



HR'S ROLE IN CHAMPIONING INNOVATION

By Laszlo Gyorffy

ANSWERING THE CALL FOR INNOVATION

In conversations with Human Resources leaders around the globe, they consistently agree on the fact that the world is moving faster and is more competitive than ever before. I get head nods that with industries seemingly in a state of perpetual disruption, innovation is vital to continued growth and the success of their enterprises. Given these realities, innovation today appears to be one of the top priorities of virtually every executive team. However, when I ask what methods HR utilizes to harness the collective creativity of employees, most of my HR colleagues admit they have few tools and practices at their disposal for realizing the full innovation potential of their enterprise.

These are sobering exchanges. The Darwinian dynamics of the marketplace are pressing organizations to act quickly and be more like Apple—to “think different.” In these circumstances, a company’s leadership cannot simply rely on chance or the lone genius if they want their enterprise to thrive—or even just survive. Creative ideas were once the domain of entrepreneurs and marketing departments. Today, they must become the responsibility of every employee. It is time for HR to rally around the insights of the late Peter Drucker, “Every company needs one core competence—innovation.” Who better to embed innovation into the management practices and cultural DNA of the organization than HR? HR has a chance to seize the opportunity, embrace its aspiration to be a business partner who significantly impacts results, and lead the formulation and implementation of a coherent enterprise-wide innovation strategy and practice.

HR AS CATALYST AND INNOVATION CAPABILITY BUILDER

Companies capable of unleashing people's ingenuity have a distinct competitive advantage. They benefit from inspiring ideas from an inspired workforce. As the lead architect for corporate culture building, HR is well positioned to systematically construct innovation capability by providing a comprehensive mix of resources, processes, tools, training, and values. Indeed, today HR bears the responsibility to guide the organization to a place where it successfully competes on the basis of how well it can mobilize and monetize the imagination of its people. Imagine the benefits to your organization if:

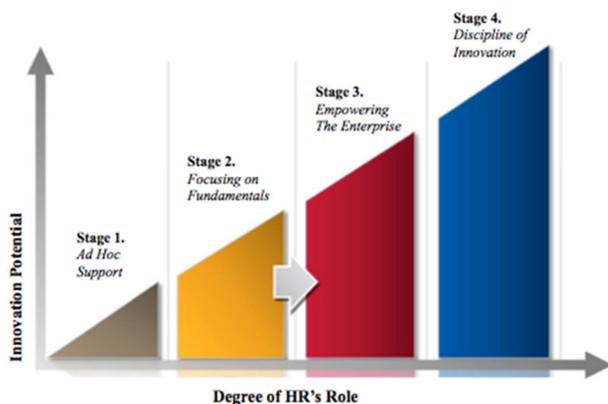
- Everyone came to work each day believing that their ideas could shape the destiny of the enterprise.
- All employees shared a common innovation language, concepts, and expertise—greatly enhancing their ability to identify unexploited opportunities, collaborate effectively across boundaries, and develop valuable business ideas quickly and cost effectively.

Because HR is responsible for the people side of the corporate equation, it is already dedicated to raising the bar on employee engagement and learning. HR also understands the challenges and nuances related to significant behavior and culture change, and from experience with such endeavors, HR knows this to be true: it is almost impossible to get a disinterested person to innovate.

Yet the potential for brilliance exists everywhere, and the goal now becomes how to harvest extraordinary ideas from ordinary people rather than letting them simply put in their time and go home.

ACHIEVING NEW LEVELS OF PERFORMANCE

The level and nature of HR involvement in innovation varies from company to company. Despite the diversity, I have observed four types of HR involvement along the continuum—from passive supporter to proactive leader. Each of the four types has its own spirit, practices, and performance level associated with it, with HR groups embracing different degrees of responsibility for ensuring everyone, everywhere is engaged with innovation every day.



THE FOUR TYPES OF HR INVOLVEMENT:

1. **Ad Hoc Support:** At this baseline level, the primary role for HR is to get out of the way and not become a barrier to innovation. Put more positively, Type 1 HR functions permit and possibly even encourage experimentation—resisting the temptation of being the “policy police.” Instead, HR acts as a supportive business partner, actively helping to find new solutions to tough challenges. For example, working with the CEO to adjust bonus plans that stifle initiative and encourage the status quo.
2. **Focusing on Fundamentals:** The primary role for Type 2 HR groups is the facilitation of innovation through traditional means such as recruiting, hiring, orienting, and promoting innovators. HR brings heightened awareness and added attention to the task of finding and grooming innovative talent. This effort involves recruiting and supporting people who are willing to challenge the status quo, are self-driven visionaries and problem solvers, eager to experiment and collaborate, and propel ideas forward despite an environment of uncertainty. HR actively builds the pool of innovators by hiring people who have a track record of successful innovation. Doing this positions the organization as an employer-of-choice for highly inventive people.

