

Meeting the **Innovation** Challenge

Leadership for
Transformation
and Growth

Scott Isaksen and Joe Tidd





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Meeting the Innovation Challenge: Leadership for Transformation and Growth

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P R E F A C E

There is an urgent need for new and improved thinking about leadership, creativity and innovation. Older leadership models, tried and true practices, and previous innovation strategies do not adequately address today's challenges. Academics, consultants and popular writers have drawn leadership and management apart. Similarly, research and practice of innovation has emphasized strategic and organizational factors, whereas research and practice on creativity have focused on individual and group factors. However, successful organizational transformation and managing change demand *both* leadership *and* management as well as creativity *and* innovation. The purpose of this book is to integrate and expand research and practice of leadership and management, and innovation and creativity.

The idea for this book began in 2001 when we met to receive our respective awards for our previous work at the Conference of the European Association of Creativity and Innovation in the Netherlands. Members voted *Managing Innovation: Integrating Technological, Market and Organizational Change* (Tidd, Bessant and Pavitt, 2001) as the 'best book on innovation', and *Creative Approaches to Problem Solving* (Isaksen, Dorval and Treffinger, 2000) the 'best book on creativity'. We believed then, and believe now, that there is considerable scope to integrate the research and practice of the fields of creativity and innovation to support organizational transformation and growth.

Why is a new book on this topic needed at this time?

Broadened response to change

Managers are facing broadening demands on their time and attention to a dynamic and uncertain environment. No organization is insulated from the requirements of being able to broaden their responsiveness to change. Organizations in both the private and public sectors face an increasingly ambiguous environment. Under these condi-

tions, managers must learn how to become more flexible and agile in order to respond successfully.

More inclusive leadership

Organizations have traditionally conceived of leadership as a heroic attribute, appointing the few ‘real’ leaders to high-level senior positions in order to get them through the hard times. Many observers within organizations are becoming cynical about this approach and are beginning to think about the need to recognize and utilize a wider range of leadership practices. Leadership needs to be conceived of as something that happens across functions and levels. New concepts and frameworks are needed in order to embrace this more inclusive approach to leadership.

Exploiting a broader range of creative talents

Organizations have typically viewed creativity as belonging to a gifted few (usually placed within the design, research and development or marketing functions). As a result, the development and implementation of innovation strategy has been limited. There is increasing recognition of the need to move beyond this narrow view of who has creative talent to how a broader range of talents might be applied. The contributions of innovation and creativity need to be understood as a source of competitive advantage. Organizations need to find ways to recognize and apply the full spectrum of creative talent represented in the entire employee population.

Integrating innovation, leadership and creativity

The best-selling *Innovator's Dilemma* by Christensen argues that disruptive innovation should be managed differently from routine innovation, and that the two demand different resources and organization. Conversely, in the popular *Winning Through Innovation*, Tushman argues that organizations must become ‘ambidextrous’, balancing both demands. Our book helps to integrate these different perspectives.

The questions and discussion must move beyond, ‘What is the difference between leadership and management?’ to ‘How do we use a full spectrum of creative leadership skills to improve our responses to the needs for change?’

How does *Meeting the Innovation Challenge* meet the need?

Balanced integration

There are thousands of books on creativity, innovation, change and leadership, offering a diversity of models, ideas and perspectives. Very few books attempt to integrate these key concepts. What is needed is a productive synthesis of what we know about leadership and creativity – a balanced integration. This book seeks to link leadership and management, and innovation and creativity within the context of change.

Our particular emphasis will be on resolving the unnecessary and unproductive distinction that is made between leadership and management. When it comes to transformation and growth, organizations need both sets of skills.

A systems approach

Meeting the Innovation Challenge is about taking a systems approach. This means deliberately focusing on method, people, context and need. As such, this book offers a specific system that links the two dimensions of people and situation with two additional dimensions of process and content (methods and outcomes). Most other books deliberately try to focus on only one or two of these ingredients.

