The Seven Deadly Sins of Innovation Leaders: How Our Conventional Leadership Mindset Brings Our Downfall and How We Can Be Redeemed

By Jeff DeGraff

The sole purpose of a business is to grow. This can take on many dimensions – profits, revenues, market share, brand or community influence just to name a few. The road to growth is very simple. Innovation is required to drive growth. You make something better or new (products, services, solutions, etc.) and you sell to someone new (markets, segments, channels, etc.). Basically that’s it the rest is just fine print.

It sounds easy enough but of course it isn’t. This is because there are seven underlying issues, deadly sins if you will, that make leading innovation difficult and completely different from everything else you do at your business. But there is hope, redemption, simple things you can do to avoid the anguish and misery that often accompany the wide range of chaotic activities that produce valuable innovation:

First Sin – Believing You Can See the Future: The more breakthrough the innovation the more likely it will occur in sometime in distant future for which there presently is no data. Unless you posses a crystal ball and remarkable prophetic abilities believing you can see the future first is delusional at best. A sure sign of a company that is stuck in the planning phase of innovation is the incessant collection of data and over obsessing about the business plan. Current research suggests that planning is important, but learning from real experiences is more so. Sure we all need to know the facts to move forward but when it’s often done at the expense of running the meaningful experiments that will yield results it becomes counterproductive.

Redemption: Prototyping, test marketing, and after action reviews will tell you more about emergent opportunities, shifting customer preferences and the potential of a new technology than another spreadsheet or PowerPoint stack. Take your cue from successful venture capitalists who hedge their bets. They will make small investments in a wide array of therapies for the same disease state in order to accelerate the unavoidable failure cycle to quickly learn what really works and doesn’t. They seldom bet it all on one sure winner. Like Darwin they increase their odds of survival by diversifying the gene pool and increasing their investments on those ventures that prove to be the strongest and most resilient. Make smaller and wider bets.

Second Sin – Choosing Big Over Fast: Innovation is different from all other forms of value in one way – it is only an innovation for a moment in time. It has a shelf life and goes sour like milk. The smart phone with all the latest technology you bought for your daughter at Christmas will be a historical artifact by the time Saint Nick makes his rounds next year. To compound matters, it’s not just time that makes innovation so elusive but more so timing for which we have few tools to assure us that we will enter markets with our new products and services at the right moment. Get there too early and there is no demand – too late and the day belongs to your competitors. Leaders commonly trade magnitude for speed. Those who crow “go big or go home” can usually be found sitting on the coach.
**Redemption:** Momentum is everything. When I was a young man I was an executive at Domino’s Pizza when it went from a small regional chain to a multinational multibillion dollar enterprise. We virtually invented the home delivery concept. While our competitors spent over a year planning new sit-down parlors we identified promising locations in strip malls, equipped and supplied them and opened stores within three weeks. Most importantly, we hired highly energetic managers who could multitask and keep things moving quickly. They would run promotion after promotion and within a month would develop the winning formula for that area. By the time our competitors entered the market we already owned it. *Pick up your pace.*

**Third Sin – Mistaking Your Managers for Innovators:** The virtues of a good manager are well known. They make our lives easier by keeping things on track and under control. They squeeze the most out of the least by eliminating variation. The problem is that all forms of growth require deviance to produce useful and valuable novelty. Pricing pressure is the result of uniformity. If your offering is not better, faster or newer your company is sentenced to an eternity of cost cutting. The problem emerges when these efficiency focused leaders are put in charge of innovation projects and ventures aimed at disrupting the way the firm operates. No matter their good intentions they will inevitably conform to the acceptable practices which lead to their previous successes and inadvertently squelch the growth of the company they were charged with creating.

**Redemption:** Deviance requires deviants. Every company has a collection of misfits that show real promise but are difficult to manage. This is because they exhibit self-authorizing behavior - they inner directed. The bad news is that they pretty much do what they believe to be right. The good news is that they demonstrate a high degree of ownership for their work – a key attribute of a natural innovator. In the early 1980’s when I had just completed my doctorate in instructional technology I had the opportunity to be an advisor at Apple. What impressed me that most was the way the company identified and embraced its most effective non-conformists. They called them Apple Fellows. These amazing leaders had both the skill and will to move new ideas through the company. No one had to encourage them to take on the system. *Encourage and support your deviants.*

**Fourth Sin – Having a More Ambition than Capability:** The gifted amateur as heroic innovator is one of the great American myths. Exposés love to tell us how Google co-founders Larry Page and Sergey Brin started it all in their garage in Palo Alto but fail to mention that they were doctoral students in Computer Science at prestigious Stanford University. Similarly, stories about Benjamin Franklin, Thomas Edison and even Steve Jobs conveniently overlook their unique brilliance and years of experience. If anyone could do it they would. The point is if you are creating anything new of real consequence from a miracle drug to a new business model for your delicatessen you need deep and diverse domain experts to help you get it right. Strategy is relatively easy when compared to finding and developing highly competent practitioners with years of training and experience in the arts and sciences.

