

## NANO TOOLS FOR LEADERS®

# GROW FASTER, PART 1: EMBRACE THE RIGHT INNOVATION NARRATIVE

**Nano Tools for Leaders®** are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

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### THE GOAL:

Grow sales faster than your industry rivals by articulating a coherent, compelling, growth-affirming innovation narrative.

### NANO TOOL:

Managers have no shortage of advice on how to achieve organic sales growth through innovation. Prescriptions range from following the best practices of innovative companies like Amazon, Starbucks, and 3M to adopting popular concepts such as design thinking, lean startup principles, innovation boot camps, and cocreation with customers. While this well-meant advice has merit, following it without first understanding your company's innovation narrative is like going from symptoms to surgery without a diagnosis.

An innovation narrative is an often overlooked facet of organizational culture that summarizes employees' beliefs about a company's ability to innovate. It serves as a powerful motivator of action or inaction. There are three types of innovation narratives: growth affirming, growth denying, and a combination of the two.

Any company that wants to lead their industry in organic growth needs to have a coherent, growth-affirming innovation narrative in place. That means the first step is identifying your current innovation narrative and making adjustments if you find it is growth denying. That's the focus of this Nano Tool. In Part 2 of the Nano Tool we will cover specific action you can take to develop and maintain a growth-affirming narrative

### ACTION STEPS:

To identify — and begin to change — the prevailing innovation narrative in your company, follow these steps.

1. Listen to how the people responsible for innovation talk about it and the stories of successes and failures that they tell. Then ask yourself what values and beliefs they are conveying.
2. Ask the executive team questions such as "Are you confident that the company's organic growth goals can be reached? Why?" and "Are those goals usually hit or missed? Why?"
3. Classify the answers you receive in one of three categories:



- Defensive/Discouraging: Rationalizing the company's past innovation performance or ascribing that performance to factors and forces outside their control. These narratives undermine growth.
  - Responsible/Optimistic: Taking responsibility for missed goals and saying what they are changing to improve future results. These narratives are poised to affirm growth.
  - Constructive/Ambitious: Articulating a clear growth strategy, excited about building a new business, ready to accept and learn from failure. These are the narratives of industry-leading innovators.
4. Test whichever narrative their answers suggest with an in-depth analysis of a sampling of the company's innovation initiatives. No narrative should be taken at face value. Do narratives from different levels and functions align? Do the claims of ease of innovation indicate best practices of innovation? Do metrics corroborate the narrative?
  5. To change an innovation narrative that is growth denying and impeding innovation, begin by envisioning a desired future state in which your company has become an industry leader in organic growth through innovation. Answering these questions can help:
    - If our organization acted out a growth-affirming narrative, what behaviors would we see?
    - What would a storyboard showing "the way innovation works around here" look like?

## HOW ONE LEADER USED IT:

When the vice president of development at a large alcoholic beverages company was having difficulty getting senior leaders to support proposals for new products, we worked with her and her team to interview them regarding their beliefs and assumptions about innovation and its returns. What emerged was a picture of a defensive, play-it-safe organization that believed the market was tired of new products and competitors would match one another's moves. The interviews also revealed a distinct aversion to the uncertainty of innovation and an assumption that once a product is launched, it is too late to fix mistakes. The company's narrative was growth denying, and its anemic innovation activities and lack of relevant new products confirmed it.

When leadership learned that their beliefs about innovation were self-defeating, they became more supportive. They began by signaling a greater appetite for risk and then made a deeper commitment to organic growth by raising the growth target. Much more funding was provided for research into latent customer needs as well as partnership initiatives. To bring innovation from the periphery into the core of the business, the CEO became the face of a company-wide search for growth ideas, while showing commitment to innovation by starting a program of recognition and rewards for these ideas.

## ADDITIONAL RESOURCES:

- "Grow Faster by Changing Your Innovation Narrative," George Day and Gregory Shea; *MIT Sloan Management Review*, Dec. 10, 2018. Shares new research on and advice for growing sales faster by articulating a coherent, compelling innovation narrative and relying on four powerful levers to make it a reality.
- George Day directs Wharton Executive Education's [\*Innovation for Growth: Strategies for Creating Value\*](#), and teaches in [\*Strategic Marketing for Competitive Advantage\*](#) and [\*Global Strategic Leadership\*](#). Gregory Shea directs [\*Leading Organizational Change\*](#), co-directs [\*Becoming a Leader of Leaders: Pathways for Success\*](#) and [\*Leading and Managing People\*](#), and teaches in [\*High-Potential Leaders: Accelerating Your Impact\*](#).

## ABOUT NANO TOOLS:

*Nano Tools for Leaders®* was conceived and developed by Deb Giffen, MCC, director of Custom Programs at Wharton Executive Education. *Nano Tools for Leaders®* is a collaboration between joint sponsors Wharton Executive Education and Wharton's Center for Leadership and Change Management. This collaboration is led by Professors Michael Useem and John Paul MacDuffie.