Practical suggestions and helpful resources

Many of the existing books offer perspectives and insights; few offer practical suggestions and resources. *Meeting the Innovation Challenge* will provide practical models, frameworks and resources to help those who live and work within organizations, with a particular emphasis on senior management.

How does this book go beyond other publications to provide a new contribution?

A new framework for creative leadership

Meeting the Innovation Challenge is organized around a model of creative leadership that builds on past work, but adds some recent perspectives from the fields of change management, personality psychology, innovation management and social psychology. As a result, the model seeks to integrate what is known, and to resolve a few of the inherent paradoxes and tensions in previous literature.

The multidimensional views of leadership raise the issue of context as an important factor, beyond concern of task and people. Recent social psychological research has introduced concern for change as a third factor for leadership behavior, in addition to concern for task and people. This recent insight forms the basis for our model of creative leadership. We deliberately include three main dimensions: concern for task, concern for people and concern for change.

In addition, we take another insight from the work of personality psychology and place it on this third change dimension. For example, there is a great deal of writing about the fundamental difference between leadership and management. This literature abounds and has generally promoted the argument that leaders have vision and think creatively, while managers are merely drones and just focus on doing things better. This distinction has led to a general devaluation of management. Emerging work in the field of creativity on styles of creativity and management initiative informs us that it is useful to keep preference distinct from capacity. Creativity is present both when doing things differently and doing things better. This means that leadership and management may be two constructs on a continuum, rather than two opposing views.

Leadership and climate

One of the most important roles that leaders play within organizational settings is to create the climate. Climate creation has a great influence on organizational performance. This book provides specific information on the dimensions of the climate for creativity and change, and some suggestions for leaders for creating appropriate climates.

Change methods and context

This book also goes beyond other publications by deliberately including information and guidance regarding many different change methods. Most other books keep their focus on one method and all the suggestions and recommendations deal with only that method. *Meeting the Innovation Challenge* applies the systematic approach and identifies how different methods of managing change are appropriate in different contexts.

Who should read this book?

The book is written for practicing managers, and for postgraduate study and post-experience training in change or innovation management, leadership and creativity. It will be most relevant to managers within private or public organizations, particularly those who face managing change projects. These leaders of change will generally work across functional boundaries but will include:

- research and development managers;
- new product development managers;
- project and program managers;
- divisional heads (who coordinate numerous other functions);
- senior managers who are launching strategic change initiatives;
- change consultants.

Such individuals will benefit by increasing the awareness and importance of their role, considering more elements of the larger system, and working toward sharing a common systemic framework when working together on challenges. In short, any change agent who needs to assist in implementing initiatives to improve or modify organizations stands to benefit from this book. We have attempted to balance the need for academic rigor, drawing upon a wide range of our own and others' research and experience, and practical models and guidance, trying to avoid the all-too common simplistic 'cook book' approach.

What's in this book?

In this book we will outline the need for taking a systemic approach to change and transformation. The first chapter will outline the four key elements in this system. Then

we include parts on each of the elements. Part 1, focusing on the outcomes of transformation, includes a chapter on building the Janusian organization that outlines a spectrum of change. The next chapter in Part 1 attempts to integrate what we know about creativity and innovation as important partners in producing transformation. Chapter 4 on developing blockbusters includes what we have learned about breakthrough products and services and how these are created.

Part 2, on the role people play in transformation, also includes three chapters. Chapter 5 summarizes and integrates what we have learned about both leadership and management and outlines a new model for creative leadership. The next chapter describes the role of ownership and how the social roles of client and sponsor are key to creating transformation. Chapter 7 outlines how teamwork can be applied to produce extraordinary results.

Part 3, on transformation methods, includes a chapter on how to manage various change methods. Chapter 9 summarizes information on 20 different change methods. The final chapter in Part 3 illustrates how one particular change method, creative problem-solving, can be applied to new product and service development.

