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Innovative Culture: Values, Principles and Practices of Senior Executives in Highly Innovative Companies

Joaquim Vilá
IESE Business School

1. INTRODUCTION

One of the reasons why many companies and institutions are so cautious about increasing their innovative capacity is that innovation represents a seemingly complex problem for the senior executives who must initiate and direct the changes that robust innovation requires. Innovating entails transforming new ideas into tangible results. There are three important aspects to be considered in this approach to innovation. First of all, merely coming up with new ideas is not innovation; if the ideas are not implemented, the desired effect cannot be achieved. Churning out new ideas for the sake of it does not make us more innovative. Secondly, when a new idea can be applied without changing a company's day-to-day reality, it falls under the heading of continuous improvement rather than innovation. Continuous improvement and innovation both make a contribution, a market impact or an internal improvement, but the difference between innovation and improvement is that the implementation of an innovative idea requires a change of tack, a significant modification of the company's former routine. Thirdly, and in connection with my second point, innovation demands and relies on new developments: a new contribution to basic knowledge, a new process or a change of direction, some kind of internal development that complements the original new idea. Innovating today makes it easier to innovate tomorrow.

The attention of many top executives is largely focused on the urgent matters of everyday management. Innovation is often put on the back burner for, although it is considered an important issue, it does not have the same priority as other more pressing concerns. If company directors were aware of the fact that postponing innovation today would undermine their ability to innovate tomorrow, innovation would (or should) be given higher priority and create a predisposition among senior executives to lay the foundations that will make it possible.

When a senior management team becomes aware of the transformations that innovation requires, it identifies a series of challenges that must be faced. These reflections usually address issues such as:

- The need to protect innovation from potential threats that would prevent the company from taking off in a new direction: management systems (like budget planning), chains of command opposed to change, organisational inertia and other determining factors carried over from the previous system.

- In order to be credible, innovation must produce consistent results. It cannot be a fortuitous, one-time contribution. Innovation must become a permanent and deeply embedded fixture of organisational culture.
- Coming up with new ideas requires a certain attitude (thinking big, challenging things, seeing more possibilities than problems, etc.) which in many cases is the exact opposite of how people have been taught to think in the corporate context. How can we make innovation both credible and appealing to the people we work with?
- Creativity will only flourish if there is a change in management style; executives have to realise that the rules which govern everyday management activities—such as exercising bureaucratic control, communicating via the established chain of command, equating the value of a person's idea with his/her status in the corporate hierarchy, and other similar rules that allowed operations to grow steadily and predictably in the past—cannot be applied when innovation is on the agenda.

Faced with such a scenario, most executives tend to pull back, look away and hope that the profit margin can be increased by discovering a new way to cut costs. The rest, those executives who are willing to face the challenges involved in developing new capacities in the company, take comfort in the knowledge that innovation has prospered in traditional companies in almost every sector. The solution to the puzzle is based on principles which, while not purely intuitive, do have great internal logic and are also within reach of any management team that is willing to change, even if it means starting with themselves.

There are two key aspects to any organisational solution which aims to achieve robust innovation in a conventional company. First of all, innovation is a challenge that has much more to do with human resources management than with technical or design problems. Developing the capacity to innovate requires a paradigm shift in managerial strategy and in how people act. Secondly, and more importantly, innovation targets the pinnacle of the management pyramid; it is a matter of transforming leadership that brooks no delegation. Moving towards a completely innovative corporate culture calls for new managerial skills and practices which, up until now, have not been considered vital qualifications for top corporate management positions. However, an examination of the working methods of senior executives at innovative companies reveals their awareness of one important fact: that the singularity of their companies begins with a change in themselves.

2. INNOVATIVE CULTURE

When a company first launches an innovation process, it is usually focused on the key performance areas within its business strategy, such as product, service aspects or other business development issues. In every case, innovation is successfully brought to market by combining efforts in several different areas. The key is to spread the responsibility for innovation as much as possible rather than limiting it to a small group of individuals or specialised departments.

As they acquire more experience with innovation, company directors begin to see that any area of the business can be revitalised by applying new ideas, and that innovation can be used to work towards a number of goals, not just competitiveness. At this point, innovation ceases to be a specific responsibility assigned to one team or department. The vision of immersion in innovation becomes a project to make innovation a broad core value for the entire company. The approach becomes one of wide-scale innovation, which yields regular results. This represents a major change of perspective. The pursuit of management innovation goes far beyond the initial intention of managing innovation within a limited area. The management soon sees the advantages of creating an environment where everyone in the company can contribute, and creating an innovative corporate culture becomes one of the top priorities on the agendas of the senior executives and the board of directors.

The most widespread notion of organisational culture is that it is the sum of values and beliefs which people have acquired over time and which dictate the appropriate standards of behaviour within a company. Edgar Schein, an MIT professor famed for his valuable contributions in this field, defined culture as a "pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration and that have worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems".

