

STEVE GLADIS



SOLVING THE INNOVATION MYSTERY

A WORKPLACE WHODUNIT



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MYSTERY
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STEVE GLADIS

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ATD Press

1640 King Street
Alexandria, VA 22314 USA

Ordering information: Books published by ATD Press can be purchased by visiting ATD's website at www.td.org/books or by calling 800.628.2783 or 703.683.8100.

Library of Congress Control Number: 2016950734

ISBN-10: 1-60728-007-8

ISBN-13: 978-1-60728-007-1

e-ISBN: 978-1-60728-116-0

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Printed by Data Reproductions Corporation, Auburn Hills, MI

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The Research: This section summarizes some of my research about creativity and innovation, which is offered to inform, motivate, and inspire leaders. It is presented with the understanding that neither the author nor the publisher is engaged in rendering any type of psychological, legal, or any other kind of professional advice.

For former CEO and chairman of Bonne Bell Cosmetics Jess Bell—an innovator, friend, and mentor. Every time I see 10:06 on the clock, which has happened too many times to count, I think of Jess Bell. The Bell family will know why. Miss you, Jess.

Special thanks to my daughter Kimberly Gladis, who helped me to discover the Innovation Equation—the heart of this book. Without her strategic help, I'd still be wandering in the research wilderness.

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ACKNOWLEDGMENTS

I want to thank Donna Gladis, my wife, confidante, and most trusted friend.

Thanks to Kathryn Stafford, my editor at ATD, for her patience, kindness, and skill.

Thanks to those who reviewed an early draft of the book and gave invaluable feedback: Karl Boehm, Mark Colombo, Simon Gillett, Claire Heffernan, Martha Johnson, Piotr Juszkiewicz, Scott Sheafe, Gary Sheehan, Pat Solley, and Randy Yu.

Thanks also to:

- The early morning team at Peet's Coffee & Tea at Kings Park Shopping Center, where I wrote this book in the back every day from 7 to 9 a.m.
- Ann Parker at ATD for moving this project along from start to finish.
- The ATD marketing team, Julia Liapidova, Alex Quinn, and Rachel Soberman, for getting the word out.

FOREWORD

What do wooden matches, tin cans, and natural fiber rope have in common? The products were made by three American companies, each of which had been in business at least 40 years: the Pennsylvania Match Company, the Continental Can Company, and the Plymouth Cordage Company, respectively.

Each company was a leader in its field. Pennsylvania Match was a highly successful maker of wooden matches. Continental Can made millions of tin cans for food and drinks. Plymouth Cordage was the largest maker of natural fiber rope in the world, supplying all the rope for the U.S. Navy at one time.

These companies have something else in common besides their past success. All three are gone.

And they went out of business for the same reason: They did not adapt and innovate when they needed to. The Pennsylvania Match Company did not add to its product line of wooden stick matches when book matches made of paper were invented. Continental Can, which had been in business for more than 90 years, continued to make tin cans when most of its customers were switching to aluminum cans. And Plymouth Cordage, which had operated for more than 100 years, continued to make natural fiber rope long after it was clear that sailors, firefighters, and mountain climbers preferred rope made from nylon and plastic.

There were of course other reasons why these companies went out of business. But it is clear that their failure to pivot in the face of new developments or to create new products played a big part in their demise. No organization is immune to the need to embrace innovation to survive and grow when market conditions change, or when some new product makes a way of doing business obsolete.

When more than 1,000 CEOs were asked by Pricewaterhouse Coopers (PwC) which global trends would transform their businesses the most over the next five years, three things topped the list: technological advances, demographic shifts, and shifts in global economic power.

Innovation is critical to business success today and companies are slow to embrace it.

Why?

It may have something to do with people and culture. A study that the Association for Talent Development did in partnership with The Ken Blanchard Companies found that innovative companies are more comfortable taking risks and are willing to experiment and celebrate failure. That's not something commonly taught in business school.

The study also found that innovative organizations have innovative environments and are always looking for ways to set themselves apart from the competition. *Competitive advantage* is a term many leaders embrace, but combining it with innovation often leads many to stop in their tracks. For too many leaders, competitive advantage is focused on cutting prices, not creating products that might fail.

Leaders need help understanding what really lies at the heart of creating innovative environments where creative ideas are born and processes exist that can take the ideas and make them innovations. How can we help leaders make this important shift in thinking?

Steve and his daughter Kim Gladis have created a model that helps all of us make this change in thinking. By breaking down innovation into components related to people, environment, and process, they've designed a formula that will help leaders identify areas in their organizations and in their own leadership capabilities that can be improved and

honed. The “Innovation Equation” is simple in its components, but the potential it creates when applied is staggering.

