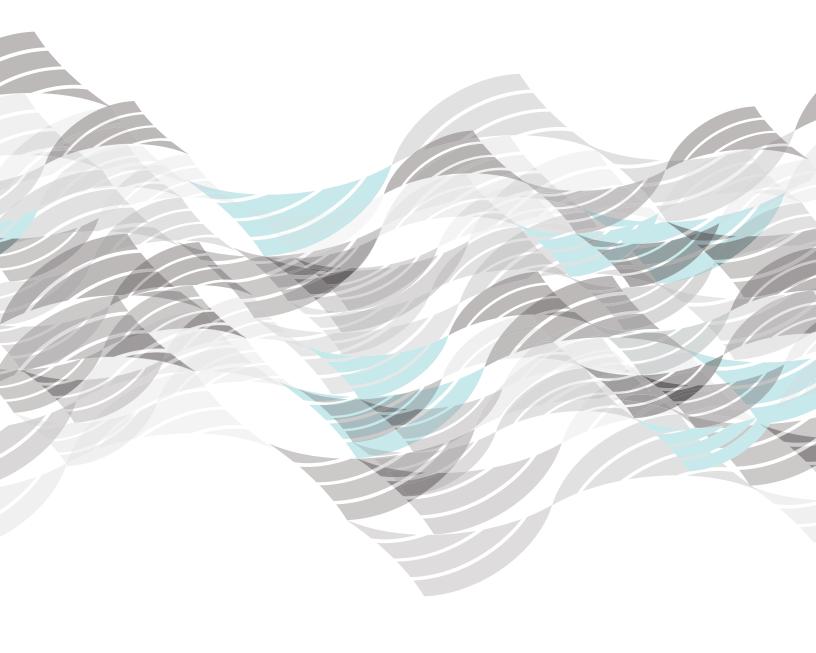# Innovation Leadership
How to use innovation to lead effectively,
work collaboratively, and drive results

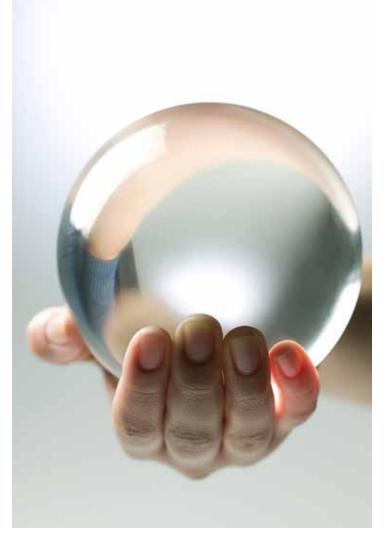By: David Horth, Center for Creative Leadership
and Dan Buchner, Continuum

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Executive Summary

Not long ago, strategy was king. Forecasting, planning, and placing smart bets created the power sources within organizations. The future of a business (or a career) could fit into an established framework or system. If managed well, success would follow.

Today, uncertainty is palpable. Planning for next quarter is a challenge. Even more difficult is committing to decisions that will play out in one to five years. What is the new process, the innovative product, the game-changing service, or the compelling vision? In the words of one senior executive:

"We've lost our crystal ball."

What Leaders Need Now Is Innovation Leadership

They need it for themselves as they learn to operate in challenging, unpredictable circumstances. They also need to create a climate for innovation within organizations. Innovative systems, tools, and thinking are essential for organizational health and future viability.

We can't give leaders a new crystal ball.

But by pairing the creative leadership expertise of the Center for Creative Leadership (CCL®) and the power of design thinking from Continuum, we show how innovation leadership can help you and your organization today and in the uncertain times to come.

Illustration by Dave Hills

Why Innovation Matters

"I used to be a great strategic planner. Now, I'm not sure of the right way to go. There has got to be something else, another way to look at our industry and our future."

"If we come out of the recession with exactly the same stuff we had before, we're dead in the water."

"We know innovation is part of the answer. But how do we do it?"

"Obviously, we can't keep doing the same things over and over again. Our internal systems aren't efficient and our best products are old news."

CEOs and leaders throughout organizations know they need to change the way they work. As they seek to drive results at a tactical level, leaders are looking for new rules of the road to give them a competitive edge and fuel new industries, markets, products, and services.

Underlying the pressure to adapt—as individuals and organizations—is the need to innovate. But how?

When faced with confusion or a problem, our instinct is to repair it with order. We examine and analyze the situation, looking for logic, until we can say: "Aha, I know this. Now I know what to do." Unfortunately, the rapid analysis and rational decision-making that most managers use to run their organizations has serious limitations.