How can management implement and maintain an innovative culture? If the directors think that culture can only be changed by directly altering the values and beliefs that employees have learned and share, the task can seem dauntingly complex. Values and beliefs are a part of people; they have become a part of each person, ingrained in his/her mind, and are therefore hard to change if a direct approach is taken. Yet senior executives, in their daily routine and by their example—in other words, the way they shoulder their responsibilities and interact, formally or informally, with the people around them—continually show what they value in, and expect from, their co-workers. The values and beliefs that comprise corporate culture are largely the result of accumulated experiences over time deriving from a specific management style.[1] This suggests the existence of a much easier way to bring about change. The management can promote a culture favourable to innovation by changing the way they lead and interact with their employees. This basically means that organisational progress (the way leadership responsibilities are defined, different management systems, and the manner of integrating and coordinating management practices, etc.) is achieved by recognising people's contribution to creativity and innovation. Clayton Christensen (1999), a professor at Harvard Business School and a leading expert on innovation, reached a similar conclusion when he stated that "culture is comprised of processes, or ways of working together, and of shared criteria for decision-making [...] which have been employed so successfully so often, that they come to be adopted by assumption".

This highlights one of the most serious shortcomings of many companies—the ability to introduce organisational changes that facilitate the attainment of concrete objectives while also opening up new possibilities. Implementing management systems specifically geared towards

[1] The idea of culture as a result of the sedimentation of management practices over time was proposed by Esteban Masifern, lecturer at the IESE Business School, in the late 1980s. The conversations with Carlos Cavallé, also an IESE lecturer, in 2007 were instrumental in determining the importance of the behavioural attributes of senior executives beyond their mere personality traits.

encouraging innovation is a much safer and more solid option than attempting to change the way people think. The best way to create an innovation-oriented culture is not to replace executives opposed to change or wait for a new generation of executives to step up whose talents and values are more in keeping with the new strategy. Companies need to accept that the most effective way of creating the culture they want is to change their management practices, with a clear orientation towards the desired goal.

The best tactic for creating an innovative culture is to introduce management practices (progressively spreading to employees at every level through various channels) that promote the desired innovative, entrepreneurial and creative behaviour. By changing our management style (in each and every aspect: how we set goals, plan, allocate resources, evaluate co-workers, reward and recognise, assign degrees of responsibility and autonomy, manage information, etc.), we are shaping corporate culture, whether consciously or, as is often the case, unconsciously. Once again, these activities target the highest echelons of our organisations.

The aim of this chapter is to outline the best practices of highly innovative companies which any business corporation can look to as examples to follow. I will focus on aspects that point directly to various facets of the role of senior management and leadership styles, because I am convinced that this is the driving force behind the innovative capacity of many companies. Obviously, these case studies will not translate directly into specific implications for innovation management in every company, but the lessons that can be learned from their example will shed light on how senior executives can make their interaction with employees more consistent and predictable and so lay the foundations for an innovative culture.[2]

When examining the best practices of highly innovative companies, the executives' first reaction is to point out the unique features of their specific company. "Yes, that's all well and good, but our company is different." Senior executives tend to doubt the feasibility of implementing the management practices of highly innovative companies in their own organisations. Although it is true that some of these practices are only applicable at advanced levels of innovative culture, the general rules for encouraging people to move towards innovation can be applied in almost any field. After analysing the management levers used in innovative companies and comparing them to those of less innovative organisations, Tushman and O'Reilly (2002) noticed that all innovative companies shared a similar set of management principles, regardless of their geographic location or field of activity. The conclusion is that, although the implementation of a new management style should be tailored to the specific needs of each company, the basic principles which govern the pursuit of innovation are fairly universal.

Another issue that management teams must face is determining the most appropriate approach. The innovative culture of companies which excel at innovation is like a hologram. One can take a variety of different approaches to the phenomenon and still get the feeling that they all effectively point to the same reality. It is relatively easy to tell if a company is innovative by observing different aspects of its dominant culture. The implication is that, although the companies described here may have used different approaches and management strategies to promote innovation, the underlying patterns

[2] In another publication, I have described and discussed different management approaches for moving towards an innovative culture (Vilá, 2008).

of managerial logic and criteria have a great deal in common. I believe that the solidity of the innovative nature of these companies derives from the coherence of the rules of the game that shape their innovative cultures (values, principles and practices). As I have already mentioned, this essay does not aim to discuss the different approaches and mechanisms which allow a company to move towards an innovative culture; rather, my intention is to focus on the best practices of senior executives in highly innovative companies.

3. CONDUCT OF SENIOR EXECUTIVES IN THE AREA OF INNOVATION

In the course of their interactions with other employees, senior executives give clear indications of their personal preferences. The way in which a management team interacts with the rest of the organisation shapes the values and expectations of its workers with regard to their conduct and attitude towards innovation. This performance is strictly analysed in the light of the senior management's context of activity. The effect on culture is greater in situations where employees understand that an innovative approach can be more beneficial (for example, in seeking solutions to important problems, defining business development strategies, evaluations when allocating strategic funds, responding to unforeseen opportunities, coming up with a new strategic approach when the market undergoes major changes, etc.). In cases where the context calls for a management strategy governed more by the principles of everyday operations, employees understand that it is not their place to interfere in executive preferences in the area of innovation.

