Leadership and Innovation

MDP for International Centres of Excellence

December. 2011

JOSE CABRERA

@cabreramc
blog.cabreramc.com

Leadership and Innovation

Agenda:

09:30 Introduction
10:00 Business Challenges
10:30 Creative Leadership
11:00 Group work
11:30 Break

12:00 Innovation Framework
12:30 Business Innovation
13:00 Group Work
13:30 Personal Innovation
14,00 Launch

Introduction - Participants

Name

What is your work ?

Why are you here?

What is the most important item to "take away"

Today?

Leadership and Innovation

1.	What is different in the Networked Economy?
2.	What are the new Business Imperatives?
3.	How does it impact our Organizations?
4.	How does it impact Leadership?

New Era – Massive Collaboration

"Perhaps for the first time in history, mankind has been able to create much more information than it can absorb, encourage more interdependency than anyone can manage and accelerate changes at a pace that we can hardly keep"
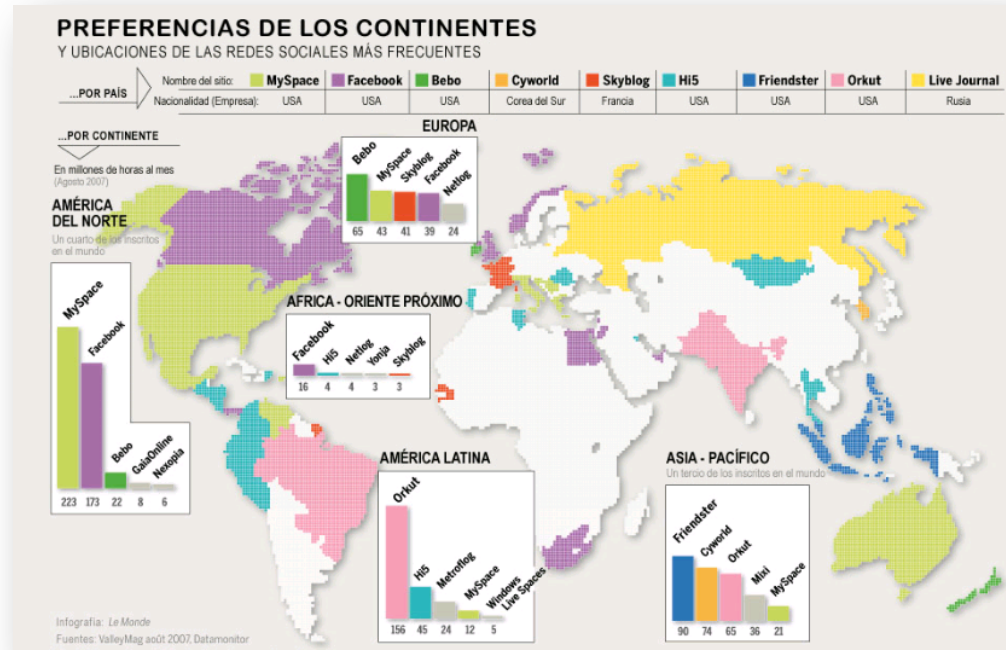
Peter Senge
Massachusetts Institute of Technology

A New Economy

Global
Digital
Mobile
Social
Intangible
Connected

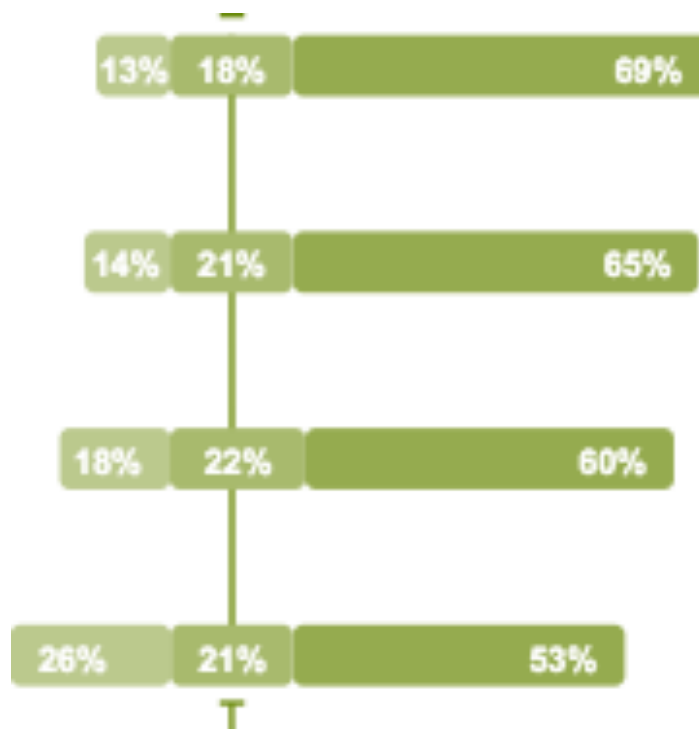# Financial crisis and new Economic order

USA, Europe; Japan

China, India , Emergent Countries

Highly volatile, increasingly complex
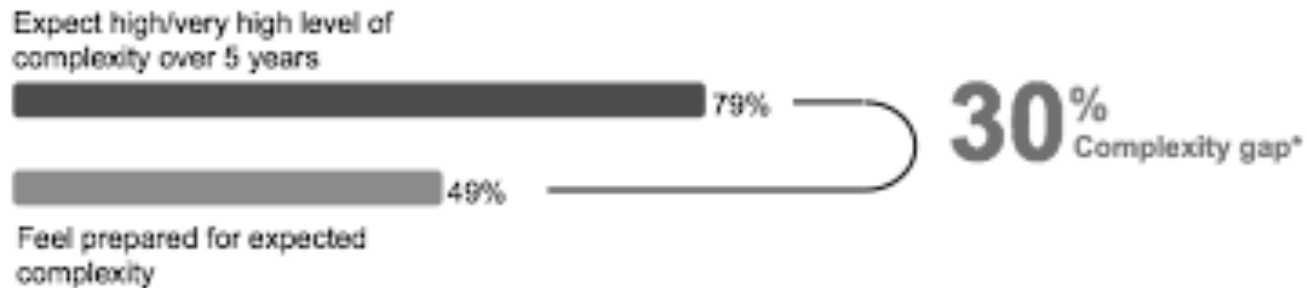

More volatile
Deeper/faster cycles, more risk
13% | 18% | 69%

More uncertain
Less predictable
14% | 21% | 65%

More complex
Multi-faceted, interconnected
18% | 22% | 60%

Structurally different
Sustained change
26% | 21% | 53%

Fuente: IBM Global CEO Study 2010

www.eoi.es

..and even more in the future

Currently experiencing high/very high level of complexity — 60%

Expect high/very high level of complexity over the next 5 years — 79%

32% more

Expect high/very high level of complexity over 5 years — 79%

Feel prepared for expected complexity — 49%

30% Complexity gap*

Fuente: IBM Global CEO Study 2010

Past and Future, What is the difference?

Past and Future, What is the difference?

Global Shifts
Structural Uncertainty
Increased Complexity
Unknown Territories
Obsolete Maps
Preparedness Gap

Are our organizations prepared?
Are we prepared?

Are we prepared?

The ability to understand the new context does not depend on the clarity of the facts or the information we have.

We deal with these events through our mental models

Mental models decide not only how we see things but also the things that we see and the things we do not see.

Seeing the Unseen.

The need for new maps to explore the Future

"We don't see things as they are,
we see things as we are."

Anaïs Nin

"To manage the present it is important
what we know, to manage the
future it is more important what we
do not know"

Massim Taleb; Los Cisnes Negros

Leadership and Innovation

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New Business Imperatives

Massive Collaboration

Digital Natives

Social Customers

Social Business

Collaboration has changed the software industry – Lynux

Network

Trust

Value

Autenticity

Auto-organization

Commitment

Porpuse

Transparency

Community
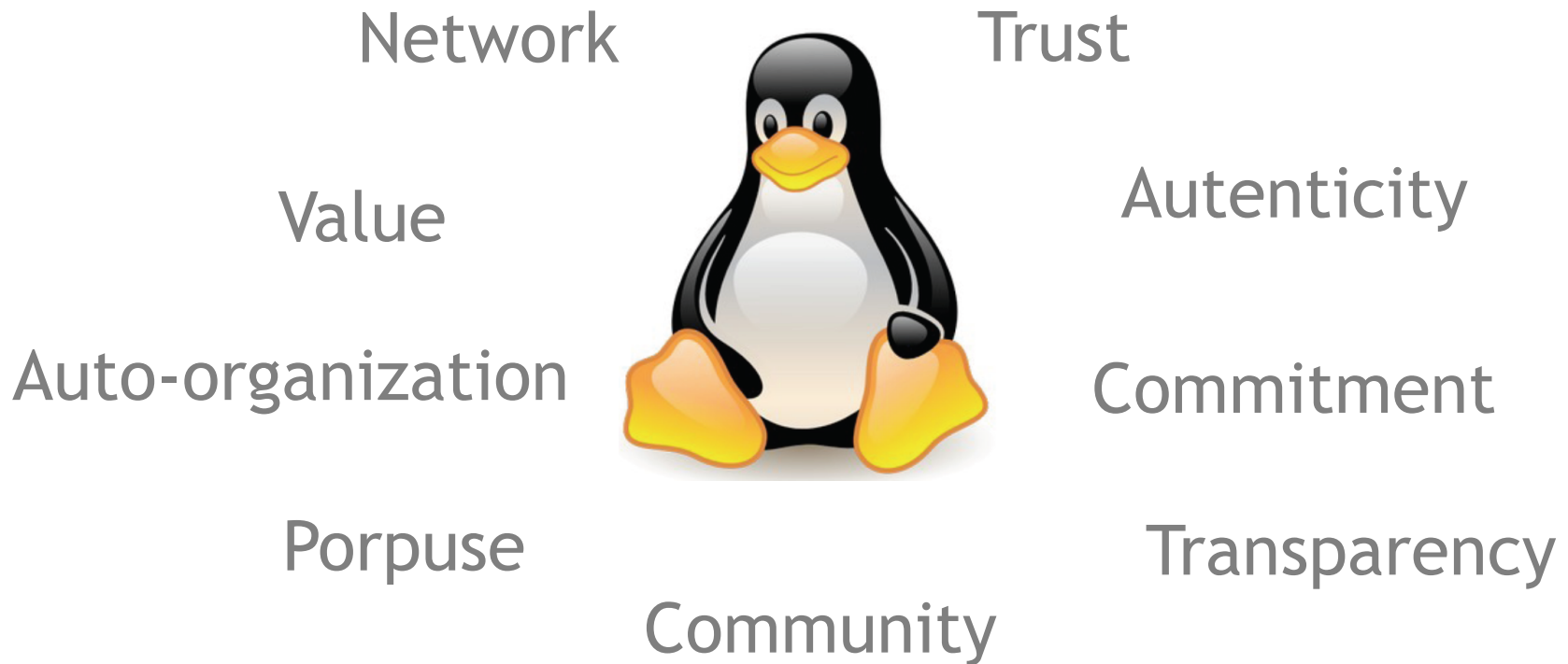
Collaboration has changed the software industry – OpenOffice
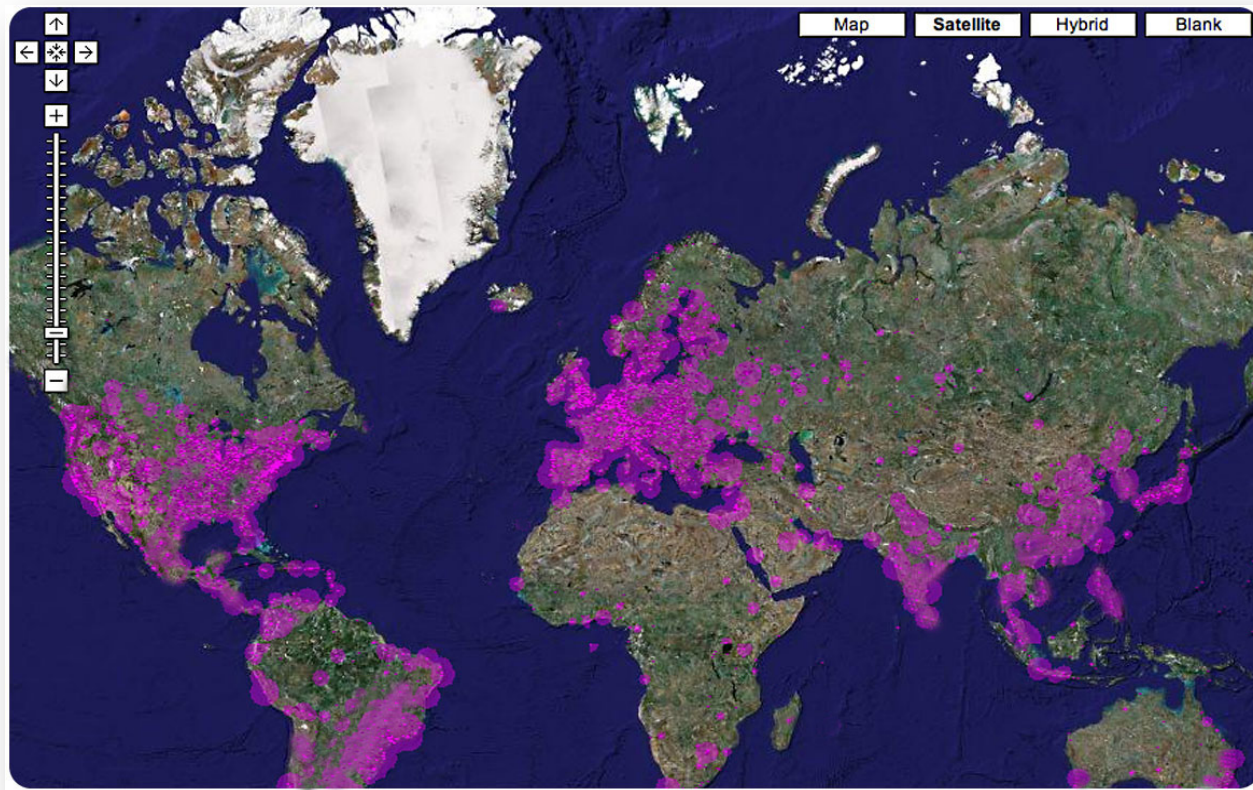
Sharing creates value