The context for transformation is the focus for the fourth and final part of the book. Here we deal first with the difference between culture and climate and provide a model for organizational change. Chapter 12 digs a little deeper into the concept of climate and outlines the dimensions of the Situational Outlook Questionnaire. The final chapter illustrates how using this measure can change the climate and offers suggestions for those who lead and manage organizations.

This book represents the first major effort to work across two large and important domains. We have learned a great deal in the process, but certainly know that this effort is more of a journey than a destination. We both look forward to continuing the journey and the future learning that implies.

Scott Isaksen, Buffalo, New York, USA

Joe Tidd, Brighton, Sussex, UK

January 2006

ABOUT THE AUTHORS

Scott Isaksen

Dr Isaksen is the President and Chief Executive Officer of the Creative Problem Solving Group Inc. and the Senior Fellow of its Creativity Research Unit. A former professor and director of the Center for Studies in Creativity he has published 160 books, articles and chapters including: *Creative Problem Solving: The Basic Course* (Bearly Ltd, 1985), *Frontiers of Creativity Research: Beyond the Basics* (Bearly Ltd, 1987), *Understanding and Recognizing Creativity: The Emergence of a Discipline* (Ablex, 1993), *Nurturing and Developing Creativity: The Emergence of a Discipline* (Ablex, 1993), *Creative Approaches to Problem Solving* (Kendall/Hunt, 1994, 2000) and *Facilitative Leadership* (Kendall/Hunt, 2000). Scott has conducted more than 1200 programs and courses by working with over 200 organizations and groups in more than 27 states or provinces and 20 different countries. Scott serves as a visiting faculty member to various universities and as a consulting editor for the *Journal of Creative Behavior*.

Scott is a regular faculty member for Ogilvy and Mather's Senior Leadership Program, Oxford's International Leadership Program, PwC's Leadership Conferences, and has provided numerous workshops for a variety of organizations. He continues to conduct research on creativity, creative problem-solving, styles of problem-solving and the climate for creativity – and works with graduate students and professionals around the world to do so.

Joe Tidd

Dr Tidd is a physicist with subsequent degrees in technology policy and business administration. He is Deputy Director and Professor of Technology and Innovation Management at SPRU (Science and Technology Policy Research), University of Sussex, and visiting Professor at University College London, Copenhagen Business School and the Rotterdam School of Management. He was previously Head of the Management

of Innovation Specialization and Director of the Executive MBA Programme at Imperial College.

Dr Tidd has worked as policy adviser to the Confederation of British Industry (CBI), responsible for industrial innovation and advanced technologies. There he developed and launched the annual CBI *Innovation Trends Survey*, and presented expert evidence to three Select Committee Enquiries held by the House of Commons and House of Lords. Prior to working for the CBI, Dr Tidd was a researcher for the five-year, \$5 million International Motor Vehicle Program organized by the Massachusetts Institute of Technology (MIT) in the US. He has worked on research and consultancy projects on technology and innovation management for consultants Arthur D. Little, CAP Gemini and McKinsey, and technology-based firms such as ASML, Applied Materials, BT, Marconi, National Power, NKT and Nortel Networks. He is the winner of the Price Waterhouse Urwick Medal for contribution to management teaching and research, and the Epton Prize from the R&D Society.

He has written six books and more than 70 papers on the management of technology and innovation, the most recent being *From Knowledge Management to Strategic Competence* (Imperial College Press, 2nd edn, 2006); *Managing Innovation: Integrating Technological, Market and Organizational Change* (John Wiley & Sons, Ltd, 3rd edn, 2005); and *Service Innovation: Organizational Responses to Technological Opportunities and Market Imperatives* (Imperial College Press, 2003). He is also Managing Editor of the *International Journal of Innovation Management*.

