



**UNIVERSITÀ
DEGLI STUDI
DI TRIESTE**

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BLOCK 4
Management of Innovation

INSTRUCTOR
Marco Balzano



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

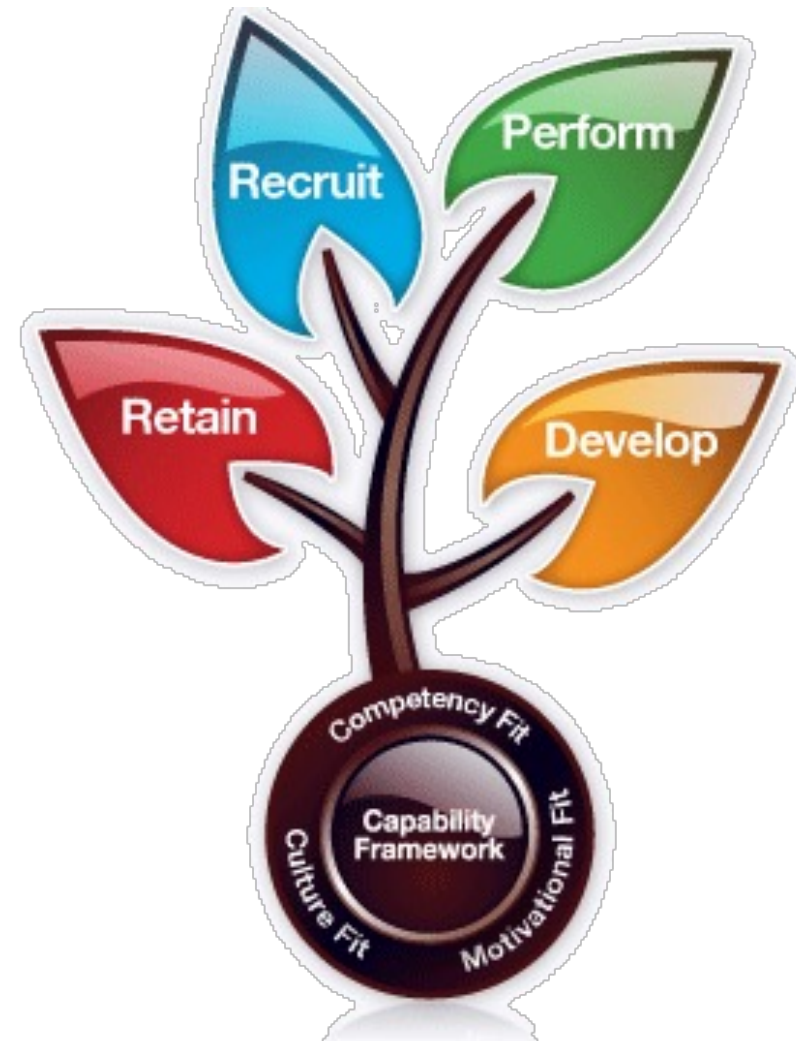
3. KEY INDIVIDUALS

- 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; **technological capabilities**)
 - organizational sponsor (procuring resources, convincing skeptics and critics; over-optimistic; **leadership capabilities; team management capabilities**) -> process managers
 - business innovators (understand the market; **market-sensing capabilities**)
 - technological gatekeepers (informally bridge between the internal and external environment; manage knowledge flows; **interpersonal capabilities**)

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.