In the organizations

Participation - Cooperation - Collaboration

Better and Faster Decisions

Greater innovation and creative solutions

Increased productivity and collective learning

Sharing creates value

In the market

Localize - Communicate - Invite - Share

FourSquare

Twitter
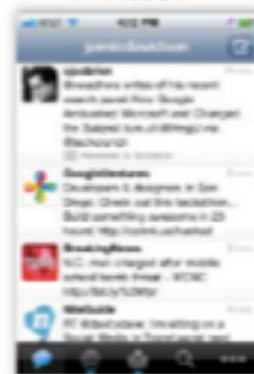
Invite Friends

Share

Massive Collaboration
Technology imperative

A New Technology Cycle

| Mainframe Computing 1960s | Mini Computing 1970s | Personal Computing 1980s | Desktop Internet Computing 1990s | Social Mobile Cloud Computing 2000s |

La tecnología en el centro de la estrategia

Collaboration becomes strategic

Productivity vs. Time chart:

Automating transactions (1990s)
Adoption of ERP, CRM, SCM[1]
- Users assigned by management
- Users must comply with rules
- Often complex technology investment

Enabling collaboration and participation (2009)
Adoption of Web 2.0 tools
- User groups can form unexpectedly
- Users engage in high degree of participation
- Technology investment often a lightweight overlay to existing infrastructure

The McKinsey Quarterly

¿Are we ready?
Technology matters

ENTERPRISE IT

| Manageability | Security | Provisioning | Cost Control |

| Collaboration | Access | Productivity | Convenience |

END USER
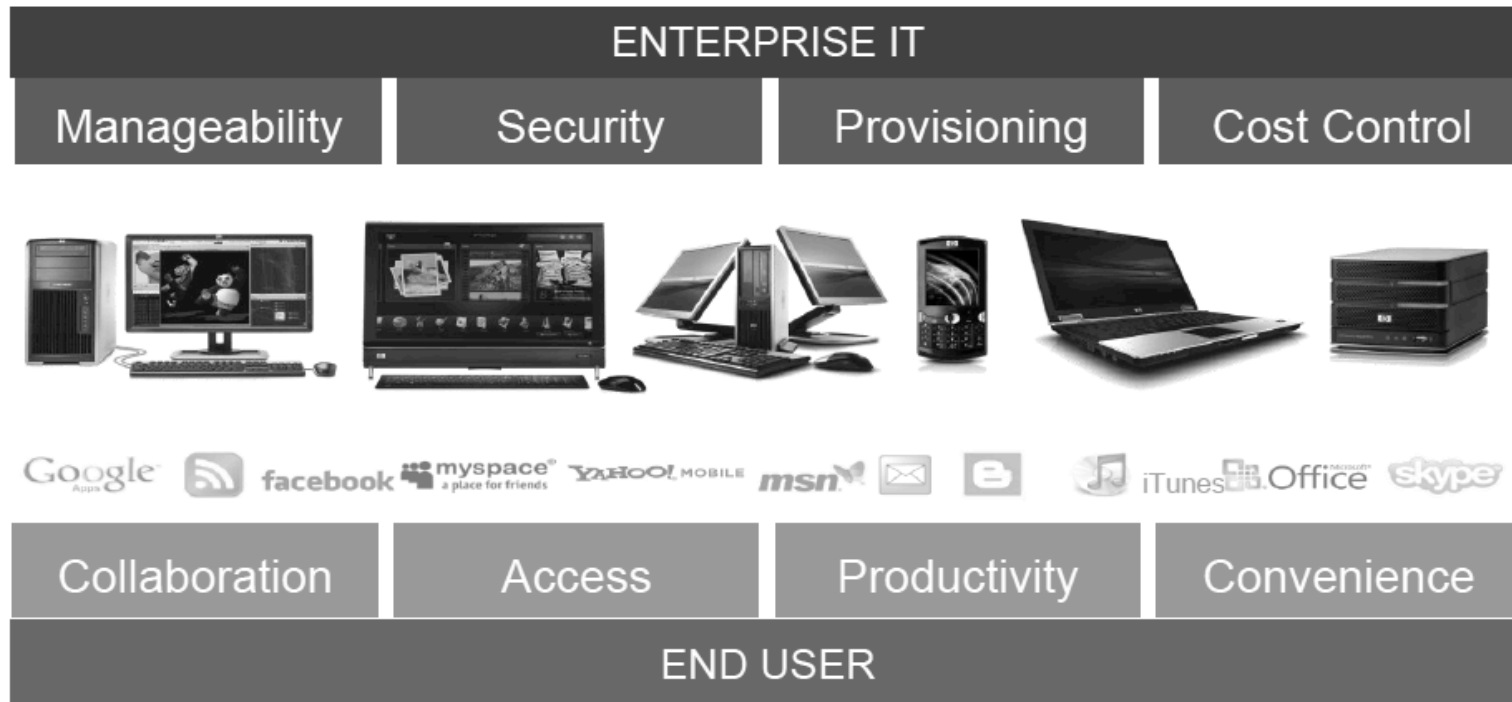
Accelerated Adoption
Days to one million

Nintendo Wii*	Nintendo DS*	iPad	iPhone	Netbooks	BlackBerry	iPod
~13	~15	28	74	~180	~300+	~360+

The arrival of Digital Natives to our organizations

"WELL, YES, WE COULD READ YOUR BLOG.... OR YOU COULD JUST TELL US ABOUT YOUR SCHOOL DAY."

How Computer and Video Games Are Preparing Your Kids For 21st Century Success—and How You Can Help!

"Don't Bother Me Mom— I'm Learning!"

Marc Prensky

with a foreword and contributions by James Paul Gee, Ph.D.
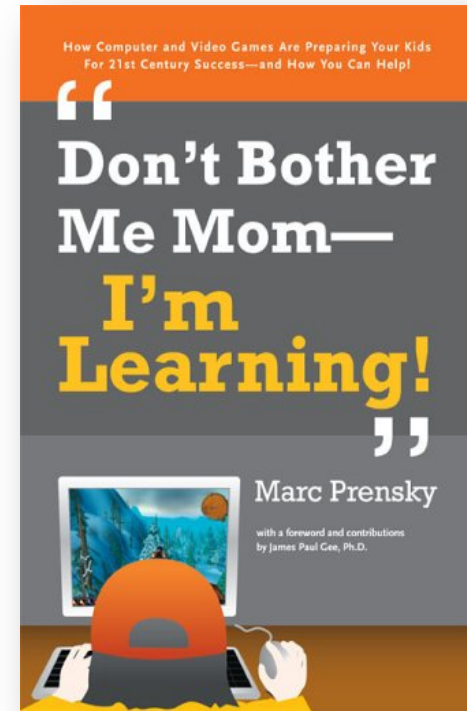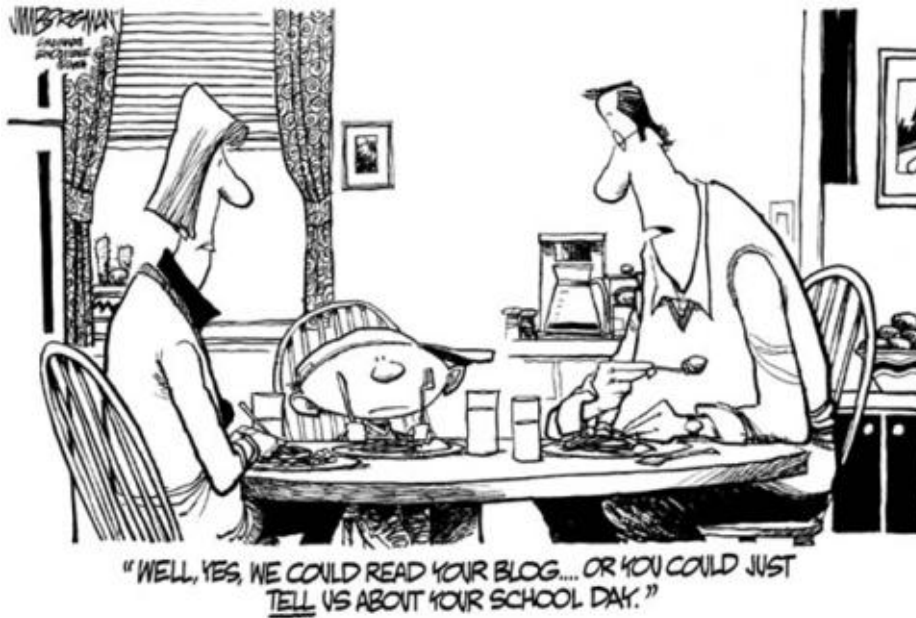
The arrival of Digital Natives to our organizations

The Social Web is their "operating system"

The ideas compete on equal terms

The contribution counts more than the "position"

