become, soon or later, group conflicts)
- Be tolerant towards uncertainty
  - do not judge people -> evaluate ideas
  - +++ risk taking -> too many ideas and projects; people get frustrated because nothing is getting done
  - --- risk taking -> people will "cover" themselves before taking a decision; innovation processes are long and tedious
- Give independence (freedom) to people (who wants and deserves it)

## THE SIX BUILDING BLOCKS OF AN INNOVATIVE CULTURE

When it comes to fostering innovation, enterprises often give more attention to resources, processes and measuring success — the more easily quantified, tools-oriented innovation building blocks — but less to the harder-to-measure, people-oriented determinants of innovative culture — values, behaviors and climate.

| | |
|---|---|
| Resources | Values |
| Processes | Behaviors |
| Success | Climate |

**Jay Rao and Joseph Weintraub**

# How Innovative Is Your Company's Culture?

| BUILDING BLOCKS | FACTORS | ELEMENTS | SURVEY QUESTIONS | ELEMENT SCORE | FACTOR AVERAGE | BUILDING BLOCK AVERAGE |
|---|---|---|---|---|---|---|
| VALUES | Entrepreneurial | Hungry | We have a burning desire to explore opportunities and to create new things. | | | |
| | | Ambiguity | We have a healthy appetite and tolerance for ambiguity when pursuing new opportunities. | | | |
| | | Action–oriented | We avoid analysis paralysis when we identify new opportunities by exhibiting a bias towards action. | | | |
| | Creativity | Imagination | We encourage new ways of thinking and solutions from diverse perspectives. | | | |
| | | Autonomy | Our workplace provides us the freedom to pursue new opportunities. | | | |
| | | Playful | We take delight in being spontaneous and are not afraid to laugh at ourselves. | | | |
| | Learning | Curiosity | We are good at asking questions in the pursuit of the unknown. | | | |
| | | Experiment | We are constantly experimenting in our innovation efforts. | | | |
| | | Failure OK | We are not afraid to fail, and we treat failure as a learning opportunity. | | | |
| BEHAVIORS | Energize | Inspire | Our leaders inspire us with a vision for the future and articulation of opportunities for the organization. | | | |
| | | Challenge | Our leaders frequently challenge us to think and act entrepreneurially. | | | |
| | | Model | Our leaders model the right innovation behaviors for others to follow. | | | |
| | Engage | Coach | Our leaders devote time to coach and provide feedback in our innovation efforts. | | | |
| | | Initiative | In our organization, people at all levels proactively take initiative to innovate. | | | |
| | | Support | Our leaders provide support to project team members during both successes and failures. | | | |
| | Enable | Influence | Our leaders use appropriate influence strategies to help us navigate around organizational obstacles. | | | |
| | | Adapt | Our leaders are able to modify and change course of action when needed. | | | |
| | | Grit | Our leaders persist in following opportunities even in the face of adversity. | | | |
| CLIMATE | Collaboration | Community | We have a community that speaks a common language about innovation. | | | |
| | | Diversity | We appreciate, respect and leverage the differences that exist within our community. | | | |
| | | Teamwork | We work well together in teams to capture opportunities. | | | |
| | Safety | Trust | We are consistent in actually doing the things that we say we value. | | | |
| | | Integrity | We question decisions and actions that are inconsistent with our values. | | | |
| | | Openness | We are able to freely voice our opinions, even about unconventional or controversial ideas. | | | |
| | | No bureaucracy | We minimize rules, policies, bureaucracy and rigidity to simplify our workplace. | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **RESOURCES** | **Simplicity** | | | | | |
| | | Accountability | People take responsibility for their own actions and avoid blaming others. | | | |
| | | Decision-making | Our people know exactly how to get started and move initiatives through the organization. | | | |
| | **People** | Champions | We have committed leaders who are willing to be champions of innovation. | | | |
| | | Experts | We have access to innovation experts who can support our projects. | | | |
| | | Talent | We have the internal talent to succeed in our innovation projects. | | | |
| | **Systems** | Selection | We have the right recruiting and hiring systems in place to support a culture of innovation. | | | |
| | | Communication | We have good collaboration tools to support our innovation efforts. | | | |
| | | Ecosystem | We are good at leveraging our relationships with suppliers and vendors to pursue innovation. | | | |
| | **Projects** | Time | We give people dedicated time to pursue new opportunities. | | | |
| | | Money | We have dedicated finances to pursue new opportunities. | | | |
| | | Space | We have dedicated physical and/or virtual space to pursue new opportunities. | | | |
| **PROCESSES** | **Ideate** | Generate | We systematically generate ideas from a vast and diverse set of sources. | | | |
| | | Filter | We methodically filter and refine ideas to identify the most promising opportunities. | | | |
| | | Prioritize | We select opportunities based on a clearly articulated risk portfolio. | | | |
| | **Shape** | Prototype | We move promising opportunities quickly into prototyping. | | | |
| | | Iterate | We have effective feedback loops between our organization and the voice of the customer. | | | |
| | | Fail smart | We quickly stop projects based on predefined failure criteria. | | | |
| | **Capture** | Flexibility | Our processes are tailored to be flexible and context-based rather than control- and bureaucracy-based. | | | |
| | | Launch | We quickly go to market with the most promising opportunities. | | | |
| | | Scale | We rapidly allocate resources to scale initiatives that show market promise. | | | |
| **SUCCESS** | **External** | Customers | Our customers think of us as an innovative organization. | | | |
| | | Competitors | Our innovation performance is much better than other firms in our industry. | | | |
| | | Financial | Our innovation efforts have led us to better financial performance than others in our industry. | | | |
| | **Enterprise** | Purpose | We treat innovation as a long-term strategy rather than a short-term fix. | | | |
| | | Discipline | We have a deliberate, comprehensive and disciplined approach to innovation. | | | |
| | | Capabilities | Our innovation projects have helped our organization develop new capabilities that we did not have three years ago. | | | |
| | **Individual** | Satisfaction | I am satisfied with my level of participation in our innovation initiatives. | | | |
| | | Growth | We deliberately stretch and build our people's competencies by their participation in new initiatives. | | | |
| | | Reward | We reward people for participating in potentially risky opportunities, irrespective of the outcome. | | | |