As problems and circumstances become more complex, they don't fit previous patterns. We don't recognize the situation. We can't rapidly or automatically know what to do. What worked before doesn't work today.

To make effective sense of unfamiliar situations and complex challenges, we must have a grasp of the whole of the situation, including its variables, unknowns, and mysterious forces. This requires skills beyond everyday analysis. It requires innovation leadership.

Innovation Leadership Has Two Components

1. An innovative approach to leadership.
This means to bring new thinking and different actions to how you lead, manage, and go about your work. How can you think differently about your role and the challenges you and your organization face? What can you do to break open entrenched, intractable problems? How can you be agile and quick in the absence of information or predictability?
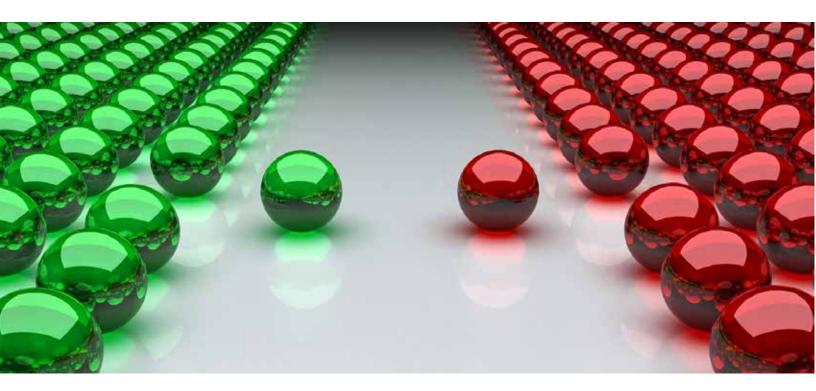
2. Leadership for innovation.
Leaders must learn how to create an organizational climate where others apply innovative thinking to solve problems and develop new products and services. It is about growing a culture of innovation, not just hiring a few creative outliers. How can you help others to think differently and work in new ways to face challenges? What can be done to innovate when all resources are stressed and constrained? How can you stay alive and stay ahead of the competition?

This two-tiered approach generates the kind of innovation that can produce the next new product or design, but it goes well beyond. In our work, Continuum has applied innovation leadership to economic development in Central America and water and sanitation projects in South Africa. Innovation leadership at CCL has spurred the development of programs, services, and tools, including an Innovation Leadership workshop and initiatives to build leadership capacity among communities, governments, and non-government organizations (NGOs) in Africa and India.

Our corporate and educational clients, too, are connecting the power of innovation to multiple and varied concerns such as team effectiveness, decision making, managing multiple stakeholders, adapting to change, balancing regional and centralized functions, entering new markets, and product R&D.

Innovation Leadership

Innovative Leadership:
Applying Innovative Thinking to Leadership Tasks

Leadership for Innovation:
Leadership *for* Innovation rather than Management *of* Innovation by Creating Climate Where Others are Applying Innovative Thinking

Business Thinking Versus Innovative Thinking

Today's managers are not lacking ideas, theories, or information.
They have extraordinary knowledge and expertise. They are skilled
practitioners of traditional business thinking.

Business thinking is based on deep research, formulas, and logical
facts. Deductive and inductive reasoning are favored tools, as we
look for proof or precedent to inform decisions. Business thinkers are
often quick to make decisions, looking for the right answer among
the wrong answers. Business thinking is about removing ambiguity
and driving results.

But ambiguity cannot be managed away. Driving results is impossible when the situation is unstable or the challenge is complex or the direction is unclear. Many of today's leadership problems are critical and pressing; they demand quick and decisive action. But at the same time, they are so complex that we can't just dive in. Because the organization, team, or individual does not know how to act, there is a need to slow down, reflect, and approach the situation in an unconventional way—using innovative thinking.

Innovative thinking is not reliant on past experience or known facts. It imagines a desired future state and figures out how to get there. It is intuitive and open to possibility. Rather than identifying right answers or wrong answers, the goal is to find a better way and explore multiple possibilities. Ambiguity is an advantage, not a problem. It allows you to ask "what if?"

Innovative thinking is a crucial addition to traditional business thinking. It allows you to bring new ideas and energy to your role as leader and to solve your challenges. It also paves the way to bring more innovation into your organization.