The tasks are chosen not assigned

The work is "life"
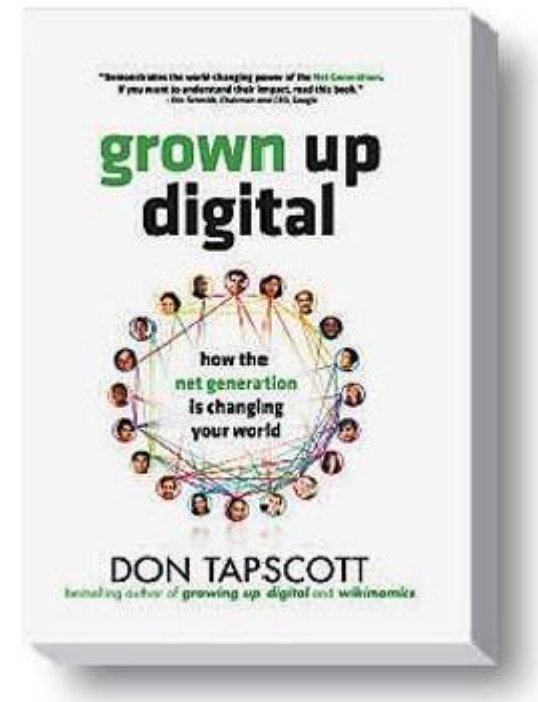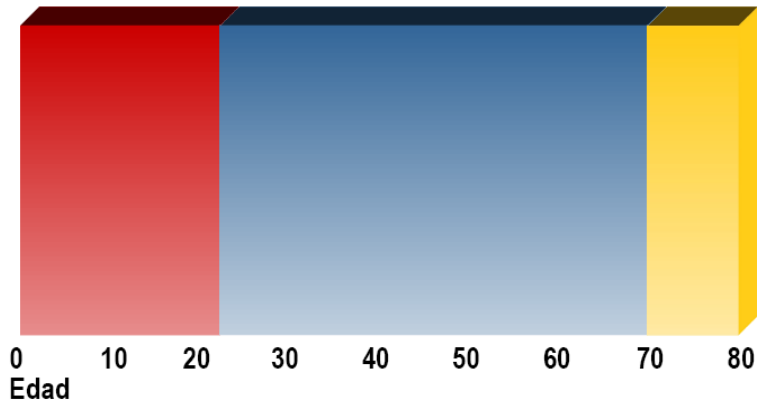
New generation,
New expectations
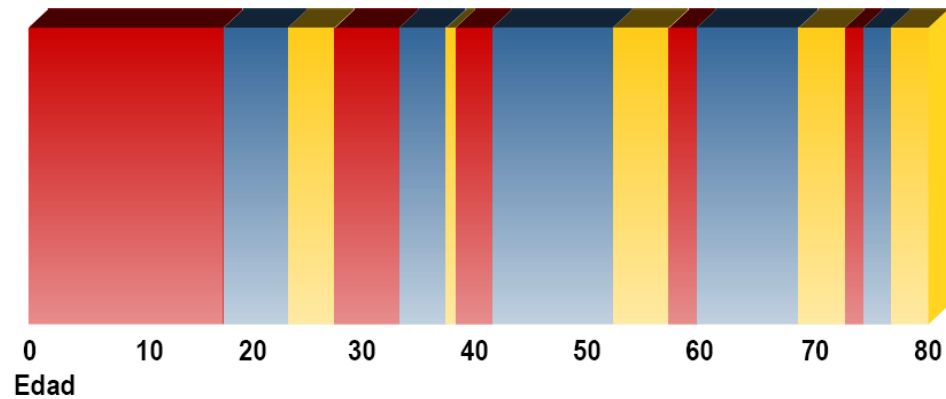
Fuente: *Demography is De$tiny,*
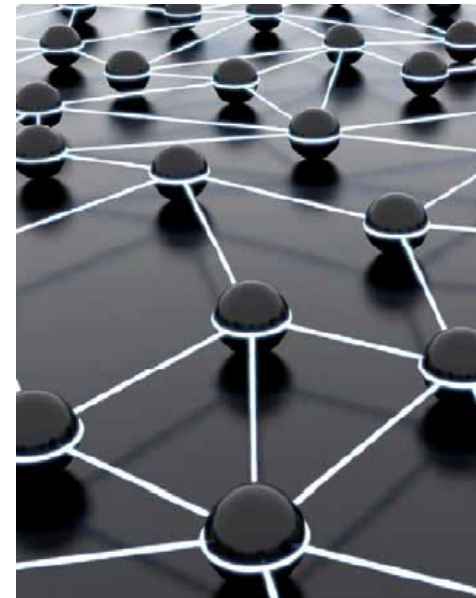The Concours Group and Age Wave, 2003

MDP for ICE/ José Cabrera

www.eoi.es

Social Customers

The changes do not happen when society adopts new technology, but when society adopts new behaviours.

New Conversations
Blogs, Wikis, Foros, Twitter…
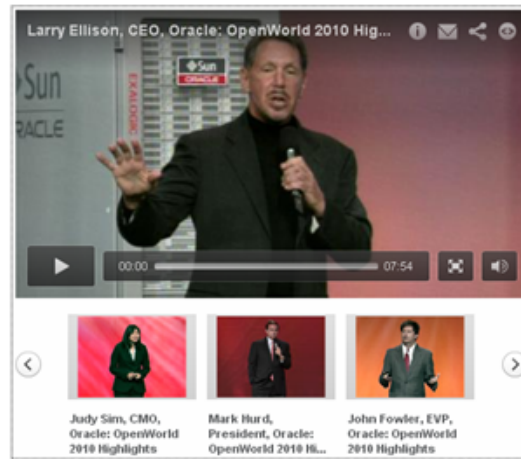
New Business Models

- **The users and producers become partners/ collaborators**
  - Which means insight about your partner, rather than data on your customer becomes the mindset.

- **New business opportunities as aggregator of products, services, tools and experiences, rather than simply a producer of goods and services for sale**

- **The user is an advocate of the experience and, directly and by extension, the company**

Social Customers

Co-creators & Fans

Leadership and Innovation

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Debate

How to organize ourselves when the change is discontinuous, uncertainty is normal and stability an exception?

How to interact with the new reality, co-create with customers, be visible and stay relevant in the new context?

How to coordinate human effort without sacrificing the creativity and passion of the people?

Social Business innovation becomes everybody's job

The New Era of Collaboration enables new organizations more social, open, transparent and truly people-centered, where leadership and innovation becomes everybody`s job

The innovation imperative
People Value add

Passion	
Creativity	
Initiative	
Intellect	
Diligence	
Obedience	

Fuente: Gary Hamel

Social Organizations a question of values

Collaboration
Transparency
Coherence
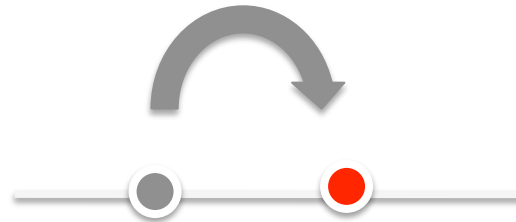Participation
Interdependence
Self organization

Openness
Adaptability
Freedoom
Trust
Learning
Emergence

The need for a new balance

Jerarquía

Competence
Standarization
Scalability
Delegation
Planning
Tasks
Control

Redarquía

Collaboration
Diversity
Adaptability
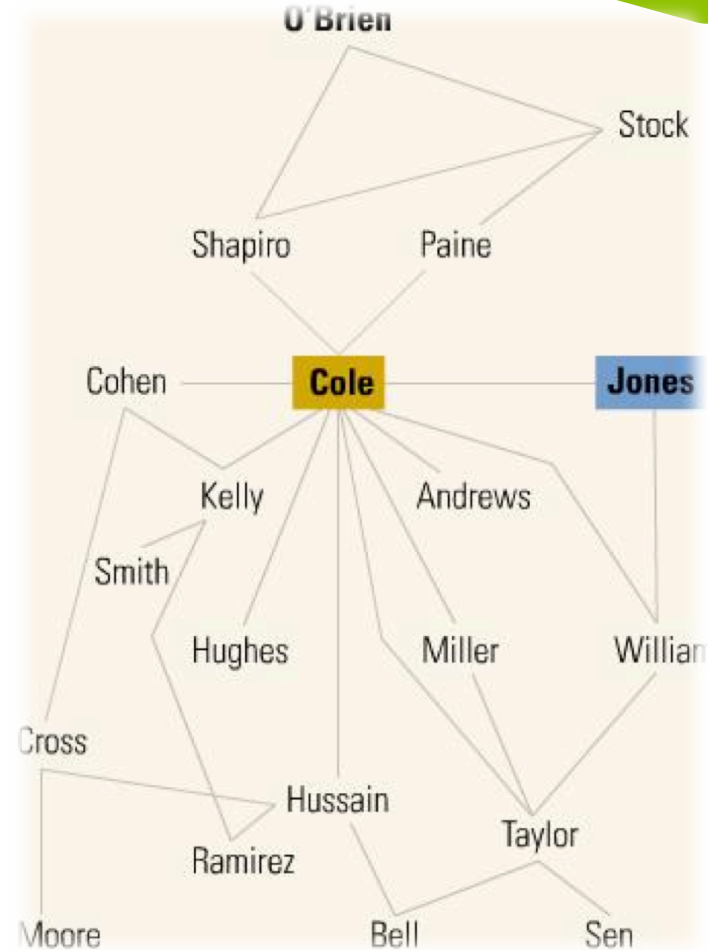Auto organization
Emergence
People
Trust

Social Organizations

The network imperative "Redarquía"

Fuente: "El nuevo orden emergente en la Era de la Colaboración", José Cabrera *Dirigir Personas*, enero 2010.

The Google way
Value proposition to employees

Challenging projects and smart people, with the potential to change the world.

Freedom to create the next generation of web technologies.

An environment designed to foster collaboration, creativity, health and happiness.

Work in small groups that promote spontaneity, creativity and speed.

You will have the "20% of your time" free to work out what you really passionate about.

Organization as Live Systems

People may draw their **organizations** as hierarchies, but that doesn't change that they **are actually networks**.

Social complexity shows us that **management is primarily about people and their relationships**, not about tasks and results.

Complexity thinking makes us realize **that we should see our organizations as living systems**, not as machine, **and that that innovation is not a planned result but an emergent result**.
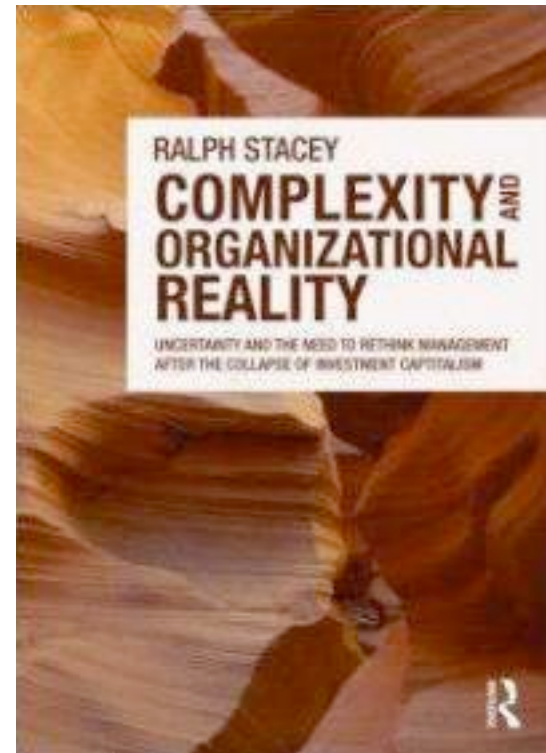
Leadership and Innovation

