

EXECUTIVE SUMMARY

KEY QUESTION

What methods can an organization utilize to spur employees into exploring new and innovative solutions to organizational challenges?

INTRODUCTION

There is an overwhelming consensus among researchers that employee innovation can be generated through an organized process.^{2,3,5} Such a process involves the development of innovation leaders, widening employee access to challenge-pertinent information, and providing employees with adequate resources for experimentation.^{6,8} By implementing each of these steps, an organization can develop an employee innovation engine that will consistently produce innovative solutions to organizational challenges.

THREE STEPS TOWARDS BUILDING AN INNOVATION ENGINE

1) Developing Innovation Leaders: Consistently generating employee innovation requires the development of leaders responsible solely for innovation efforts. When considering that a majority of firms fail to develop consistent innovation processes, it becomes apparent that to succeed at innovation, a number of leaders must think only about innovation.² Leadership that spurs innovation necessitates a different mentality and skillset from that of traditional leadership.⁸ Innovation leaders are experimenters rather than decision makers: they set the expectation that innovation will push boundaries, guide other employees down a path, and encourage the development of prototype solutions that can be tested.⁸ Furthermore, such leaders must educate the organization about the innovations being generated to assure the adoption of the changes to come.⁸

Best Practices

- An organization should conduct research on its employee base to determine the best candidates for innovation leadership training. The best innovation leaders gather knowledge from certain organizational sections and spread it to other sections. A 2013 survey of Google employees confirmed that notion through widespread consensus that the best innovation leaders at the company are those who absorb and diffuse knowledge from other parts of the organization to their team.¹⁴
- Once selected, the innovation leadership candidates must be trained to assure that their leadership styles spur employee innovation.⁸ Leadership that generates innovation incorporates setting a challenge, designing experiments, and preparing the organization to accept new ideas.⁸
- When Kraft had trouble selling Oreos in China, its innovation leaders questioned Kraft's low-cost, high volume sales approach as well as the nature of the Oreo itself.¹⁰ Could the low-cost, high volume sales approach be abandoned? Would the Oreo still be an Oreo if it weren't round?⁸ By suggesting how far the Oreo boundaries could be pushed, Kraft's innovation leaders created mental space that allowed their innovation team to rise to the challenge of reinventing the Oreo for the Chinese market.⁸ The team developed over 20 prototypes of Oreo to be tested with Chinese consumers.⁸ Eventually, it was discovered that Oreos shaped like a straw could become popular with Chinese consumers.¹⁰ Furthermore, Kraft's innovation leaders educated the rest of the organization about their experiments, reducing internal resistance to the adjustments made to the Oreo.⁸ The Oreo has since become the most popular cookie on the Chinese market.

2) Diffusing Knowledge through the Employee Base: Developing innovative solutions to working challenges mandates access to diverse sets of challenge-related information. New knowledge about the particular aspects of a challenge is needed to trigger new thinking and avoid use of the same problem solving approach.⁶ The source of that new knowledge can come from different working units inside the organization or from an outside organization.^{5,6,12} The overarching goal is to increase the depth to which employees know who knows what and the willingness of employees and organizations to share their knowledge.⁶ The method an organization uses to spread challenge-pertinent information through its employee base will vary depending on the parties being requested to share information as well as the type of information that must be shared.

Best Practices

- To take full advantage of its internal innovation capabilities, an organization must make sure that its employees are engaging in cross-functional knowledge sharing. Ubisoft has identified several occupational-based knowing communities within its employee base, and has used unscripted and scripted strategies to facilitate knowledge sharing across these communities.⁹ Ubisoft's open work floor nurtures spontaneous interaction by physically mixing programmers, artists, and designers who can then work together on a single project.⁹ Further, Ubisoft has made available online collaboration tools including SharePoint, discussion forums, and thematic wikis that encourage knowledge capture and sharing among the knowledge communities.⁹ These mechanisms allow different working units to share knowledge and create innovative projects together.
- Knowledge to generate innovative ideas can also be derived from sources outside an organization.¹² Procter & Gamble is the world's leading proponent of the open innovation model, meaning its teams spend less time originating their own ideas and more time finding and filtering the best ones from elsewhere.⁷ Job swapping is becoming more and more common: the chief technology officer at Hubspot.com traded roles for a day with the chief technology officer of Kayak.com—both CTOs then returned to their workplaces with plans to imitate each other's work practices.¹ The Society for Human Resource Management (SHRM) estimates that 38% of employers now offer cross-training, delineating a clear trend in favor of knowledge sharing across organizations.³
- Offering sabbaticals to employees is an increasingly popular method for integrating renewed innovation into a firm.³ Cisco's Community Service Fellows program gives laid off employees a year's option to work for a nonprofit at a third of their salary and then brings those employees back into the company if a position is available.³ In this way, Cisco can utilize the new lessons learned by its employees on sabbaticals to drive innovation for the firm.

3) Providing Employees Access to Adequate Resources for Experimentation: Providing employees with adequate resources to test their ideas allows for a midcourse evaluation of the innovation process.¹⁵ Testing a newly devised solution to see if it produces the desired result will reveal whether innovation efforts have succeeded, if more effort is needed, or if redirection of effort is necessary.¹⁵ Using that result, employees will then build on their previous ideas and produce solutions that are more innovative and successful than their original efforts.¹⁵ Therefore, experimentation must continue until results are obtained that suggest that a particular innovation will deliver upon expectations.

Best Practices

- Management should willingly provide resources to employees working on an innovation initiative so that they may experiment with prototype solutions.¹⁵ Testing an innovation is critical to avoid bringing half-baked solutions to the marketplace.¹¹ The losses incurred in testing a prototype solution are miniscule compared to those that will result from incorporating a premature innovation into a business strategy.^{11, 15}
- Organizations must free up resources so that they can be provided to the most promising innovation efforts being undertaken by employees. "Zombie projects", those projects that shuffle slowly but aren't actually headed anywhere, must be systematically eradicated.² However, eradicating zombies can be difficult because people find it hard to give up on a project that might bear fruit.² A policy like "zombie amnesty" should be instituted, by which people are celebrated for admitting their project should not be further funded.² Such a policy will help minimize waste by allocating experimentation resources to the more promising innovation projects.
- Tolerating early failure and rewarding long-term success through financial rewards has the potential to increase the experimentation tendencies of employees and thus lead to more successful innovation.¹³ Providing a financial reward for long-term success sends the message that pursuing the experimentation process, which usually results in early failures from which employees can learn and build better models, is the organization's desired approach to generating innovation.

CONCLUSION

Though employee innovation has traditionally been thought of as an occurrence driven by spontaneous inspiration, research suggests that it can be generated through organizational means. An organization can develop an innovation engine by establishing an innovation leadership team, diffusing knowledge related to working challenges through its employee base, and providing employees with adequate resources for experimentation purposes. Those three steps should usher workers towards developing new and innovative solutions to current organizational challenges.

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