# An application of the tool

| DIMENSIONS | VALUE | RKG | B BLOCKS | VALUE | RKG |
|---|---|---|---|---|---|
| Entrepreneurial | 3,92 | 2 | | | |
| Creativity | 3,23 | 9 | VALUES | 3,47 | 3 |
| Learning | 3,27 | 8 | | | |
| Energize | 4,02 | 1 | | | |
| Engage | 3,06 | 14 | BEHAVIORS | 3,50 | 2 |
| Enable | 3,41 | 5 | | | |
| Collaboration | 3,20 | 11 | | | |
| Safety | 3,35 | 6 | CLIMATE | 3,20 | 4 |
| Simplicity | 3,04 | 15 | | | |
| People | 3,23 | 10 | | | |
| Systems | 2,96 | 16 | RESOUCES | 3,04 | 6 |
| Projects | 2,92 | 17 | | | |
| Ideate | 2,90 | 18 | | | |
| Shape | 3,09 | 13 | PROCESSES | 3,10 | 5 |
| Capture | 3,31 | 7 | | | |
| External | 3,88 | 3 | | | |
| Enterprise | 3,70 | 4 | SUCCESS | 3,58 | 1 |
| Individual | 3,17 | 12 | | | |

| Age | VALUES | BEHAVIORS | CLIMATE | RESOURCES | PROCESSES | SUCCESS |
|---|---|---|---|---|---|---|
| 30-39 | 3,4 | 3,5 | 3,2 | 3,0 | 3,1 | 3,5 |
| 40-49 | 3,3 | 3,4 | 3,0 | 2,9 | 3,0 | 3,4 |
| 50 e over | 3,6 | 3,6 | 3,4 | 3,2 | 3,2 | 3,7 |
| Total | 3,5 | 3,5 | 3,2 | 3,0 | 3,1 | 3,6 |

| Experience | VALUES | BEHAVIORS | CLIMATE | RESOURCES | PROCESSES | SUCCESS |
|---|---|---|---|---|---|---|
| 6-10 years | 3,5 | 3,4 | 3,2 | 3,0 | 3,1 | 3,6 |
| 11-20 years | 3,4 | 3,4 | 3,1 | 2,8 | 3,0 | 3,5 |
| more than 20 | 3,6 | 3,6 | 3,3 | 3,3 | 3,2 | 3,7 |
| Total | 3,5 | 3,5 | 3,2 | 3,0 | 3,1 | 3,6 |

**WHAT'S HAPPENING IN THIS COMPANY?**

# 7. EXTERNAL FOCUS

- Do not look only inside
- Keep open to external contributions

others...

suppliers and sub-suppliers

clients, retailers, consumers

service and technology providers