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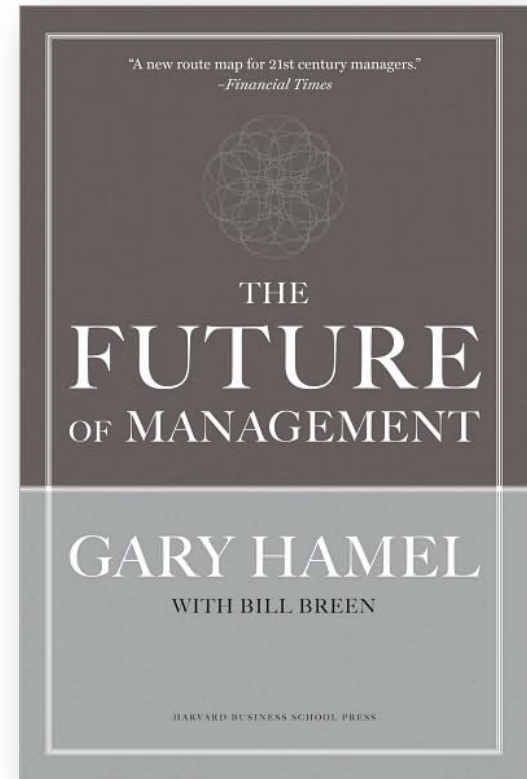# The origins of "modern "management

Specialization
Standardization
Scalability
Efficiency
Hierarchy
Jobs
Tasks
Control

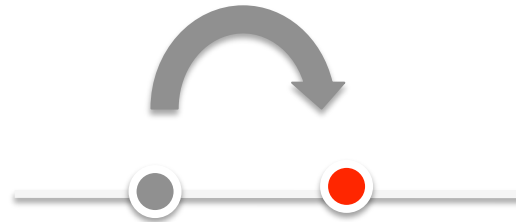Frederick W. Taylor (1856- 1915)

Time to change

"Management as we know it today is a mature discipline and as such unable to meet the new challenges facing organizations in the new millennium"

The need for a new balance

Jerarquía		Redarquía
Competence		Colaboración
Estandarization		Diversity
Escalability		Adaptability
Delegation		Auto organization
Direction		Emergence
Tasks		People
Control		Trust

Adaptive Leadership

Technical Problems vs. Adaptive Challenges

Technical Problems

- Easy to identify. Often lend themselves to quick and easy known solutions

- Often can be solved by an authority or expert and require change in just one or a few Places

- People are generally receptive to technical solutions

- Solutions can often be implemented quickly

Adaptive Challenges

- Difficult to identify

- Require changes in values, beliefs, roles, relationships

- Usually require changes cross organizational boundaries

- People are part of the problem and part of the solution

- Solutions" require experiments and new discoveries; they can take a long time to implement and cannot be forced
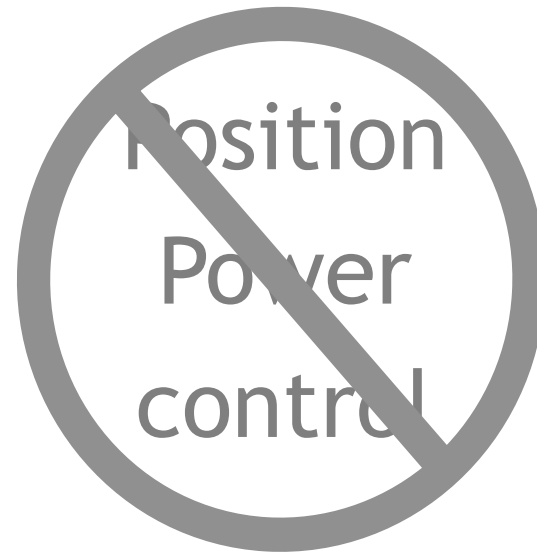
Adaptive Leadership

Connect

Ask

Listen

Propose

Convince

Position

Power

control

The adaptive leadership requires …

- Establishing credibility
- Understanding others
- Connect emotionally
- Develop relationships win / win
- Persuade, argue and persuade
- Self-confidence, passion and perseverance

Propose, listen, persuade

Group work

EOi Escuela de organización industrial

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Leadership and Innovation

5.	What do we understand by innovation?
6.	How innovative do you want to be?
7.	How to build a culture of innovation?
8.	Personal Innovation. Where to start?

Innovation is …

Innovation is the introduction of something new that creates value.

Value is indicated by adoption.

Adoption

Innovation is…value driven

Creativity — Thinks up new ideas (Input)

Innovation — Puts into Action (Output)

Innovation is … an imperative

Competitive Advantage & Diferentation

New Ways of Working

New Product and Services

New Business Models

New Management Models

New Growth

Innovation benefits
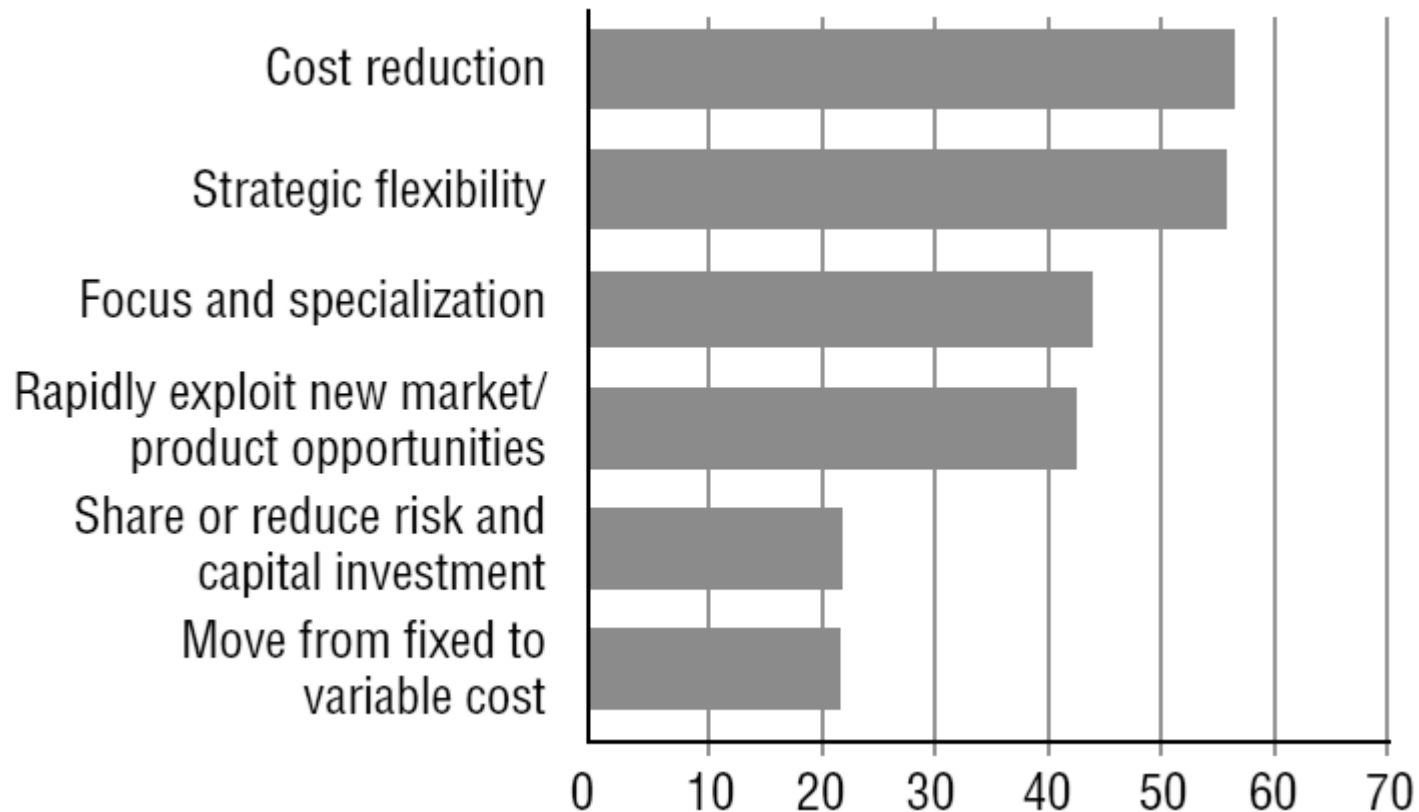
Innovation benefits

Operating margin growth in excess of competitive peers

(Percent compound annual growth rate over 5 years)
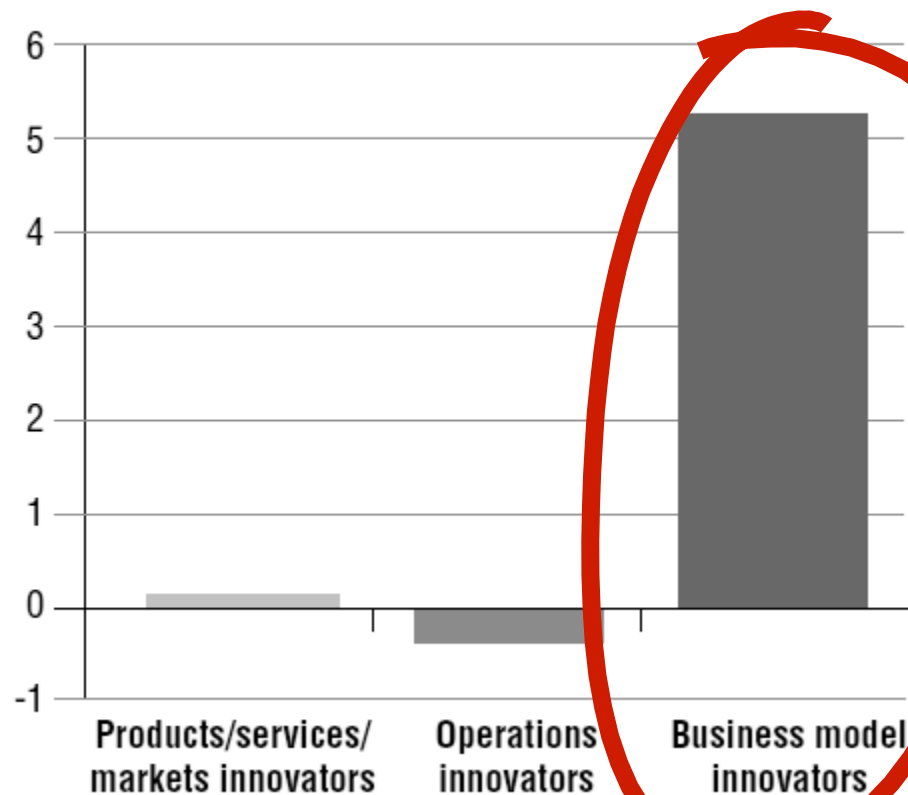
Source: IBM Global CEO Study 2006

MDP for ICE/ José Cabrera

¿Who really innovates?

Most significant sources of innovative ideas*

Source	
Employees	(Internal sources)
Business partners	(External sources)
Customers	(External sources)
Consultants	(External sources)
Competitors	(External sources)
Associations, trade groups, etc.	(External sources)
Internal sales or service units	(Internal sources)
Internal R&D	(Internal sources)
Academia	(External sources)

Percent of respondents

"Most innovation takes place outside"

IBM. "The Global CEO study

Open innovation

Henry Chesbrough

✓Bringing outside knowledge of the company and bring the knowledge of the company abroad.
✓ Include in the innovation process to external agents such as suppliers, and co-creation with customers

Crowdsourcing

INOCENTIVE has adopted an open business model, by asking the crowd concise questions (to solve problems), with clear rewards.

It is a platform conecting people/experts with companies seeking innovative solutions.

www.innocentive.com

Why innovation loves a crisis?

