

NANO TOOLS FOR LEADERS®

GROW FASTER, PART 2: PULL FOUR LEVERS TO DRIVE YOUR 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 growth-affirming innovation narrative and relying on four powerful levers to make it a reality.

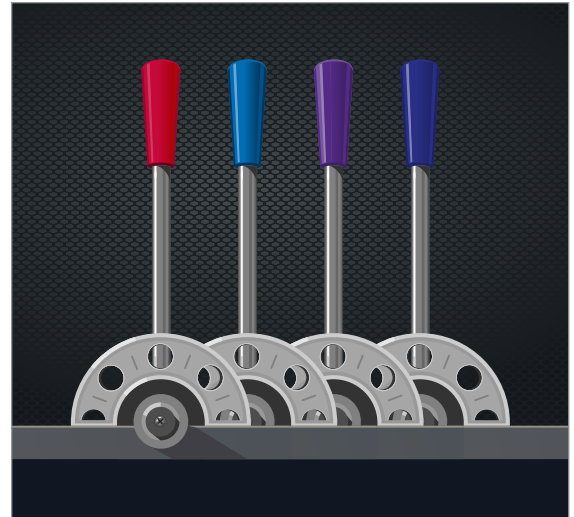
NANO TOOL:

Bringing a growth-affirming innovation narrative to life (see [Part One](#) of this Nano Tool to learn how to create one) can be complicated, if you listen to the current literature on innovation. It recommends up to 18 different levers to pull, such as investing in a systematic search for ideas, opening up the innovation process to partners, conducting postmortems, and changing your governance structure. Attempting to pull this many levers at a time is a prescription for failure in any change initiative, but without a clear sense of what really works, you may be tempted to try a little bit of everything.

In our study — in which we interviewed 25 innovation leaders and surveyed 192 senior executives, directors, and innovation practitioners from diverse global companies — we found that only four of the 18 levers consistently and significantly set organic growth leaders apart from growth laggards and average performers. These four (and their associated behaviors) — described in the Action Steps below — can support a clear, compelling, growth-affirming innovation narrative.

ACTION STEPS:

- 1. Invest in innovation talent.** Pay special attention to nurturing team leaders, project directors, and program managers who champion and lead innovation initiatives. One company studied its best innovation leaders to identify what distinguished high performers. Traits that are typically difficult to develop, such as conceptual thinking and a consistent focus on end-user needs, became the focus of hiring new talent; traits considered easier to develop, such as technical product knowledge and presentation skills, were incorporated in training.



- 2. Encourage reasonable risk-taking.** All leadership teams can be anxious about their innovation projects, but how they deal with this uncertainty is an important factor that separates growth leaders from laggards. Growth leaders believe that more can be learned from failures than from successes, and they routinely conduct innovation post-mortems. They are more willing to share the risks and rewards of innovation with their development partners (see [After Action Reviews](#) for more ideas), and to distribute that risk internally by sharing accountability up and down the organization. Growth leaders are also more likely to manage innovation risks by making small bets and taking cues from startups, using concepts such as rapid prototyping, frugal experimentation, and lean methodologies.
- 3. Adopt a customer-centric innovation process.** “Rather than ask what we are good at and what else can we do with that skill, ask, ‘Who are our customers? What do they need?’” says Jeff Bezos of Amazon’s innovation process. “And then you say we’re going to give that to them regardless of whether we currently have the skills to do so; we will learn those skills.” This customer-centric innovation process is highly effective: growth leaders are much more likely to say that all of their senior managers were attuned to the voice of the customer.
- 4. Emphasize learning over scorekeeping and create a credible link to rewards and recognition for innovation accomplishments.** Connect individual and group incentives to innovation activity, emphasizing metrics related to nearer-term results, or “input” measures, such as process effectiveness, leadership commitment, or competency development. These metrics reveal many insights, such as screening processes that leave poor ideas in the innovation pipeline for too long, sloppy development processes that cause delays in hitting project stage milestones, and poor product quality that requires recycling innovations back through the development stage.

HOW LEADERS USE IT:

In 2013, Philadelphia-based Thomas Jefferson University Hospitals hired a new president and CEO who was dedicated to innovation and organizational transformation throughout the 194-year-old institution. When Dr. Stephen Klasko arrived, he enlisted roughly 1,000 employees in the development of an organizational narrative that put innovation front and center: *“We will innovate to bring care and caring to where the patient is. We will become an entrepreneurial health organization, bringing creativity, passion, and flexibility along with the more traditional academic medical center skill sets of strategy, focus, and discipline.”*

Here is how he pulled each of the four levers to bring the narrative to life:

- 1. Invest in innovation talent:** He filled many senior posts, which had been left open by the board, with executives committed to innovation. He also appointed a new leader for the center’s “strategic pillar of innovation,” who is one of his four functional direct reports. And he established an ongoing, yearlong executive education program for high-potential employees, which equips the next generation of leaders with tools for managing rapid change and encourages innovative, cross-department thinking.
- 2. Encourage reasonable risk-taking:** “We need to think about what is going to be obvious 10 years from now and start doing it today, which means we have to take risks,” says Klasko. He also signaled an acceptance of failure by grading his own performance as below average in four of nine identified areas during his first “State of the Union” address as CEO.
- 3. Adopt a customer-centric process:** To make sure the health system is hearing the voice of the customer, he plans to hire a new CEO of Patients in 2019. The system conducts patient focus groups and town halls to better understand patient needs. It also engages in “hotspotting” — the strategic use of data to identify, understand, and better serve high-needs patients, so they can eventually become less reliant on acute care settings such as emergency rooms.

- 4. Align metrics and incentives:** Compensation, including the CEO's, is tied to innovation performance. They also have instituted other innovation-based incentives, including naming two faculty members as "entrepreneurs in residence" annually and providing each with \$150,000 in funding for far-future programs, hosting innovation hackathons with cash and business-planning prizes that draw interdisciplinary teams from across the institution, and awarding all Jefferson patent-winners with membership in the National Academy of Inventors.

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*](#) and teaches in [*High-Potential Leaders: Accelerating Your Impact*](#) and [*Leading and Managing People*](#).

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.