Business Thinking Versus Innovative Thinking

Traditional business thinking	→	Innovative thinking
Logical	→	Intuitive
Deductive/inductive reasoning	→	Abductive reasoning
Requires proof to proceed	→	Asks what if?
Looks for precedents	→	Unconstrained by the past
Quick to decide	→	Holds multiple possibilities
There is right and wrong	→	There is always a better way
Uncomfortable with ambiguity	→	Relishes ambiguity
Wants results	→	Wants meaning

Six Innovative Thinking Skills

Designers ask questions such as: How do we make something beautiful and usable? How does it mechanically go together? How do we reflect the brand? Leaders ask questions such as, What are we trying to achieve and why? How do we accomplish our goals? What people and resources do we need to make it happen?

By weaving together the leadership process with the design process, CCL and Continuum have identified six innovative thinking skills. Using these skills, organizations are able to create something that is useful and desirable—whether it's a breakthrough technology, a valuable service, or a fresh solution to an old problem. Each of these skills shifts your understanding of a situation and opens the door for new approaches and solutions.

1. Paying attention. First impressions and assumptions are not the whole picture, so they don't lead to an accurate assessment or best solution. Paying attention is the ability to notice what has gone unnoticed. It is about looking more deeply at a situation, being a clear-eyed observer, perceiving details, and seeing new patterns. Paying attention begins with slowing down, temporarily, in order to be more deliberate in grasping the situation. Consider different points of view and multiple inputs. Literally look and listen from a new perspective.

2. Personalizing. At work, we tend to undervalue individual, personal experience. The practice of personalizing elevates it, seeking insight from the human experience. For innovative thinking, personalizing is a twofold process: tapping into our own broad scope of knowledge and experience, and understanding our customer in a deep, personal way.

The ability to tap into (seemingly unrelated) personal experiences and passions introduces fresh perspectives on challenges. Personalizing draws on your interests, hobbies, or avocation and applies them to work. Consider how ideas, patterns, or strands of insight from the whole of your life might contribute to your work. For example, a manager may find that her experience as a musician helps her to orchestrate and communicate the varying pace and intensity of her team's long-term product development.

The customer side of personalizing is the ability to understand your customer in a full and real way: Who are you reaching? What matters to them? What don't you know? Personalizing requires you to interact with customers in their environment. It pushes you to understand who they are and how they live. Deep customer knowledge leads to the new ideas, patterns, and insights that fuel innovation.

3. Imaging. Imaging is a tool to help you process information. Words by themselves are usually not enough for making sense of complexity or vast amounts of information. Imagery is a very good way to take it in and make sense of it. Pictures, stories, impressions, and metaphors are powerful tools for describing situations, constructing ideas, and communicating effectively. Using your imagination to answer the question "what if?" can lead to extraordinary images and possibilities.

4. Serious play. Business thinking and routine work can become a rigid process. Innovation requires bending some rules, branching out, having some fun. When you generate knowledge and insight through nontraditional ways—free exploration, improvisation, experimentation, levity and rapid prototyping, limit testing—work feels like play but the results are serious business.

5. Collaborative inquiry. Innovations are rarely made by a "lone genius." Insights come through thoughtful, nonjudgmental sharing of ideas. Collaborative inquiry is a process of sustained, effective dialogue with those who have a stake in the situation. Drawing on a variety of stakeholders and points of view can contribute to the complexity, but it is also the source of much opportunity. The focus involves asking searching questions and exercising critical thinking without always expecting immediate answers.

6. Crafting. F. Scott Fitzgerald once said, "The test of a first-rate intelligence is the ability to hold two opposing ideas in the mind at the same time and still retain the ability to function." Innovation requires us to shed either/or thinking and see the whole as inclusive of opposition and open to a third (or fourth or fifth) solution. The practice of crafting allows us to live with and resolve paradox and contradiction.

Unlike the traditional analysis of business thinking—which requires us to break down problems into separate pieces, known facts, and current assumptions—crafting is about synthesis, integration, and possibility. Through what is called abductive reasoning, we can make intuitive connections among seemingly unrelated information and begin to shape order out of chaos.

Two Sides of the Same Coin

Design	Innovative Thinking Skill	Innovation Leadership
Interpretive: look for different perspectives	Paying Attention	Perceive more deeply, beyond first impressions
Personal: consider the customer point of view	Personalizing	Tap into personal experiences to gain fresh perspectives
Abductive: redefine the problem, ask what if	Imaging	Bring information to life through use of metaphor
Experimental: rapid prototyping, make solutions feel real	Serious Play	Generate insights through exploration and experimentation
Collaborative: share insights and ideas	Collaborative Inquiry	Foster productive dialogue by embracing diverse viewpoints
Integrative: consider the whole	Crafting	Synthesis, rather than analysis

Experiment with Innovation

In our work with people across industries, functions, experience, and background, we've learned that everyone has the ability to develop and use innovative thinking skills.