Crisis accelerate innovation
The great depression

Crisis accelerate innovation
Lthe dotcom bubble burst

Crisis accelerate innovation
Financial crisis without precedent
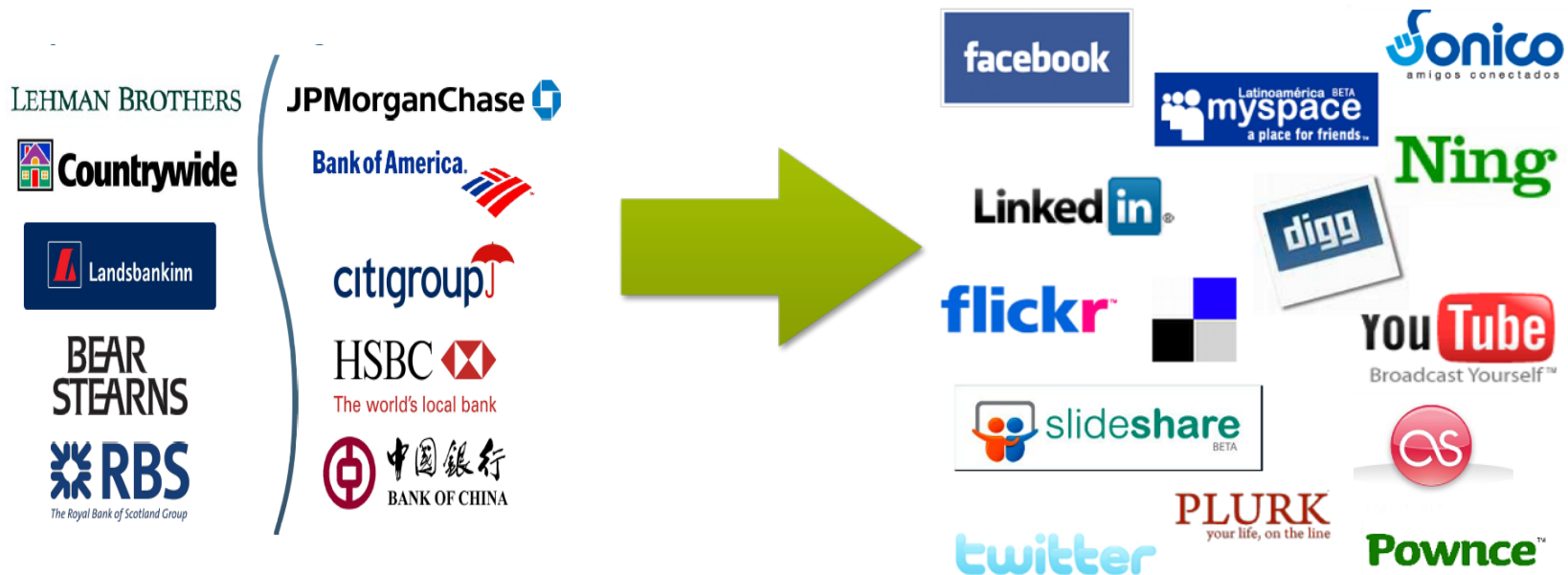
Crisis a world of opportunities
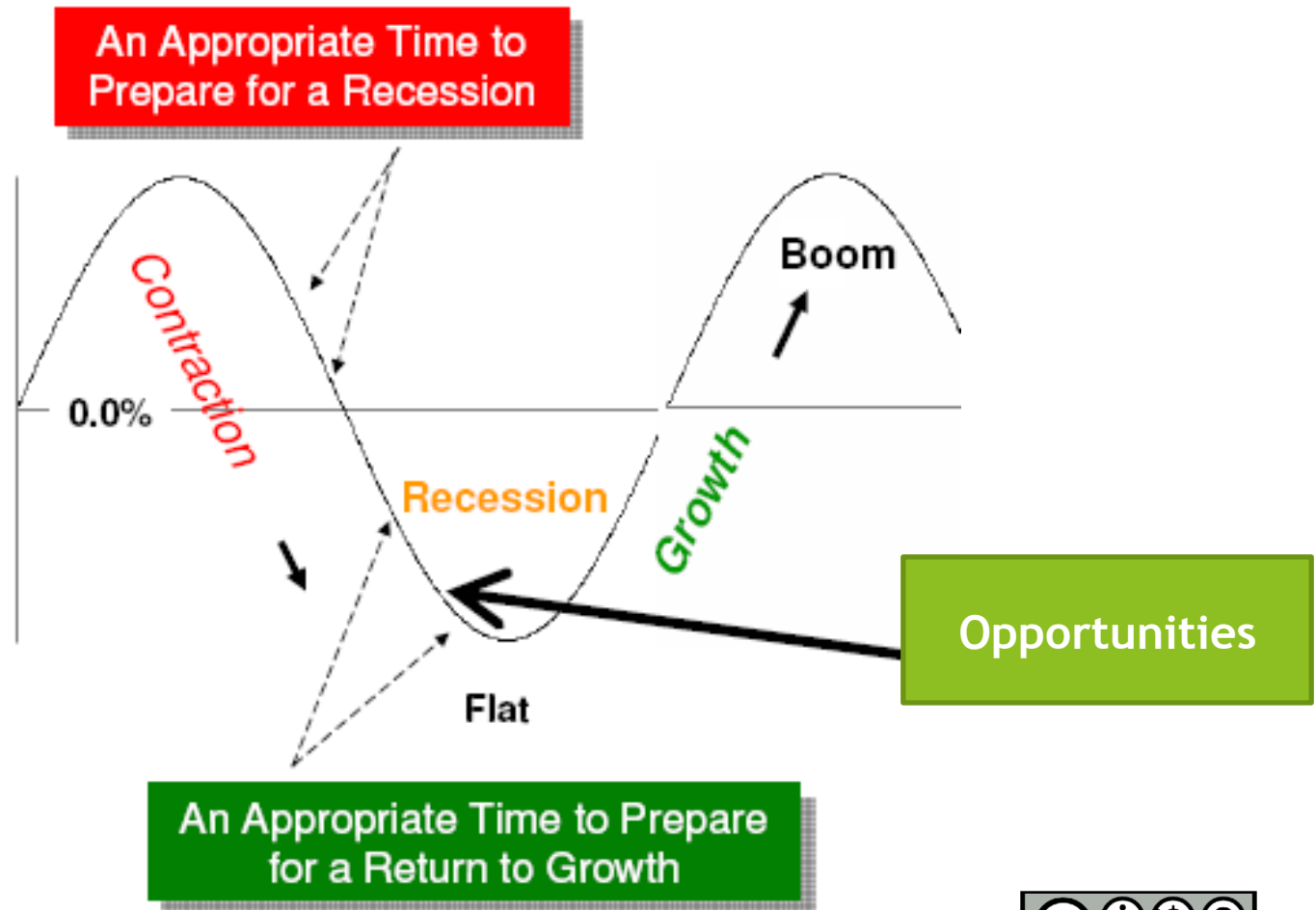
Leadership and Innovation

How innovative do you want to be?

Internal   **External**

Continuous

Operational
Innovation

Disruptive

How innovative do you want to be?

Internal

External

Continuous

Operational Innovation

Disruptive

Product & Service Innovation

How innovative do you want to be?

	Internal	**External**
Continuous	Operational Innovation	Management Innovation
Disruptive	Product & Service Innovation	
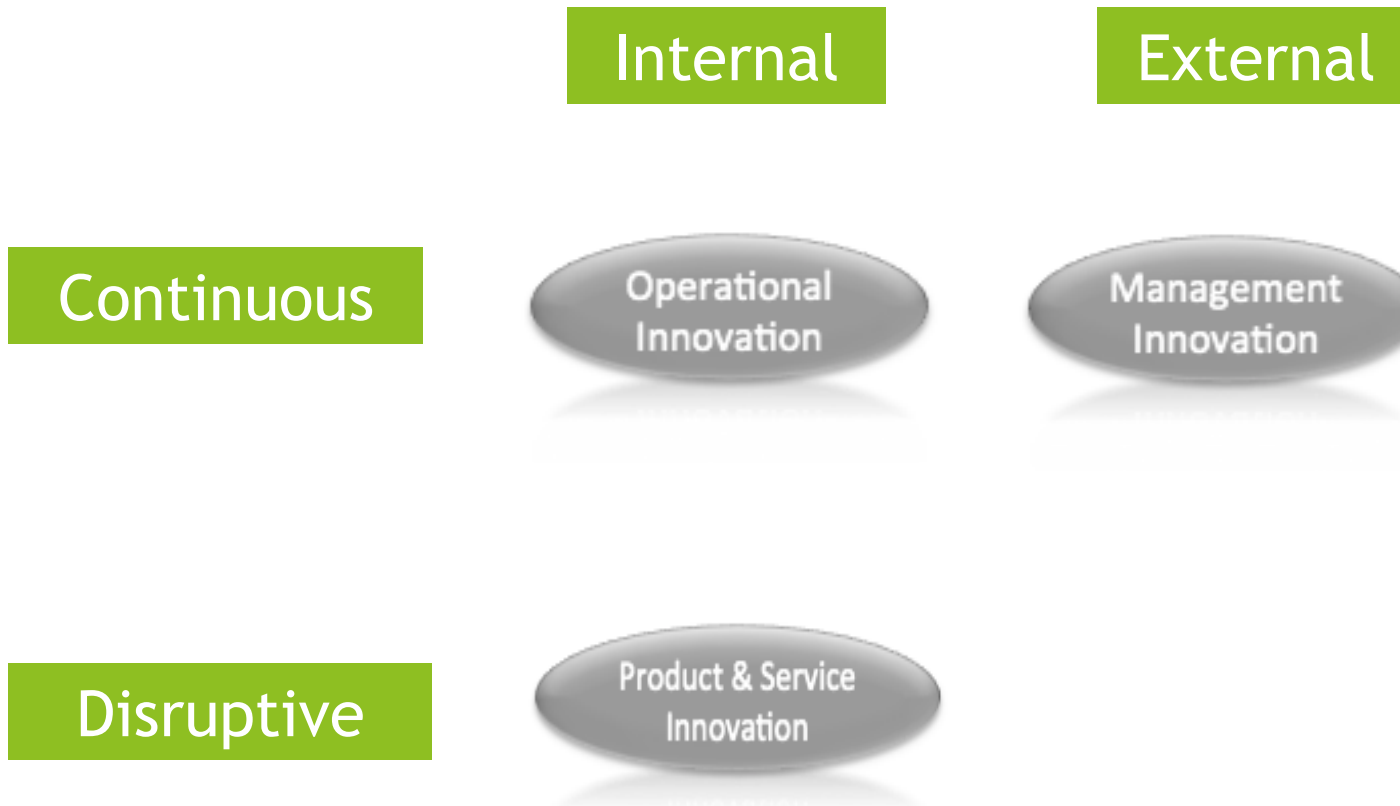
Management Innovation
As competitive advantage

"Management innovation is anything that substantially alters the way in which the work of management is carried out, or significantly modifies customary organizational forms, and, by doing so, advances organizational goals"

Management Innovation Lab,
London Business School

The power of management innovation

Early of 1900: Creates the first laboratory R & D

1930: New brand concept

1960: Capture wisdom of employees

1970: Creates the first global consortium

1984: Design strategy and culture

2001: New model innovation 70/20/10

Where to start management Innovation?

- ✓ Develop creative leadership
- ✓ Make innovation everybody's job
- ✓ Reinvent client relationships
- ✓ Build operating agility

Developing Creative Leaders

- Creativity is #1 leadership quality
- Drive innovation in the organization to stay ahead of market and use of wide range of communication styles and tools
- Break with status quo of industry, enterprise and revenue models

Building Operating Agility

- Simplify operations and products to better manage complexity

- Use iterative strategies, make quick decisions and execute with speed

- Integrate globally, increase cost variability and exploit partnering to increase agility

Agile Execution

"Agile is more attitude than processes, culture and values rather than methodology."