In addition, anyone familiar with Steve’s impressive body of work knows that he likes to tell a story—and this book is no different. Woven throughout the chapters is a narrative that illustrates the Innovation Equation. It’s an unconventional tale, and it drives home Steve’s point that innovation is a replicable process available to all of us.

Change is constant. Innovation is imperative. Leaders must know how to manage both, and this book, *Solving the Innovation Mystery*, is a critical read in gaining the capability to systematically deliver the ever-elusive innovation required for organizations to prosper.

—Tony Bingham, President and CEO
Association for Talent Development
Alexandria, Virginia
September 2016

INTRODUCTION

What happens when you combine an FBI agent, an academic, and a frustrated screenwriter? Sounds like the setup for a joke, right? Actually, it's my story. And it's how I came to write this book.

In my first career, I was an FBI agent, investigating all sorts of stuff, including a stint in counterterrorism; though I can assure you that the work is far less glamorous than what you see on TV programs such as *Criminal Minds* or *The Blacklist*. However, it was a marvelous profession with incredible people dedicated to public safety and law enforcement.

During my tenure as an agent, I also taught at the FBI Academy in Quantico, Virginia, yet another (*Quantico*) FBI-related TV series. While teaching at the FBI Academy, I attended George Mason University and received my doctorate and went on to teach at the University of Virginia and George Mason University. In fact, I still teach at George Mason, and through my own leadership development company I conduct leadership workshops for companies, government agencies, and nonprofits—largely in the Washington, D.C., area. Indeed, leadership has become a true passion of mine.

While teaching at George Mason, my youngest daughter, Jess, convinced me to attend a screenwriting program in Santa Fe, New Mexico. We're both movie lovers, so she thought it could open up some new horizons, which it did. Following the program, I wrote a number of screenplays. But alas, I lived in Northern Virginia, not in Los Angeles, and frankly I'm certainly no Aaron Sorkin (famed screenwriter of *The West Wing* and *Newsroom*.)

All this is to say that a perfect storm converged—my FBI experience, my love of screenwriting, and my passion for leadership—as I began to consider the emergence of innovation as a critical leadership topic. Indeed, you would be hard pressed to open any prominent business journal these days without some essay, article, or complete study about how innovation and competition are reshaping the business and economic landscape. We're all zipping around in a kind of innovation hyper-speed economy in which obsolescence can happen in months, not years.

At the same time, I found that while there was huge interest in innovation, many of my business clients didn't understand how to approach it in a reliable and repeatable way. So I went back to my former FBI mindset, put on my academic hat, and set out to investigate the answer to the question: How can innovation work in a company in a reliable and sustainable way?

I studied what some of the best researchers in the field had to say about innovation so I could relay the innovation story to my clients in a clear, concise, and engaging way. As a child, I was dyslexic, which made me work hard to figure things out. As a result, I've developed a certain ability to clarify complexity and make it accessible to people.

After more than a year of sifting through mounds of data, I was lost, which oftentimes happens when conducting investigations, writing novels, or discovering solutions to a problem. This phenomenon is beautifully explained by Uri Alon in his marvelous TED Talk. You may think that Edison, Disney, da Vinci, and Picasso never lost their way. Think again. A big part of creation and innovation is getting lost and then finding a new path—one that's often more fruitful than the first. If you're really lucky, someone comes along, takes you by the hand, and guides you out of the woods—often to a better path. That guide was my oldest daughter, Kimberly. She's a strategy guru as well as one of the most analytical people I know. So, in the midst of being lost, I reached out and asked her if we could get together for a whiteboard session at her office.

I'll not soon forget that three-hour session. Under her direction, we reviewed the evidence I had collected, sorted it, stepped back, and analyzed it. After much thought and discussion, she announced that she

saw a theme emerge in the data: “The Innovation Equation!” It was a classic eureka moment that came from putting in a lot of work, which is how all innovation emerges.

Once I sorted and articulated the data, the task of laying out the equation was considerably straightforward. As you’ll learn in the coming pages, the innovation equation is Innovation = Talent + Environment + Process. Each of these elements is broken down in detail and explained within the chapters of this book. Although I figured out the organization and presentation of the data, I still needed a story to tell—one that would be realistic, instructive, and entertaining. Remember that screenwriting itch I need to scratch?

It would have been great to have a single story about an average company that did innovation by the book. Unfortunately, such a company does not exist, any more than does the “average reader” of this book. Those reading this book likely come from both large and small companies, nonprofits, and even government agencies. And people come to innovation from many angles; it’s rarely an easy process. In fact, that was why I wrote this book. To help illuminate the innovation process, I created a story with some interest, drama, and inspiration. Fables have long been used to help people learn and understand. In modern times, business and leadership fables have been made famous by writers such as Ken Blanchard and Patrick Lencioni. In fact, I have written a number of books in this style, so I’m no stranger to the technique.

