INVITING INNOVATION

Creating a highly innovative culture takes much more than creativity.

BY MATT TENNEY

LEADERS IN MOST ORGANIZATIONS know that the ability to continuously innovate is one of the few competitive advantages that remain in this new economy. The steel construction industry is no exception.

As pointed out by Bill Addis, author of *Creativity and Innovation: The Structural Engineer's Contribution to Design*, structural engineers do so much more than ensure that a building stands up straight and doesn't fall over when subjected to heavy loads. Engineers can also enable a building to function more effectively, reduce the risk of time and cost overruns and give architects greater opportunities for expression. Innovations in any of these areas can add value. Similarly, innovations in the steel fabrication process can create significant competitive advantages.

While there is certainly consensus among most leaders that innovation is essential, there seems to be a lot of confusion around what exactly innovation is and how to create a highly innovative culture. Interestingly, by being clear on what innovation actually is, approaches for creating a more innovative culture also become clear.

Creativity or Innovation?

For many, the words *creativity* and *innovation* are synonymous. However, they are actually quite different. Although creativity can assist in innovating, it is certainly not necessary.

In fact, there is research showing that people who are "too creative" are actually very unlikely to innovate. This is because innovation has a lot more to do with *execution* than it does with creativity. Someone who has too many creative ideas often never sticks with one of the ideas long enough to create the disruption in the field, marketplace, etc., that we refer to as an innovation. The most important element of being innovative is the ability to stay with an idea long enough, even in the face of

significant opposition, to actually make the idea a reality and have it adopted by at least a small group of people.

A perfect real-world example of this is Bill Gates, one of the most innovative people of our time. Gates did not create DOS, which was the foundation on which Microsoft was built. He bought DOS from people who were likely much more creative than him. But those people weren't innovators. They didn't have the vision and the courage to stick with their idea for years, despite having no real market for it, until the market emerged around their idea. But Bill Gates did. He is an innovator.

As you might guess, people like Bill Gates, who are naturally very innovative, are quite rare. The vast majority of people are not naturally inclined to innovate. This is because most people have a moderate to strong cognitive bias, called the *status quo bias*.

The status quo bias results in a strong, subconscious preference for maintaining things the way they have been. It is based on our need to fit in. The need for belonging is one of the most powerful human needs, and doing things that buck the status quo can certainly be associated with taking the risk of not being accepted by others. Unfortunately, the stronger the status quo bias is in a person, the less likely he or she is to create innovative solutions that bring value to his or her organization or customers.

Forging an Innovative Culture

With this understanding, a general approach becomes clear for creating a culture that is more conducive to innovation. We need to create a culture where people feel safe to take the risk of suggesting and acting on ideas that don't conform to the status quo and that aren't met with broad acceptance when first introduced. In general terms, we accomplish this by working to serve our people and consistently demonstrating that we truly care about them.

Serving and caring for our employees helps to build and sustain an innovative culture because leaders who care about their people are much better at modeling and teaching empathy. Being able to empathize with others is essential for determining what they might need and how we can solve their problems. People with high levels of empathy are much more likely to see a need that our customers might have and thereby add value for our customers by meeting that need, whether it's simply a matter of better customer service or an entirely new product or service that we can offer.

Empathy is also extremely helpful when we are in the process of advancing a new idea. Again, the most important element of innovation is the ability to execute on an idea. Unless we are in a one-person company, this means that we often need the support of others to be able to move our idea forward. We need to be able to understand the point of view of others and discern their motivations. According to a study published in the *Havard Busi-*

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ness Review ("Finding and Grooming Breakthrough Innovators," 12/08), this ability to understand the motivations of others and craft a message that addresses their needs is the most essential skill for people trying to innovate within an organization.

Another reason serving and caring for our people is so important is that with consistent care, our people trust us more and they know they won't be penalized for taking appropriate risks and failing. The more secure people feel, the more likely they are to suggest and act on innovative ideas. We are essentially removing the status quo bias by removing the status quo.

Two companies that have demonstrated just how powerful this tactic can be are Google and software giant SAS, both of which are among the most innovative companies in the world. And every year, these two companies are highly ranked among the best companies to work for; on *Fortune*'s 2013 list of Best Companies to Work For, they were ranked as number one and two, respectively.

The examples of how Google works to care for employees are almost legendary. They include free, on-site haircuts; gyms; pools; break rooms with video games, ping pong, billiards and foosball; on-site medical staff for easy doctor appointments; and the option to bring one's dog in to work.

But Google didn't invent this type of incredible workplace culture. They actually emulated the culture at SAS, a company that has produced absolutely phenomenal business outcomes. SAS has posted record earnings for 37 consecutive years, including $2.8 billion in 2012. CEO Jim Goodnight often says that the secret to the company's success is taking care of its employees.

In the fall of 2008, when the Great Recession was imminent, Goodnight offered a great example of just how powerful this can be. Many companies at that time were laying off large numbers of employees. But Goodnight's response to the recession was dramatically different, as Mark C. Crowley, author of *Lead From The Heart: Transformational Leadership For The 21st Century*, describes in an article he wrote for *Fast Company* magazine:

"In early January 2009, Goodnight held a global webcast and announced that none of its 13,000 worldwide employees would lose their job. He simply asked them all to be vigilant with spending and to help the firm endure the storm. 'By making it very clear that no one was going to be laid off,' Goodnight told me, 'suddenly we cut out huge amounts of chatter, concern, and worry—and people got back to work.' What likely will be astonishing to many is that SAS had record profits in 2009 even though Goodnight was perfectly willing to let his then-33-year track record of increased profit come to an end."

Crowley goes on to explain Goodnight's faith in his employees' ability, noting that while he anticipated that the recession would hinder profits in the short term, he knew that his team would "produce breakthrough products while his competitors were cutting costs." Thus far, he's been pleased with the results.

While there are certainly inherent differences between the software/internet industry and the construction industry, the opportunities for innovation are there. It's a matter of identifying them, understanding them and ultimately taking advantage of them. ■