Getting started, however, can be intimidating. Three ways to begin experimenting with innovation are to reframe the challenge, focus on the customer, and create a prototype solution.

Reframe the challenge. Innovative thinking can be used to redefine, or reframe, the problem. This is not a cosmetic or semantic change; it is a process of re examining the situation. Often the problem we are focused on isn't the important problem. Or the challenge is too big or too small. By looking at the problem in a different way, we gain clarity and insight. By reframing problems, you uncover new places to innovate or new angles to take.

To reframe your challenge, draw on several of the innovative thinking skills. Ask powerful questions. Challenge assumptions. Bring in multiple perspectives. One workshop participant, for example, was frustrated by his organization's decentralization of a key function. He saw his challenge as persuading key stakeholders to rethink the decision. When he considered other perspectives and turned the problem around, he was able to see his challenge as improving a process, not arguing his position.

Another executive was trying to relaunch a product in a market where it had been struggling. The burden of past history kept him stuck in a defensive mind-set and in an adversarial relationship with colleagues who had been involved in the work previously. He reframed the challenge away from fixing a past problem to differentiating the product and the company moving forward—a vision that could focus and motivate the whole team.

Focus on the customer experience. For all the customer-focused efforts in today's organizations, very few start with a really deep, empathetic understanding of the customer. Even the most sophisticated market research operation does not replace firsthand understanding of what is going on in the customer's life and how it is affected by your product, process, or service. Get out and watch your customer work, live, and play. This is also an important perspective to take when your customers are employees, coworkers, internal departments, and other stakeholders.

A deeper understanding of your customer comes from interacting in his or her real environment. For example, the qualitative way that designers understand people in the context of their lives helps drive creation and decision making. When Dan's company was working on product development with Procter & Gamble, for example, they spent time in people's homes to understand how people cleaned them, what worked, and what didn't. If they had relied on surveys, they might have missed the mark on what became the hugely popular Swiffer line of sweepers, mops, and dusters.

Practice rapid prototyping. Finally, a hands-on, try-it-out approach is invaluable to innovation. Rapid prototyping—building and testing something new—jumps past information overload and endless analysis to provide feedback and knowledge that in traditional business processes can take months or years.

Rapid, of course, is contextual. Some prototypes are put together in hours; others, months. The key is to create a small team to bring together their knowledge and work quickly. In large or complex situations, you can test out one idea or try a partial solution. Rapid prototyping is common in product development and design, but it can work to try out new services or even internal operations. Along the way, ask what works, what doesn't, and what you learned.

Leadership for Innovation

Applying innovative thinking to your challenges as a leader is one step in creating an innovative, organizational response to change and challenge. But developing a culture of innovation, where others throughout the organization apply innovative thinking to solve problems and develop new products and services, requires additional work.

Studies have shown that 20 percent to 67 percent of the variance on measures of the climate for creativity in organizations is directly attributable to leadership behavior. What this means is that leaders must act in ways that promote and support organizational innovation.

At CCL, we describe the three tasks of leadership as **setting direction**, **creating alignment**, and **building commitment**. When direction, alignment, and commitment are created around innovation, organizations emerge as more productive and more innovative.

Leadership for Organizational Innovation Requirements

Organizational encouragement. An innovative organizational culture has a shared vision for innovation; demonstrates fair, constructive judgment of ideas; rewards and recognizes innovative work; and has mechanisms for encouraging and developing an active flow of ideas.

Lack of organizational impediments. A culture that encourages innovation is one whose leaders actively remove organizational barriers to innovation. Internal political problems, harsh criticism of new ideas, and destructive internal competition are minimized or eliminated. Other impediments to innovation include an avoidance of risk, a fear of failure, an overemphasis on the status quo and existing processes that crush new ideas.

Leadership encouragement. Innovative leaders show support and confidence in the work and value individual contributions. They nurture—and promote—creative people. Leaders encourage innovation when they protect and participate in the innovation process by neutralizing negative people, watching out for corporate systems and responses that quash innovation, and by using innovative thinking in their own work.

Sufficient resources. Innovation becomes a priority only when people are given access to appropriate resources, including funds, materials, facilities, and information.