- ✓ Focus on user
- ✓ "Less is more"
- ✓ Collaborative
- ✓ co-creation
- ✓ iterative

- ✓ Explore
- ✓ Try
- ✓ Adopt

USUARIOS

"REAL LIFE"

PROTOTIPOS
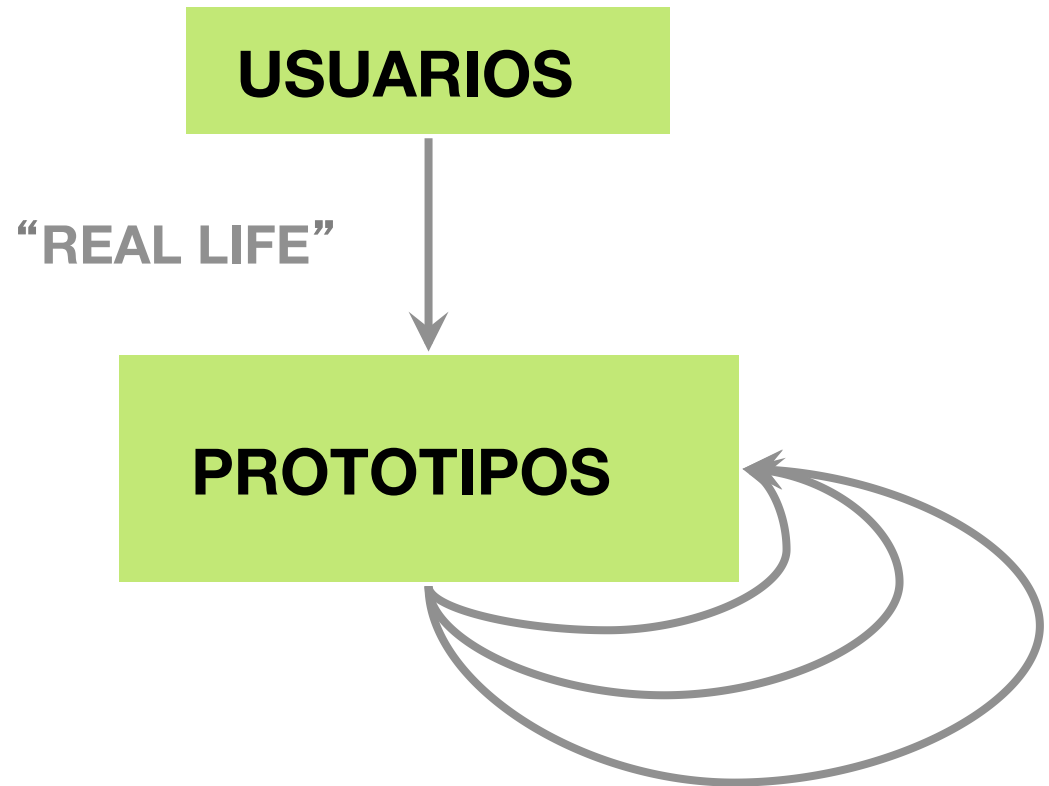
Reinventing Customer Relationships

- "Getting closer to customers" is the single most important theme

- Better understanding client needs through collaboration and co-creation

- Exploit the information explosion to deliver unprecedented client experiences

How innovative do you want to be?

Internal

External

Continuous

Operational Innovation

Management Innovation

Disruptive

Product & Service Innovation

Business Model Innovation
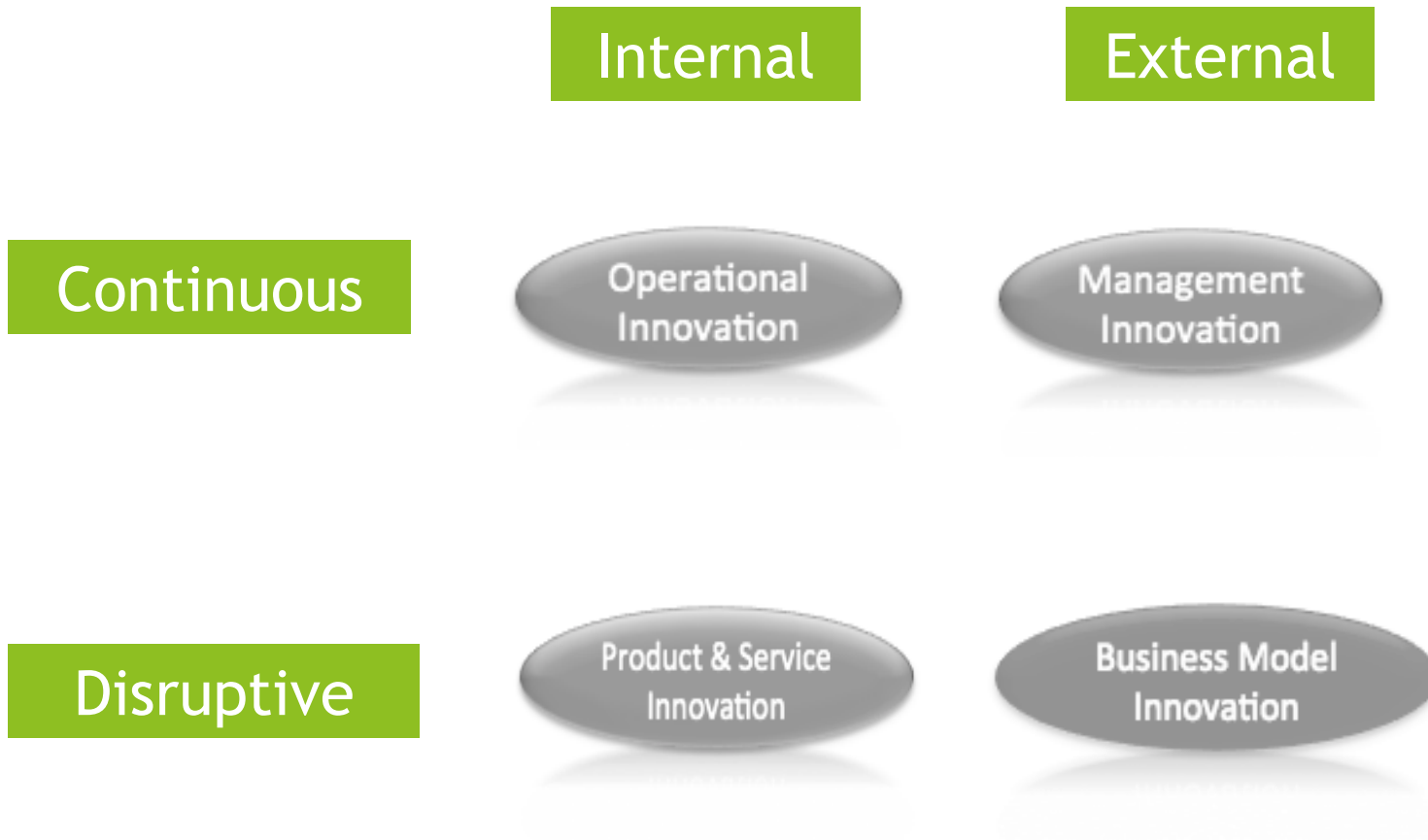
Where to start Business Model Innovation: Creating a new value proposition

New Markets

New Value Proposition

New Ways of doing business

New Offers

Source: Marc Sniukas
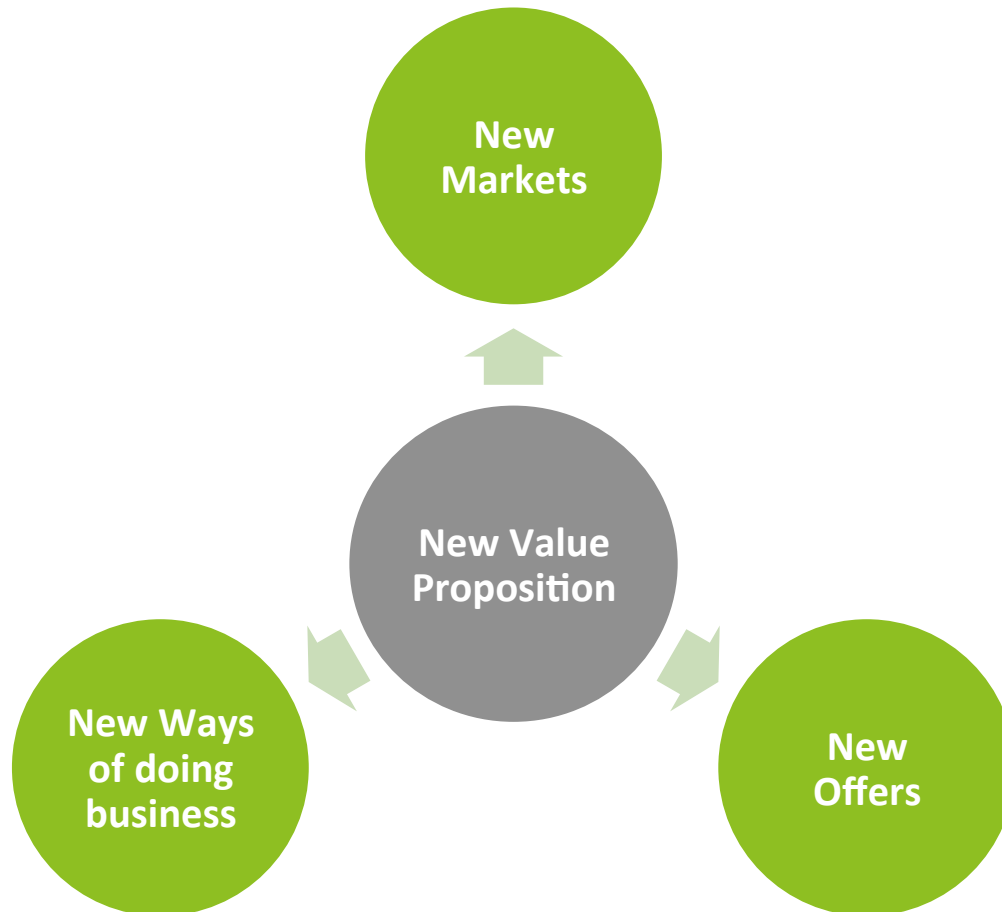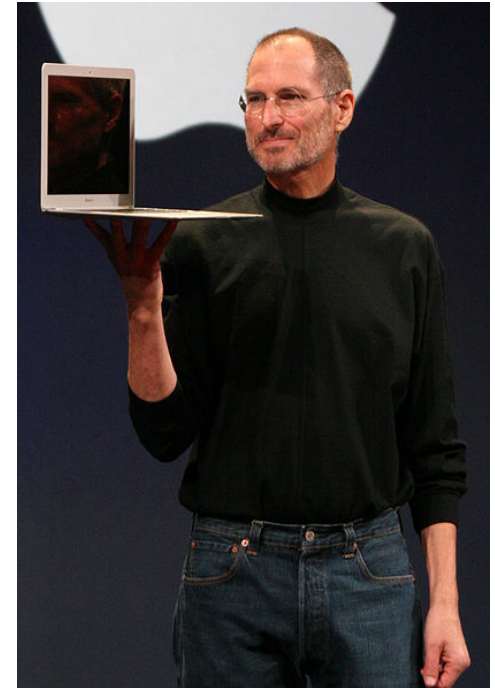
Apple: New value proposition

Listen to music
- Chose high-speed FireWire instead of USB1
- Game-changing click wheel
- Apple's design guidelines applied

Manage music
- iTunes software
- Available on Mac & PC
- Simple and reliable software

Buy music
- Agreements with the music industry
- Distribution
- DRM[1]