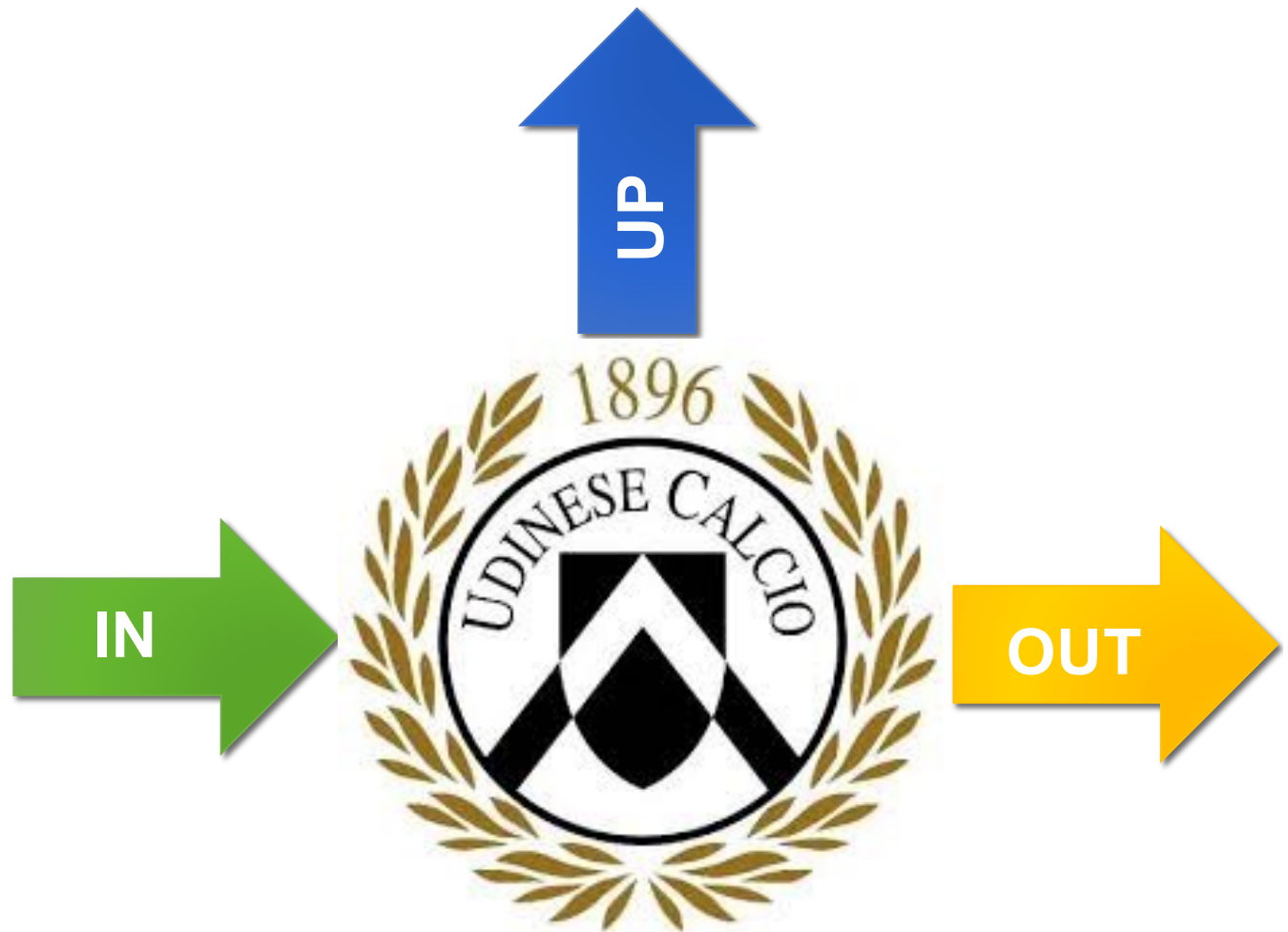
Source: <https://www.gartner.com/en/human-resources/glossary/talent-management>