For Type 2's, traditional HR roles offer the opportunity to enhance the company's innovation potential. In addition to talent management, HR can:

- a. Ensure the idea of “innovation” is included as a compelling focus of the vision, mission, or values statement of the organization. Make innovation a beacon for the aspirations of the company, so that it can be easily referenced and honored at the appropriate times.
- b. Help broadcast the business strategy, priorities, and the stretch goals that have been set by the organization. Ideally, these communications are cascaded through the hierarchy using face-to-face meetings to maximize the impact and create the need for new ideas.
- c. Encourage the recognition and promotion of successful innovators from within the organization.

While Type 2 HR departments progress the innovation agenda on multiple fronts, there remains a risk the organization gets stuck in a project-focused, fire-fighting, reactive mode of innovating. Without proper vision and discipline, companies too often merely meet the threat and don't do a good job of sharing project learnings—maintaining the organization as a reactionary pursuer of innovation instead of becoming a leader. Such a company runs the risk of constantly playing catch up, instead of trying to leap forward to the next curve.

3. **Empowering the Enterprise:** Type 3 HR organizations recognize innovation is a business discipline, and creativity is not the result of divine intervention; it is something that can be learned,

scaled, and applied where needed. Here, HR's primary role is to build on the gains of Type 1 and 2 and educate and enroll the entire enterprise in innovation. HR applies its full complement of learning and development expertise to boost the abilities of employees, managers, project leads, and other key stakeholders. The broad-based innovation skill-building and communication programs weave new language, concepts, and practices into the fabric of the enterprise. The approach is analogous to the continuous quality improvement movement of the 1980s. The focus here however, is predominantly on knowledge workers looking for game-changing, as well as incremental, improvement ideas. For most organizations, these programs facilitate unprecedented levels of cross-boundary collaboration and stimulate new ways of thinking.

The training can come from customizing third party offerings or having the most innovative leaders share their techniques, and having HR help managers of the least innovative teams identify what's in the way and how to address it (e.g. skills, motivation, or accountability). Through the orchestration of these educational experiences, HR demonstrates its leadership by enhancing the capacity of everyone—regardless of geography, affiliation, status, profession, etc.—to come up with new ideas in support of business goals.

These activities are sometimes linked to larger culture change initiatives, e.g. the BBC's Director General Greg Dyke mandated in 2000 that the BBC become "the most creative organization in the world." HR led the "Making it Happen" initiative, a comprehensive development effort that introduced new program creation and commissioning practices that delivered fundamental change and extraordinary results.

Specific activities related to this type of organization include:

- a. Communicate innovation activities (conferences, new product roll-outs, guest speakers) and celebrate individual and organizational accomplishments (through newsletters, intranet communications, and company events), and in this way act as a strong and consistent voice for innovation within the organization.
- b. Set expectations of innovation during the new hire orientation (e.g. describe "how we innovate around here" and be clear everyone has two jobs (i.e., deliver on your present assignment and participate in inventing a better future)).
- c. Train all managers to lead business innovation within their team and in collaboration with other units inside and outside the organization.
- d. Train all employees to innovate and be an effective champion for their ideas. Use of elearning tools to teach task-specific skills like creating value propositions and pitching ideas can be a fast and economical approach.
- e. Link innovation to performance, learning, and career development (e.g., include innovation as a category in an employees' annual performance review).
- f. Align the employee lifecycle so that it promotes innovation at all stages of development.

- g. Include innovation as a topic area in climate and employee satisfaction surveys.
 - h. Utilize innovation tools within the HR function to develop and present new ideas to other parts of the organization. Be a role model.
4. **Discipline of Innovation:** Type 4 HR organizations take ownership of the enterprise's innovation engine. They see themselves as enablers of other people's ideas. Often a Chief Innovation Officer (CIO) is employed to reinforce a coherent innovation mindset based on specific skills and to implement an integrated innovation system that effectively sources ideas from all parts of the organization. Type 4 HR functions that want systematic on-demand innovation for their enterprise, need a system to manage it. The exciting news is that with web 2.0 software like Q+, HR departments today are able to deploy on-line idea management platforms that generate unprecedented levels of ideation and collaboration—the ability to tap into the wisdom of the entire workforce. In addition, the scale of these platforms increases transparency and heightens social learning experiences for employees throughout the enterprise.