However, this time, I wanted to make it even more interesting and challenging. Drawing on my law enforcement background, I thought it would be fun to write a business whodunit story that featured a small but growing company that needed to use innovation to be competitive. Indeed, most companies are small. Even the largest were small at one time, and when they develop a new, innovative product or process, it by nature always starts out small.

In *Solving the Innovative Mystery*, you will be introduced to famed former-detective-turned-private investigator Roland Epps, as he and his former detective partner, Bill Jamison, start and build a business from scratch, morphing and innovating along the way. You’ll watch them

solve some pretty interesting cases, and you'll see their inevitable frustrations, too. You'll also meet Dana Glass, their amazing coach, who helps them develop their innovation skills, and bring in and develop the right Talent, Environment, and Process (the Innovation Equation) to succeed on the job.

Here's a brief synopsis of the chapters, but also don't miss the executive summary that follows.

Chapter 1: It's More Than Eureka: The Basics of Innovation explores the myths of innovation and significant reasons why now is a compelling time to open up your organization to innovation.

Chapter 2: The Innovation Equation Part 1: Start With Talent introduces the first element of the Innovation Equation, Talent—people are the bedrock of any organization. This chapter covers three areas: diversity, engagement, and mindset.

Chapter 3: The Innovation Equation Part 2: Environment describes the second element of the Innovation Equation, Environment—the organizational soil necessary for talent to be planted, grow, and flourish. The chapter focuses on modern motivational theory and practice—offering a new motivational model of satisfaction, social support, and purpose.

Chapters 4 and 5: The Innovation Equation Part 3: The Process and The Process Continues complete the equation by offering the third element of the Innovation Equation, Process, and explaining the theory and practices behind the 5Ps of the Innovation Development Process: problem, present, possible, plan, and pivot.

Let me conclude by saying that I've successfully taught this Innovation Equation to people from federal government agencies to publicly traded corporations to nonprofits. The results are always the same: Attendees all have their own eureka moments as they begin to understand what innovation is all about and how to make the magic happen consistently and reliably.

EXECUTIVE SUMMARY

Many executives have a need to read books but little time to do so. For them I've included an executive summary of the nonfiction concepts of this book.

The crux of this book is that to remain competitive in a fast-paced, global, and ever-changing world, the best leaders create an intentional culture of innovation. To create such a culture, leaders need to understand the Innovation Equation:

$$\text{Innovation} = \text{Talent} + \text{Environment} + \text{Process}$$

There isn't a CEO who hasn't thought about the importance of innovation in the face of global competition and advances in technology. In a virtual and fast-moving world, companies must become more adaptive and competitive or go out of business. The question is, how do you grow new innovations systematically and reliably while still producing the products and services that make money to keep the lights on and pay employees? How does a company remain both productive and adaptive?

Ask any group of people to define *creativity* and *innovation* and their lists will likely be nearly identical. In reality, those terms are as different as activity versus results. For purposes of this book, let's differentiate creativity and innovation by using an expert, plain-spoken definition: Creativity

is about coming up with the big idea. Innovation is about executing on the idea—converting the idea into a successful business proposition of value (Govindarajan 2010). In the case of public service organizations and nonprofits, it’s about creating value of a different sort—a better city, classroom, or congregation.

After studying the research on innovation, I came up with the following Innovation Equation: **Innovation = Talent + Environment + Process** ($I = T + E + P$). This book explores each of these elements.

Talent

The first factor in the Innovation Equation is Talent. All creativity starts with talent—people with creative ideas. Talent is composed of at least three critical, but not necessarily exclusive, elements: diversity, engagement, and mindset.

Diversity

People with similar backgrounds gathered together in a corporate conference room effectively create an “echo chamber”—they agree with themselves, rather than testing their ideas with the outside world, especially their customers. This approach is a surefire way to miss the mark every time. The antidote for creating an echo chamber is cognitive diversity—having diverse people who think differently work together to tackle a problem or opportunity from varying points of view. One way to approach cognitive diversity might be to randomly select people to work on an innovative project. Another way is to use one of several good personality instruments, such as the Myers-Briggs Type Indicator (MBTI).

Engagement

Gallup has researched and documented that engaged people produce as much as 30 percent more than their less motivated, less engaged colleagues. Engagement is tied to utilizing one’s strengths—talent themes that have been well developed into high-functioning strengths. For example, when analytical engineers work on complex problems that require them to use their problem-solving skills regularly, they are more

innovative, more productive, and generally happier. Taking Gallup's StrengthsFinder assessments provides an excellent window into both individual and team strengths.