Here reading on WHAT YOUNG
MANAGERS WANT

TALENT MANAGEMENT in UDINESE CALCIO



4. EFFECTIVE TEAM-WORKING

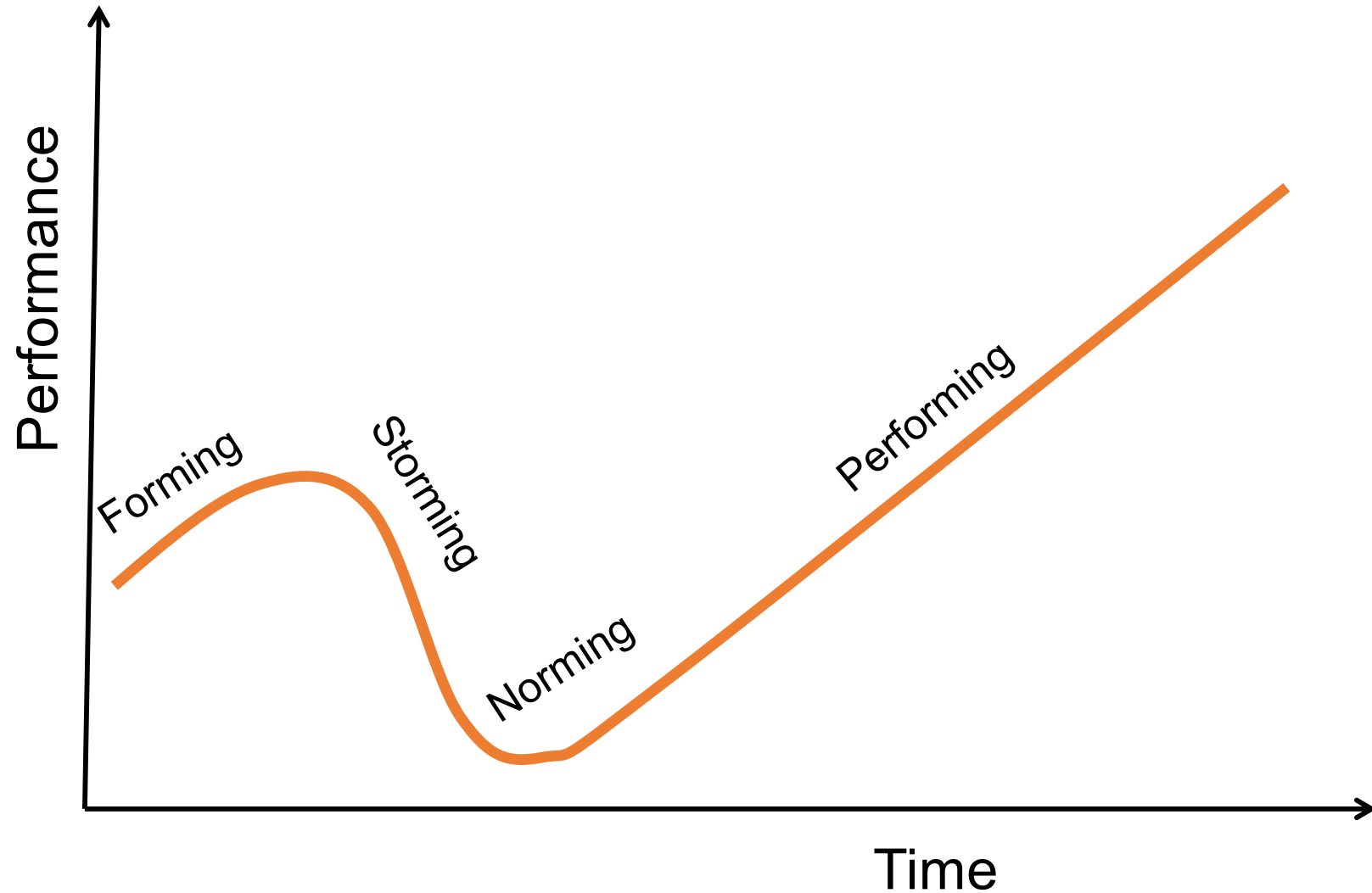
TABLE 5.5

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

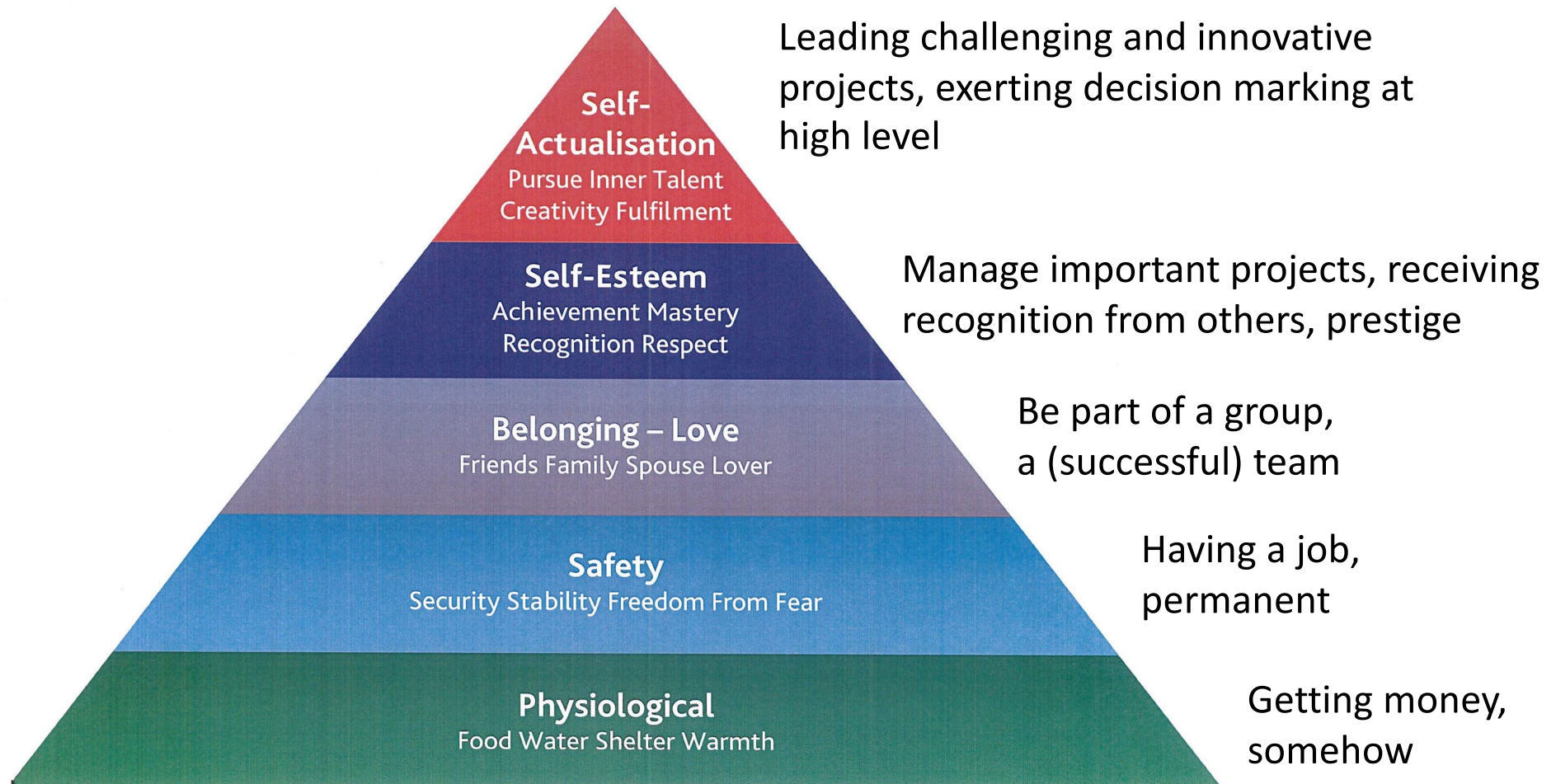