The CIO and HR work with their peers to set expectations regarding strategy, goals, roles, and procedures for the system to ensure relevant opportunity identification, idea generation, idea optimization, idea evaluation, and idea commercialization. Once such a system and the related platforms are in place, employees are invited to innovate continuously by participating in campaigns that feed operations and business units a continuous flow of valuable ideas targeting areas of strategic importance for the organization. With proper management, these ideas can drive incremental, as well as radical, gains in efficiency and generate bold new products, services, and business models.

Consider the work of Pierre-Yves Caboussat (Head of Corporate Innovation Management) who has set up an innovation architecture for the 50,000 employees of the Swiss Post. Pierre-Yves reports to Yves-André Jeandupeux, who is the Head of HR at the Swiss Post, a member of executive team, and a part of the Innovation Board, who spends at least two hours a month reviewing and approving investments in new product and service ideas. Pierre-Yves is also the coordinator of PostVenture, the company's business plan competition. In the first year alone, competing teams generated 172 ideas, composed 32 CO-STAR value propositions, delivered 12 business plans, and selected 4 winners for funding. Participants are trained in the fundamentals of entrepreneurship and coached through the process. Winners not only get to see their ideas implemented, but are recognized publically by Swiss Post leadership and are awarded study trips.

Type 4 HR activities are aimed at engaging a critical mass of employees in a disciplined approach to innovation. The scale and focus of these activities ensures a sound return on investment and acts as an accelerator to the development of the desired culture. Type 4 HR work includes the following:

- a. Install a comprehensive innovation architecture that supports effective funding, incubation, and even venture boards.
- b. Don't just deploy an online innovation platform; brand the system so it symbolizes the climate and culture you are trying to create.
- c. Establish recognition and rewards schemes to celebrate individual and team innovation.
- d. Establish policies to provide time for people to think and work on innovative solutions. For example, companies like 3M (15%) and Google (10%) have policies that encourage employees to spend a percentage of their workweek pursuing their own innovation projects.
- e. Assign your best HR people to work on cross-functional innovation projects.
- f. Hold special events like innovation boot camps, speaker series, pitching competitions, and networking sessions.
- g. Use webcasts, podcasts, video conferencing, etc. to educate large numbers of people on the innovation opportunities that exist and the types of ideas required for success.
- h. Refurbish your facilities and establish innovation zones, prototyping space, or simply attractive meeting rooms that are set up to support creative thinking and collaboration.
- i. Coach senior leaders to be more entrepreneurial and inviting of bold new ideas. Take them on benchmarking trips and innovation tours.

Becoming a Type 4 HR function requires purpose, passion, and a plan. HR will need to match the levels of commitment it hopes to engender in innovators. HR professionals leading innovation initiatives must have enough passion to fight through, over, around, or under any obstacles they may encounter in their effort to make their programs a reality. Aligning executives, managers, and employees around an inclusive vision of innovation is not an easy task. Developing a thoughtful game plan for engaging all the stakeholders and sequencing the capability-building process is an early and essential step.

LEADING THE WAY

Pioneering HR groups can positively impact their organizations, inspiring creativity, collaboration, and the courage to compete at the highest levels. They bring unity and stability to their enterprises while promoting an orderly revolution. Type 3 and 4 HR departments foster an environment with innovation at the center and politics and posturing at the perimeter. They step up to the challenge and expand their role beyond employee advocacy to becoming active sponsors and enablers of innovation throughout the enterprise. They make full use of their change management skills to help institutionalize value creation capabilities and accelerate the development of a vibrant innovation culture. These inventive cultures and their helpful habits offer many benefits, such as:

- An infinite source of high potential ideas
- Speed and agility of implementation
- Continuous performance improvement
- Employee engagement and satisfaction
- Delighted and loyal customers

With each successful cycle the symbols of innovation shine brighter, the rituals provide deeper meaning, and the legends of heroic champions and their high performing teams spread wider. These cultural manifestations signal progress to the HR team and reinforce what everyone already knows: that this is an organization fit for the 21st century, and whose people are capable of continuously inventing a better future. 



Laszlo Gyorffy is President of the Enterprise Development Group, an international consulting and training firm headquartered in Silicon Valley, California. For over twenty years, Laszlo has worked with organizations around the globe to expand the possible; helping them refocus, redesign, and reenergize their business strategies and innovation practices to succeed in an increasingly dynamic and demanding market place. Laszlo is an accomplished speaker and author of *Creating Value with CO-STAR: An Innovation Tool for Perfecting and Pitching your Brilliant Idea*. He is a certified instructional designer and trainer and has delivered transformational programs like the Innovation Advantage to client organizations such as the BBC, Discovery Communications, EDF Energy, Homeland Security, Hewlett Packard, Kaiser Permanente, Novellus, Panera Bread, Phillips, Swisscom, Stanford University, and Universal Music Group. Contact Laszlo at 408.873.9282 or gyorffy@enterprisedevelop.com.