Realistic workload. Expectations for productivity should be realistic and free from extreme time pressures or distractions.

Freedom. Innovation expands as people feel a sense of freedom in deciding what work to do or how to do it. It's OK (even necessary) to impose some constraints, such as time frame or cost, but don't constrain the approach.
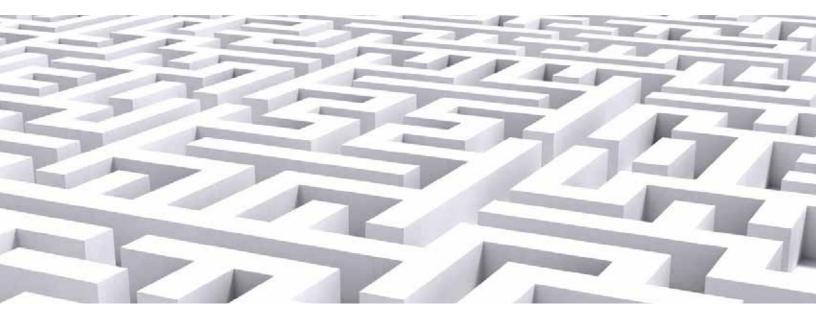
Challenging work. A sense of being challenged by work on important projects is conducive to both innovation and productivity. Set big outrageous goals and assign difficult work—but be sure the systems and structures that support innovation surround the work too.

Teamwork and collaboration. People in innovative organizations communicate well, are open to each other's ideas, and support each other in shared work. Set up space and processes that encourage interaction, easy exchange of ideas, fun, and serious play.

Assessing Innovation

CCL and Continuum use multiple techniques, tools, and assessments to help leaders and organizations understand their current innovation context. You can start a discussion about innovation in your group or organization by asking questions such as:

- What's our assessment of the organization's approach to innovation leadership?

- Where does it need to be for effective innovation?

- What is encouraging and helping promote and foster creativity—for individuals and for the broader organization?

- What is impeding, creating barriers, or discouraging creativity—for individuals and for the broader organization?

- What would you recommend changing or enhancing so as to help encourage, promote, and foster creativity—for individuals and for the broader organization?

- What do we do when someone comes to us with a new idea? What could we do differently?

A Call for Innovation Leadership

Businesses, institutions, and communities are feeling the limits of their standard processes. The added burdens of economic pain and widespread uncertainty have leaders everywhere looking for new ways forward.

Innovative leadership—the use of innovative thinking and the leadership that supports it—is the key to finding what's new, what's better, and what's next.

About the Authors

David Magellan Horth is a Senior Enterprise Associate with the Center for Creative Leadership (CCL®). Horth is a program designer, facilitator, and executive coach. He is the coauthor of *The Leader's Edge: Six Creative Competencies for Navigating Complex Challenges* (2002) and also coauthor of a CCL product used to support group sense-making called Visual Explorer: Picturing Approaches to Complex Challenges.

Dan Buchner is Vice President of Organizational Innovation at Continuum Boston. Buchner is an award-winning designer, entrepreneur, and innovation consultant. He has driven innovation in a wide range of organizations worldwide. For nearly 30 years, Buchner has been developing innovative new products, creating compelling new services, and helping organizations establish design and innovation capabilities to drive their success.

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Continuum® is a global innovation and design consultancy that helps turn ideas into realities. Through exhaustive investigation and user research, Continuum undertakes a deeply immersive role in a client's business to formulate design and brand strategies that are both fiscally sound and consumer relevant.

Continuum's innovation leaders have led initiatives for a wide range of organizations worldwide. These initiatives have included the development of innovative new products, creating compelling new services, and helping organizations establish design and innovation capabilities to drive their success. Continuum's leaders have also used the power of design thinking to address economic, leadership, and social development issues worldwide.

The Center for Creative Leadership (CCL®) is a top-ranked, global provider of leadership development. By leveraging the power of leadership to drive results that matter most to clients, CCL transforms individual leaders, teams, organizations, and society. Our array of cutting-edge solutions is steeped in extensive research and experience gained from working with hundreds of thousands of leaders at all levels. Ranked among the world's Top 5 providers of executive education by the *Financial Times* and in the Top 10 by *Bloomberg BusinessWeek*, CCL has offices in Greensboro, NC; Colorado Springs, CO; San Diego, CA; Brussels, Belgium; Moscow, Russia; Addis Ababa, Ethiopia; Johannesburg, South Africa; Singapore; Gurgaon, India; and Shanghai, China.

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