Benefits and Costs of HII policies

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)

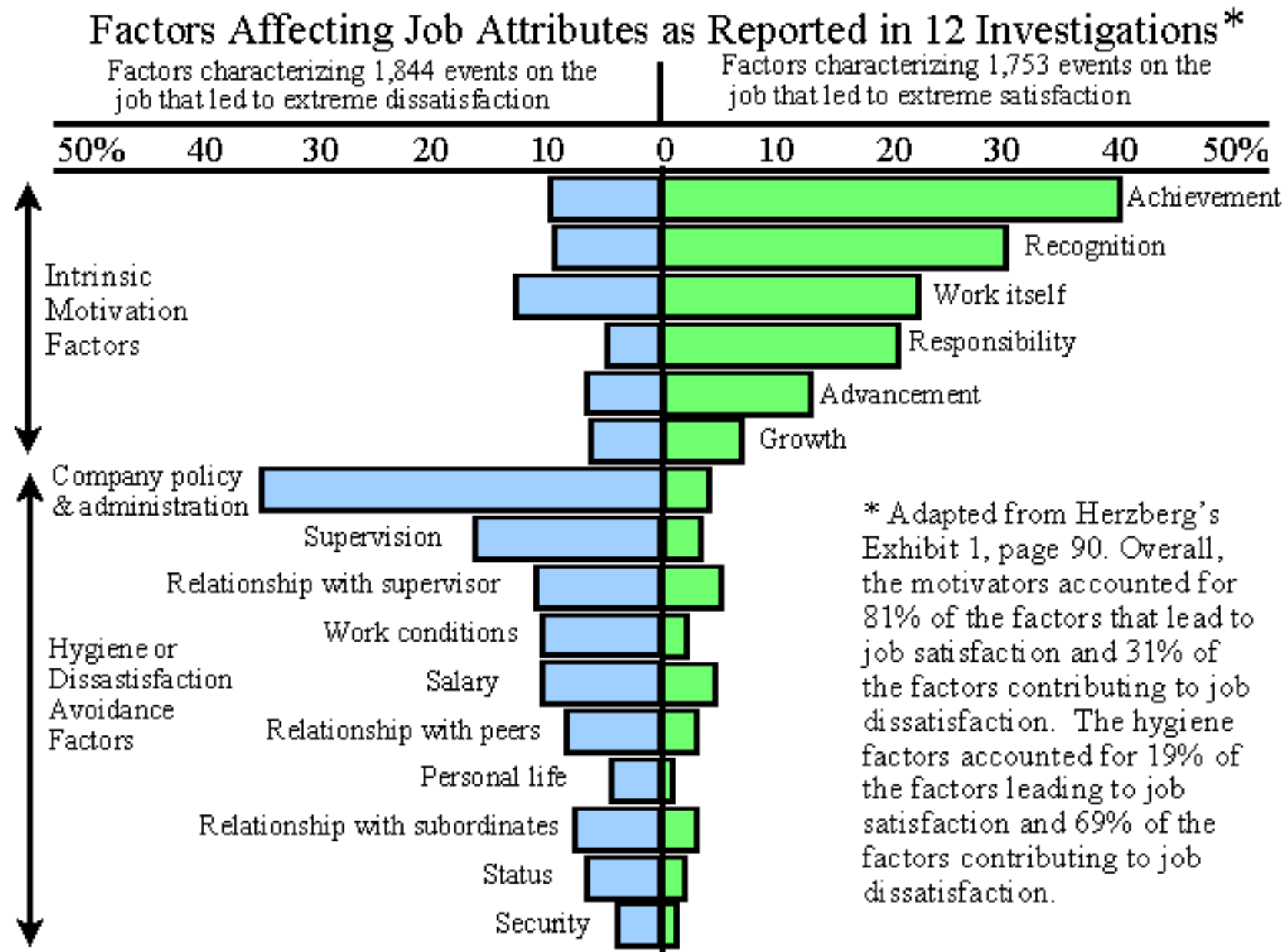
- LESS efficient firms benefit more from HII policies
- BENEFITS are "expected", COSTS are not