Mindset

What's the difference between failing and learning? Your mindset! According to Carol Dweck, renowned Stanford University psychologist, it all boils down to whether you think of talent and intelligence as a fixed ability or one that can be developed through effort and practice. Often it comes down to whether you seek validation or a challenge. Whether you look at people on teams, at work, at school, or in any relationships, the fixed-versus-growth mindset is a very important concept to understand if you want to enhance creativity and innovation.

Environment

The second factor in the Innovation Equation is Environment. All innovation starts with an idea generated by a person, but nobody generates anything unless they're working in a motivating environment. So if you want to prepare and cultivate innovation in your organization, start with what motivates people to create any new product or service. To explore such cultures, consider these two exceptional motivators: Abraham Maslow and Frederick Herzberg. After relating their theories to modern-day research on the power that social setting has on innovation, a new model emerges: the Motivation Pyramid + the Motivation Matrix.

The Motivation Pyramid

The Motivation Pyramid has three critical steps: Satisfaction, Social, and Purpose (Figure 1).

1. Satisfaction: People have to feel safe and have their needs met. They need to be paid well and have adequate benefits, such as healthcare and time off; have a good place to work; have a leader they respect; have the freedom to experiment, fail, and learn; and feel secure.

2. Social: People need to belong—to have co-workers to share their ideas with and teammates who will support them through success

and especially through failure. Otherwise, a sense of perspective gets lost in isolation.

3. Purpose: People need stimulation and motivation—a sense of purpose—that pushes them through the ups and downs of trial, error, and discovery. Without the stimulation of real purpose, the flame of motivation goes out and produces a mindset to simply “put in time” at work.

Figure 1: The Motivation Pyramid



The Motivation Matrix

When a person comes up with a creative, adaptive idea, the easy part is done. But to scale an idea into an innovation, it takes more people—motivated ones. Specifically, for an innovation to be successful, a creative idea must scale from people to teams to organizations—each of which is necessary to grow innovation into profitability.

This migration from people to teams to organizations is the Motivation Matrix (Table 1). When leaders establish a motivational environment, they’re ready for the third step of the Innovation Equation—the 5Ps Innovation Development Process.

Table 1: The Motivation Matrix

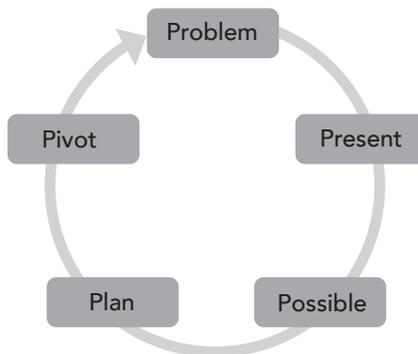
The Motivation Pyramid	People	Teams	Organizations
<i>Purpose</i>	Purpose Driven	Mission Focused	Vision Centric
<i>Social</i>	Socially Connected	Socially Collaborative	Culturally Integrated
<i>Satisfaction</i>	Needs Met	Team Supported	Organizationally Stable

The 5Ps Innovation Development Process

The third factor in the Innovation Equation is Process. Once you have good ideas and a motivating and nurturing environment, then innovation requires a reliable and repeatable process. Combining the research from three powerful and proven areas—coaching, action learning, and entrepreneurship—a hybrid innovation model, the 5Ps Innovation Development Process, emerges that is both reliable and repeatable. It is a process that helps teams and organizations produce innovations.

In a nutshell, the 5Ps Innovation Development Process consists of asking questions that elicit thinking, reflection, and discussion. Next, innovative leaders and coaches need a process or framework to help shepherd their teams through a cycle that can produce change. Employing the leader-as-coach approach, the process involves the five steps of the 5Ps: problem, present, possible, plan, and pivot (Figure 2).

Figure 2: The 5Ps Innovation Development Process



1. **Problem:** The leader or coach ensures that the first round of questions in this process works toward framing a precise description of the problem, issue, or opportunity that has presented itself.
2. **Present:** Teams need to conduct an inventory of the present state of the problem before moving to the next step. What's the present state? Who's involved? What's the cost of doing nothing?
3. **Possible:** Staying open to all that's possible is difficult for some people, but the leader or coach pushes the team to take off their blinders. What does the ideal possible future look like? Who will be involved?
4. **Plan:** The leader or coach challenges the team to take action, if only to take a small first step. Taking big steps often intimidates people. So the leader or coach asks people to take one manageable step at a time.
5. **Pivot:** This is what often happens after the first meeting. The issue gets modified by experience, creating a new iteration of the problem or opportunity to redefine it for a future meeting.

If you want to innovate—for example, start a new business or add a new product or service to an existing business—remember the Innovation Equation:

$$\text{Innovation} = \text{Talent} + \text{Environment} + \text{Process}$$

Reference

Govindarajan, V. 2010. "Innovation Is Not Creativity." *Harvard Business Review*, August 3. <https://hbr.org/2010/08/innovation-is-not-creativity.html>.

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