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From Scott

Our work in the field of creativity, like so many fields, allows us to state that we are standing on the shoulders of giants. Alex F. Osborn founded the tribe to which I belong. He was a founding partner of Batten, Barton, Durstine and Osborn, a Madison-Avenue advertising firm. Based on his challenge of getting ‘creatives’ and ‘suits’ to work together on client campaigns, he developed the first deliberate description of creative problem-solving outlined in his book *Applied Imagination*. Most people will recognize the term ‘brainstorming’, but fewer realize that it was Alex who developed it. I never met Alex, but his work provided the foundation for my learning about creativity.

The efforts of Sidney Parnes and Ruth Noller to validate a deliberate educational program to teach creativity at Buffalo State College provided the crucible for my early learning. Sid was Ruth’s mentor, and Ruth has been my mentor since 1970. Her unconditional acceptance and encouragement have been a source of inspiration for me, and many others. She and I started work on some parts of this book and she influenced much of the thinking and learning about all four main concepts.

I met Don Treffinger after joining the faculty at the Center for Studies in Creativity and we have enjoyed a friendship and collegueship for more than 25 years. Together with some students and other academic colleagues, we took some bold steps to build on the foundation with which we were entrusted. As a result, we made some important advances in creative problem-solving, started the Cognitive Styles Research Project and the Creative Climate Research Project. This work started at the university, but soon outgrew the academic environment and now continues through the Center for Creative Learning and the Creative Problem Solving Group (CPSB). The colleagues and associates of both organizations have continued to challenge our thinking and help us learn great things. Particular thanks go to Brian Stead-Dorval, Ken Lauer, Barbara Babij, Alex Britz, Keith Kaminski, John Gaulin, Luc DeSchryver, Andy Wilkins, Ed Selby and Glenn Wilson.

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The European Association for Creativity and Innovation and the many people who attend its biannual conference have provided a rich and varied set of opportunities to learn from people from many different cultures. Particular thanks go to Pros Vanasmoel, Han Van der Meer, Jan Buis and many others. It was through one special event during one of these conferences that Joe and I met. The fourth organization that must be acknowledged is the Creativity Research Unit at CPSB. Particular thanks go to Göran Ekvall, Geir Kaufmann and Michael Kirton for their direct influence on my learning. Thanks also to Harry Grace and Michael Johnson for their spiritual guidance and friendship.

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Finally, I must acknowledge those who helped in the writing of this book. Bill Shephard provided general support and encouragement and major assistance on the chapter on alternative change methods. Jesse Bergeron has assisted with editorial and graphic support. And most of all I must thank my family, Marves, Kristin, Erik and Kristen, who have tolerated the loss of their husband and father on weekends, evenings and even during vacations! The mistakes and omissions are mine!

From Joe

I would like to thank all my colleagues and students at SPRU (Science and Technology Policy Research), University of Sussex, and CENTRIM (the Centre for Research in Innovation Management), University of Brighton. For the past three years we have occupied a new, purpose-built facility – the Freeman Centre. This complex constitutes the largest academic center in the world devoted to research, training and development in the area of science, technology and innovation policy and management. The community of scholars includes 60 faculty, 80 PhD students and 70 postgraduate students. The environment and learning experience at the Freeman Centre is unique, and embodies three principles consistent with the central message of this book: interaction, collaboration and creativity.

SPRU's work is independent, multidisciplinary and international in scope. It is concerned with the scientific and technological challenges that confront decision-makers in government, industry and international agencies, and with the public debates that surround these challenges. We have engaged in world-class research and teaching on issues relating to scientific discovery and technological change since 1966, and celebrate SPRU's 40th anniversary in 2006. Our primary aim is to deepen understanding of the place of science, technology and innovation in the global economy for the benefit of government, business and society. See www.sussex.ac.uk/spru for details of our current work.

Our research, consultancy and development work has also influenced this book. This includes recent projects for the UK ESRC (Economic and Social Research Council) on the evolution of business knowledge, and international collaborative projects such as MINE (Managing Innovation in the New Economy), and has involved many innovative companies, including Applied Materials, Arup, ASML, Atkins, Jacobs, Mott MacDonald, Ricardo, Stork Protech, Vernalis and WRc plc.

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