**Redemption:** Several years ago I built an innovation lab called Innovaturium across the street from the University of Michigan where I am a professor of business. I liken it to the Juilliard School which only accepts the best performers because you can’t take someone who is mediocre and make them great but you can help someone who is great become exceptional. We learn by doing and all learning is developmental. If you doubt this take out pencil and pad and draw a picture of your spouse and they can tell you at what age you stopped learning to draw. Take up a new language or instrument at any age and the process for acquiring a new skill becomes clear.
Like promising young musicians apprentice your high potentials through an action learning processes of see one - do one - teach one. **Base your strategy on your capability.**

**Fifth Sin – Starting at the Center and Moving Out:** Most great innovation happens at the outer edges of the firm just beyond the reach of their power and influence. Skunk works, secret labs and coffee shops have long been the venues for treasonous talk and radical experiments. The farther away you are from the center of the company, both physically and emotionally, the more likely you are to seek alternative ways of doing things. Companies have standard operating procedures to keep their equilibrium which is essential to sustaining the enterprise. But these same procedures are designed to destroy variation no matter how well intended. Leaders launch whole scale innovation programs only to find that the key measures, policies and processes of the firm treat innovation as an undesirable abnormality.

**Redemption:** Imagine a bell curve. At one end is a crisis and at the other an exceptional opportunity. In the middle there is stability. At the crisis end of the bell curve the risk of trying something unconventional and the reward of keeping things the way they've always been is reversed. Innovation abounds where the pain is high. Similarly, at the exceptional opportunity end of the curve the risk of advancing the avant-garde and the reward of resting on your laurels is also reversed. Innovation grows where there is significant momentum and risk capital. Innovation is a pincer maneuver that envelops convention, the middle of the bell curve, from both ends. Forget the 80/20 rule. Use the 20/80 rule instead. It's easier to change 20% of your organization 80% than it is to change 80% of your firm 20%. **Work your innovations from the outside-in.**

**Sixth Sin – Listening to the Wrong Customers:** It’s a common story. A company develops a technology and becomes the corporate standard. For the next few years it plays defense until an unforeseen upstart emerges and they are rapidly undone. Consider the case of Research In Motion which has faithfully listened to its loyal customer base, security conscious multinationals, and adjusted their product to better meet their needs. The only problem was that adjacent consumer segments like professional service providers were the ones changing the game with their iPhones and Androids. The worst of all possible growth strategies is to have an increasing share of a decreasing market. Smith Corona, one of the last typewriter manufacturers, made some of the very best machines right before they went out of business. IBM, Nokia, GM and dozens of other great innovations firms have fallen into the same trap at one time or another. The problem is that it’s easy to ignore those customers have a line of sight to the future in favor of the more established and cautious ones who demand more immediate and incremental action.

**Redemption:** The philosopher Friedrich Nietzsche posited that civilizations that were placid and predictable were in the final throws of their existence while highly contentious and dynamic cultures were entering their growth phase. His point being that while most pander to the former the future belongs to the later where innovation prevails. Think of the time it takes to bring a new innovation to market as the time it takes to escape a burning building. If you benchmark the incumbent customers in your market, typically late movers, you will be the last one out. First adaptors as they are called are eager to gain an advantage through the early adopting of new methods and technologies because they cannot compete on resources, scope or scale. It also turns out that these influencers mobilize other customer groups that follow their lead. Think about the fashionable man or woman where you work who always seems to know what will be in style next. **Follow the customers that move first.**
Seventh Sin – Failing to Connect the Dots: Innovation is one of the few forms of value that runs horizontally through your organization. It touches every function and discipline from forecasting to support. To compound matters, companies of all sizes are now competing in federations, loose clusters of businesses creating across traditional boundaries. In the Facebook economy synchronizing centerless networks of innovation requires moving beyond your hierarchical concept of the company itself. While this has long been a strategy for smaller entrepreneurial firms it can now be seen in the largest and most complex of organizations. Boeing is building tailor-made Dreamliners in dozens of countries with hundreds of companies and thousands of tier one suppliers. While the aircraft has had several delays the ability of the company to sync up all these parts to create customized complex products is creating a significant competitive advantage for future ventures.

Redemption: The great innovation economist Joseph Schumpeter observed that entrepreneurs create companies to show their value as a superior person. The challenge for these movers and shakers is that the skill and will to innovate is often concentrated around them in small pockets of brilliance. If you are at the center of innovation activities you are probably the proverbial hub to the spokes of your firm. The problem is that this stretches you beyond your capability and obstructs your company’s ability to search and reapply winning ideas quickly. While many businesses resort to prescriptive innovation development processes because they don’t know how else to connect the dots, it is much wiser to develop what Harvard Professor Dorothy Leonard calls “deep smarts.” You focus your attention on teaching your understudies. They focus their attention on teaching their understudies, and so on. By reimagining your company as a series of concentric circles you create something akin to a great university that is both innovative and sustainable. Teach your leaders to be free and responsible.

Well there you have it. The seven deadly sins of innovation leaders and how they can be redeemed:

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While these can’t assure that your company will be in seventh heaven they can help it grow which is the sole purpose of a business.

JEFF DEGRAFF is a professor, author, speaker and advisor to hundreds of the top organizations in the world. He is called the “Dean of Innovation” because of his influence on the field. To learn more about Jeff and his work on innovation please visit www.jeffdegraff.com. You can follow Jeff on Twitter @JeffDeGraff and Facebook @deanofinnovation.