Itunes, Apple 11% revenues

Revenue Distribution in 2009

Legend:
- Hardware
- Software
- iTunes Store
- Other software

$30 bn — 82%
18% — $6.6 bn
37% / 63% — $4.1 bn
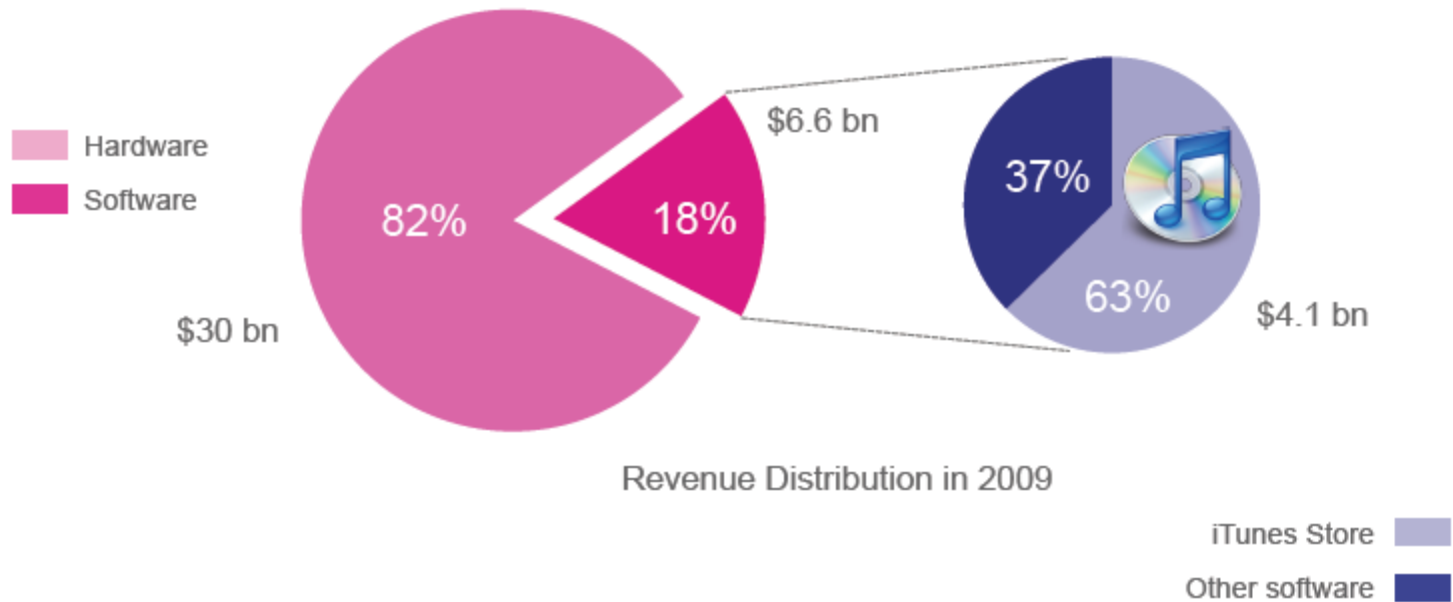
New offer Ipad, Higher margins
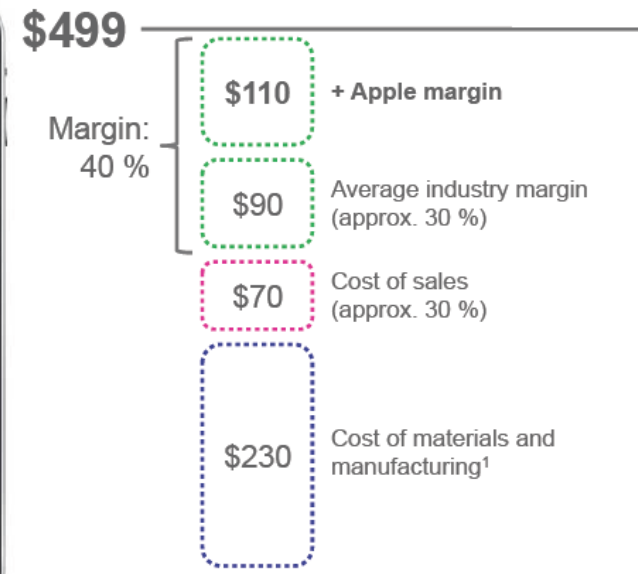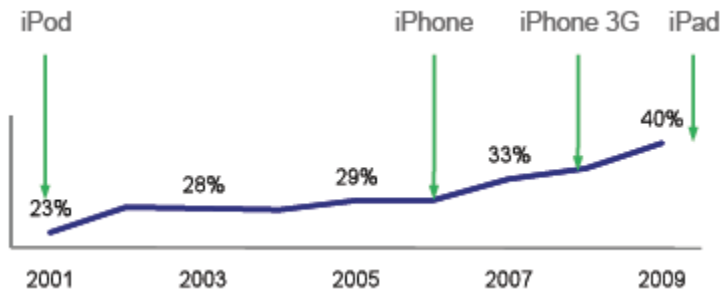
The Innovation Map

Four types of Innovation

Internal

Technological innovation

Internal structures and processes

Operational Innovation

Management Innovation

Networking

Agile Processes

People Management

Continuous ——————————————————— **Discontinuous**

Brand

New offerings

Disruptive Innovation

Product & Service Innovation

Business Model Innovation

Customer interfaces and experiences

Technological innovation

New markets

Blue Ocean Strategy

New Channels

External

Source: Marc Sniukas

Group work

Leadership and Innovation

5.	What do we understand by innovation?

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8.	Personal innovation. Where to start?

Most difficult innovation challenges

18.2%
Innovating repeatably and on-demand

9.1%
Choosing the best ideas to develop

54.5%
Building the culture to support sustainable innovation

9.1%
Coming up with innovative ideas

9.1%
Transforming selected ideas to marketable products

McKinsey Quarterly

Culture archetypes
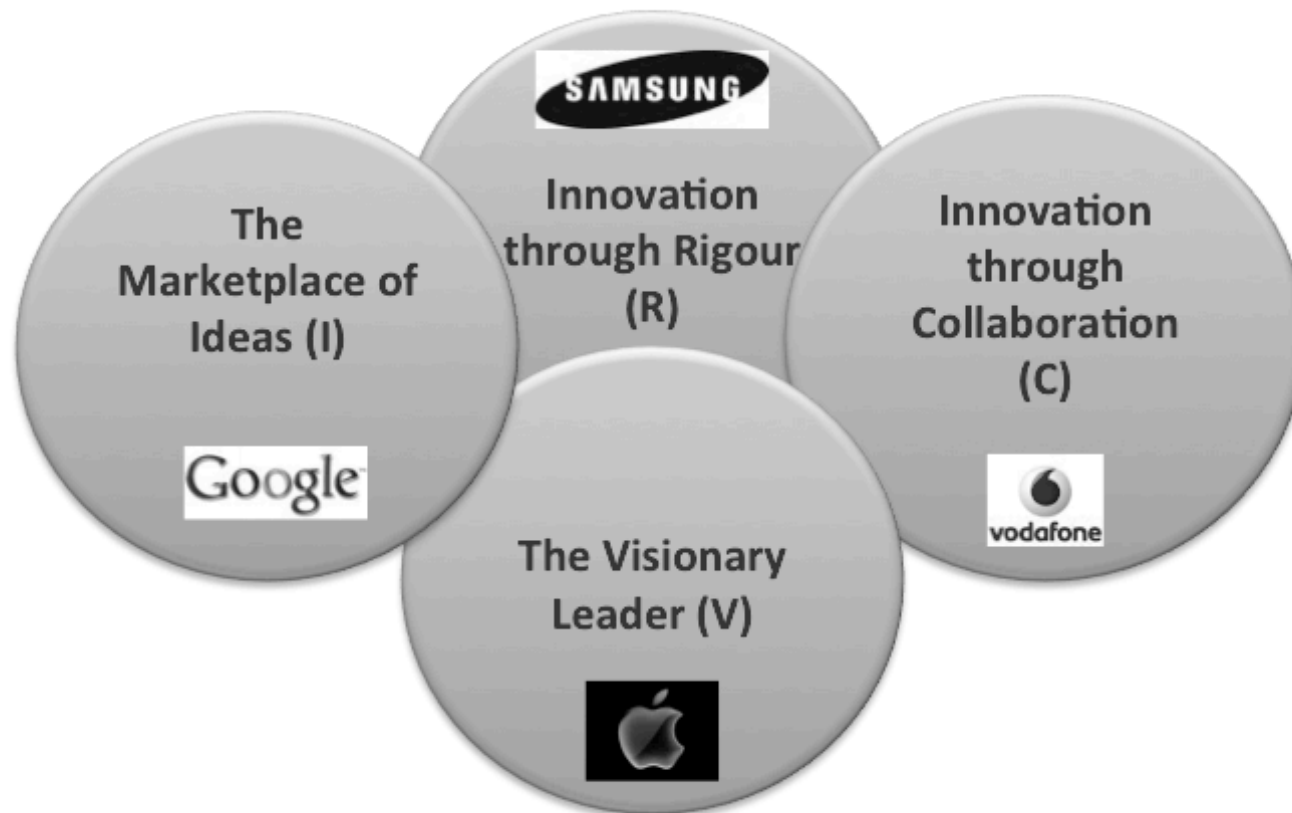
Innovation culture
Some attributes

Focus on Creative Tension

Look fo edge competences

Seek external knowledge

Explore, Try, Adopt

Reinforce networks

Unpredictibility

High Failure Rate

Question existing models

Embrace Change/ambiguity

Measure Innovation

Innovation Culture
Speed of trust
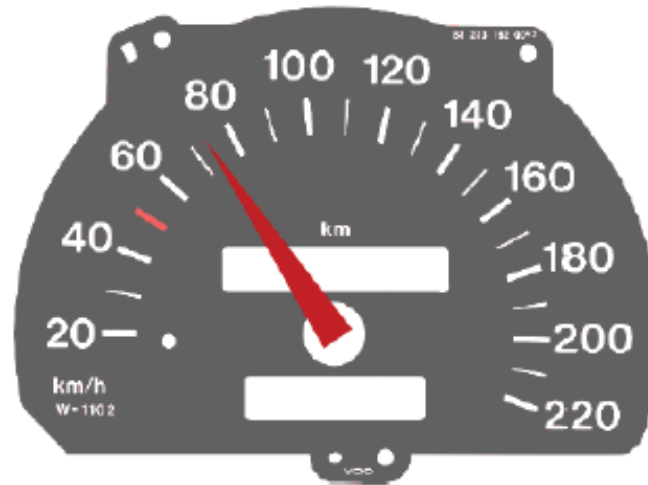
Trust = Increased Speed + Less Cost