What drives employees motivation and commitment?

The Maslow's pyramid of needs



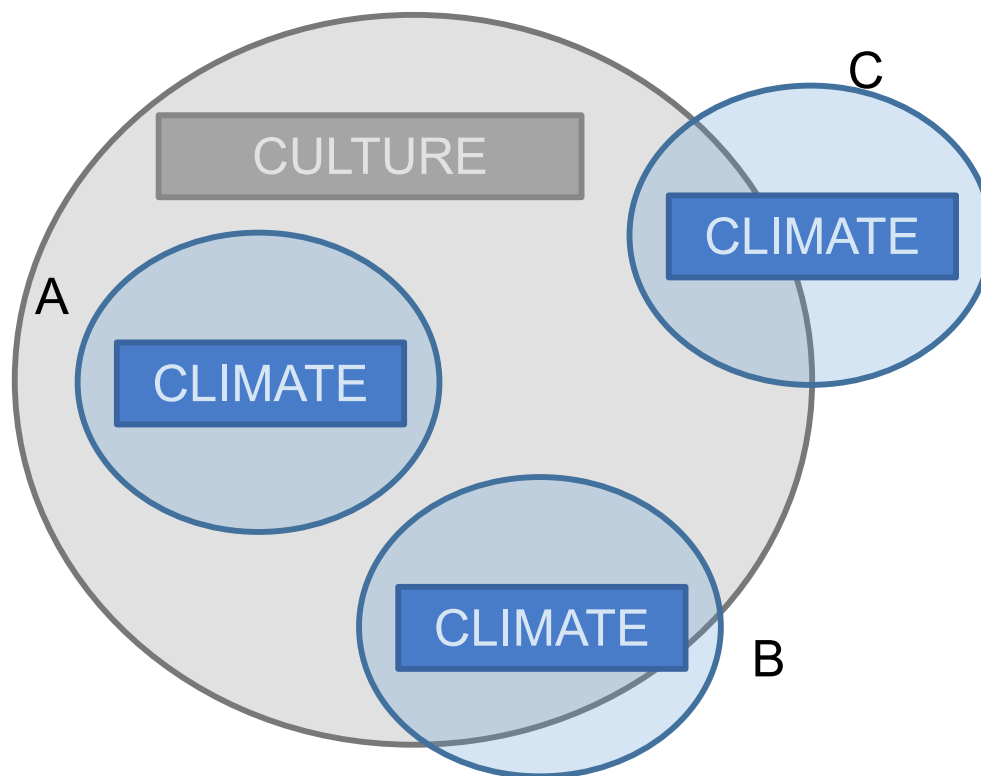
... to Herzberg



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)

MIT Sloan

Management Review

SPRING 2013

VOL.54 NO.3

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.



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.			

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