Innovation Diagnostic
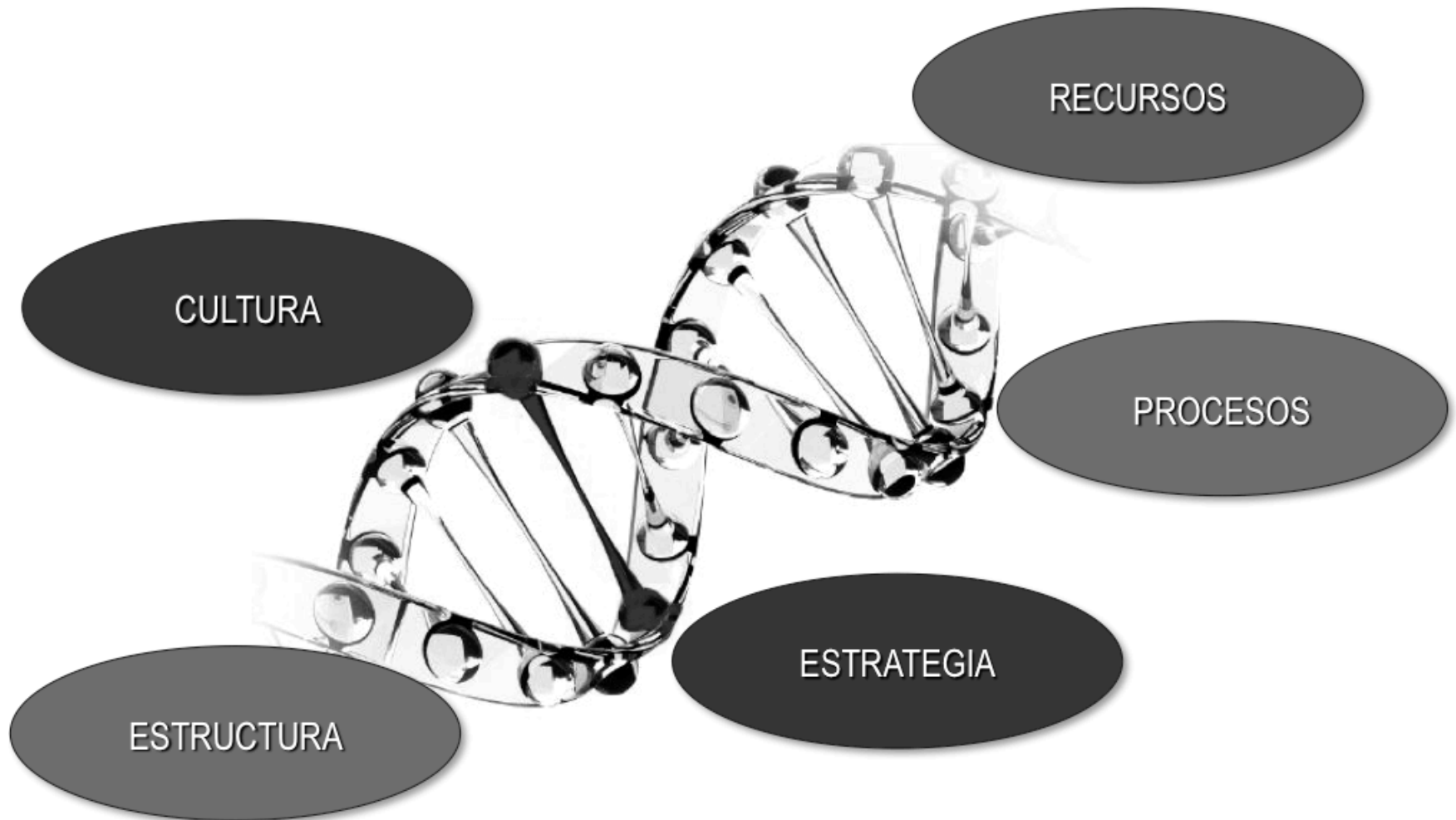
Building a new culture

What DNA we should keep?
What DNA we must discard?
What innovative DNA will allow us to grow in the new environment?
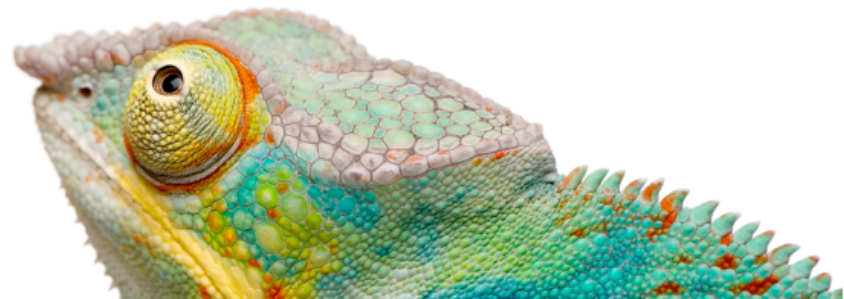
Preserve, Discard, Create

Building an innovation culture
Where to stat?

- Build a A collaborative "Management Innovation Platform" for collaboration and the co-creation of new management knowledge

- Create time for innovation and assign dedicated spaces to Innovation and "Innovation Champions" in all business units

- Make innovation a central topic in "High Potential"/ leadership development programs

- Set aside capital spending for truly innovative initiatives and projects

- Develop a set of visible Innovation KPIs to track innovation progress and results

- Create an "Innovation Board" to review and fast track the most promising ideas

Innovation Platform

Collaborative Innovation
Not a question of technology

TECHNOLOGY DOESN'T BUILD COMMUNITIES.

PEOPLE DO

Key innovation roles

- ✓ **Creative People** are able to see things, not for what they are but for what they could be. Apply the know-how that results in insights, ideas, and ultimately in innovation.

- ✓ **Innovation Champions** define the practices that enable innovation, eliminate those that impede it, and in so doing enable the innovation culture.

- ✓ **Innovation Leaders** define the challanges and policies that enable innovation, and eliminate those that impede it, thereby taking a lead role in creating the innovation culture.

Innovation Road Map
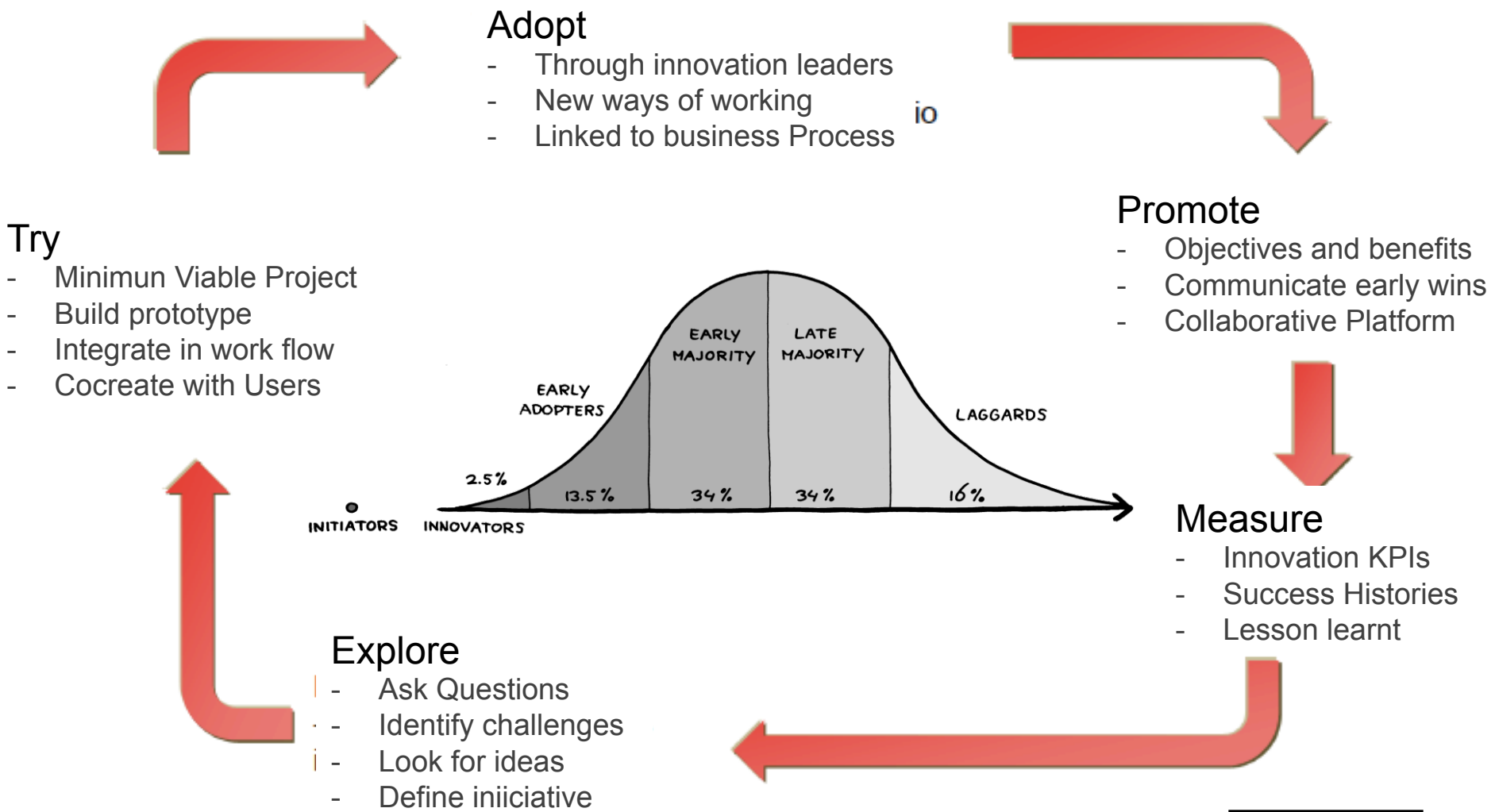
Adopt
- Through innovation leaders
- New ways of working
- Linked to business Process

Try
- Minimun Viable Project
- Build prototype
- Integrate in work flow
- Cocreate with Users

Promote
- Objectives and benefits
- Communicate early wins
- Collaborative Platform

Measure
- Innovation KPIs
- Success Histories
- Lesson learnt

Explore
- Ask Questions
- Identify challenges
- Look for ideas
- Define iniiciative

INITIATORS   INNOVATORS
2.5%   13.5 %   34 %   34 %   16 %
EARLY ADOPTERS   EARLY MAJORITY   LATE MAJORITY   LAGGARDS

MDP for ICE/ José Cabrera

Leadership and Innovation

5.	What do we understand by innovation?

6.	How innovative do you want to be?

7.	How to build a culture of innovation?

8.	Personal innovation. Where to start?

Personal Innovation
Ten Tweets

- ✓ Leave your "confort zone". Because it is time to build the new maps.
- ✓ Create time to explore the future. Because there are Black Swans.
- ✓ Abandon your functional silo. Because sharing creates value.
- ✓ Make innovation everyone's job. Because the challenges are adaptives.

Personal Innovation

Ten Tweets

- ✓ **Develop your communities.** Because most of the innovation comes from outside.
- ✓ **Reinvent your relationships with your customers.** Because they do not buy products but unique experiences.
- ✓ **Develop your personal innovation map.** Because you will need to reinvent yourself.
- ✓ **Get ready for transparency.** Because they will end up finding you.
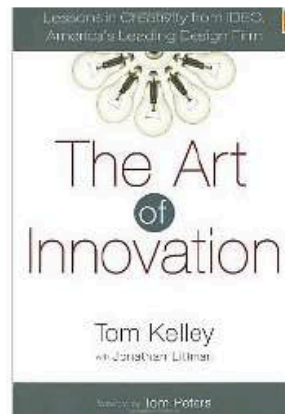
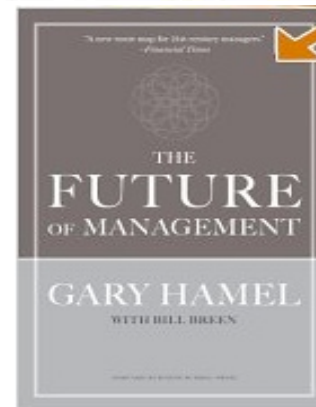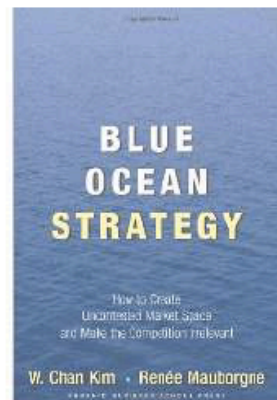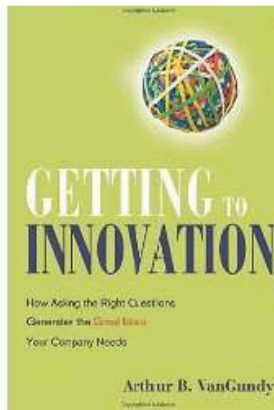# Personal Innovation Map

Interna

Continua

Discontinua

Externa

Innovation Resources

Innovation People to follow

Tom Peters -TPC

Gary Hamel – London Business School

Ned Herrmann – The Creative Brain

Eward deBono – Lateral Thinking

Gordon Mackenzie – Hallmark Cards

Nigel May Barlow - reThink

Stephen Shapiro – 24/7 Innovation

Howard Gardner – Creative Minds

Tom Kelly - IDEO

Your feedback

What you liked
What you agree with

What you didn't like
What you disagreed with

Ideas, different
perspectives

What should have said
What you would say

José Cabrera
@cabreramc
blog.cabreramc.com

Thanks for your attention!