The leadership style and conduct of senior executives is a vital factor for stimulating innovative capacity (Deschamps, 2008).[3] The most typical traits of a senior executive's favourable personal behaviour (as an individual) towards innovation can be analysed from several different angles. The approach I have chosen here is to analyse what drives their efforts to spearhead the transformation of their companies, how they direct the progress towards that goal, and how they face the problems that crop up during the evolution towards innovation. In this text I will not address the more collective aspects, which are also essential for creating and maintaining an innovative culture but which require a more detailed and separate analysis. Collective aspects are those which require the coordinated efforts of the management team, such as the creation of a favourable environment (creating an organisation for innovating that is compatible with the organisation of everyday activities) or the design and implementation of a senior management process that generates business and management innovation initiatives with a broad scope and potential implications for any area of management. I will now proceed to describe the three fundamental pillars of the actions of top-ranking executives, the cornerstone of the process for inculcating the values, principles and practices that will determine a company's capacity for innovation and quality.

They are driven by the pursuit of a goal, ideal or dream that makes sense to those who have to make it possible

Senior executives act as leaders who seek to make an impact with highly ambitious initiatives that will offer unique contributions. On the same day Steve Jobs announced the details of the iPad, his Apple co-founder Steve Wozniak addressed a smaller, less

[3] Jean-Philippe Deschamps (2008) was a valuable source of inspiration in my efforts to pinpoint the different ways in which senior executives contribute to innovation.

formal group at the Laxson Auditorium in Chino, California. The brilliant engineer spoke about the late 1970s and early 80s, when he embodied a new way of thinking, far removed from the world of mainframes and minicomputers, when he and Jobs helped birth the personal-computer industry. "I was turned on that little guys were going to do something of more value than the big corporations," recalls Wozniak. "My friend Steve Jobs... was always interested in doing things that would change the world. He was a move-the-world-forward kind of guy." Source: http://www.successmagazine.com/steve-jobs-master-of-innovation/PARAMS/article/1054/channel/22

Senior executives are strongly motivated to overcome challenges, and their efforts also make perfect sense to their employees. A challenge is a tangible goal that focuses everyone's attention on one point, and in many cases it is a more effective stimulus for innovation than extrinsic incentives such as performance-based salary packages. (See text box 1 on Ratan Tata.) A remarkable case in point is Akio Morita and Masaru Ibuka, the founders of Sony, who expressed their unease and concern about not having a big enough goal for their product development engineers. In 1952, Ibuka wondered, "Would tape recorders be challenge enough for them, motivate them to use their best abilities, or let them grow to their full potentials?" This ambitious diligence paved the way for ground-breaking product launches like the Trinitron television, the Walkman and many others.

Senior executives at the helm of innovative companies are capable of rallying the efforts of the entire organisation around ideals that will have social benefits and also motivate people to make their own contributions. Franck Riboud, chairman and CEO of Danone since 1992, sums up his company's great ambition as the desire to "bring health through food to as many people as possible". These executives are very passionate about the mission that gives meaning to their company and to innovation. (See text box 2 on John Mackey of Whole Foods Market.) Their clarity of purpose and energy create an infectious enthusiasm. The goal they pursue is a powerful internal force that propels them and the company forward. The initial boost is fundamental. They are attracted by the chance to do something unique. The analysis

Text Box 1. The Urge to Pursue a Dream

Ratan Tata started with a Dream. His dream was to provide every Indian an affordable and safe means of family transportation. What would be affordable for a middle class Indian family? At that point in time (2007), Maruti Udyog was the cheapest car at USD 7,000. Ratan Tata felt that a car of up to 1 lac rupees (100,000 rupees, roughly USD 2,500) would be affordable. So he set this goal to his engineers at the Tata Motors. "It's a dream project for the man who has an impeccable record of accomplishing things which he dreams and the name of the car is Nano," claimed Mr. Sunil Sinha, CEO of the Tata Quality Management Services.

It was never meant to be a 1 lac rupee ($2,500) car; that happened by circumstance. Ratan Tata was interviewed by *Financial Times* at the Geneva Motor Show: "I talked about this future product as a low-cost car. I was asked how much it would cost and I said about 1 lac rupees. The next day the *Financial Times* had a headline to the effect that the Tatas are to produce an Rs100,000 car (USD 2,500). My immediate reaction was to issue a rebuttal, to clarify that that was not exactly what I had said. Then I thought, I did say it would be around that figure, so why don't we just take that as a target. When I came back our people were aghast, but we had our goal." Ratan Tata had a choice to call the newspaper and correct the mistake. Instead he took it as a challenge for himself and his engineers.

Source: "The Making of the Nano", Christabelle Noronha. January 2008. Tata Leadership with Trust. • Contributed by Preeti Sharma, Gemba-2010. http://www.tata.com/media/interviews/inside.aspx?artid=Sd75BUBmzSM.

Text Box 2. A Mission to Channel Innovation

John Mackey, CEO of Whole Foods Market, co-founder of the company in 1978, has pushed the company to exceptional growth and success (CAGR of 17% in sales and of 14% in profits in the period 2001-2010). In a conversation he had in April 2010 at Darden School of Business with Professor R. Edward Freeman, he reflected upon a renewed sense of purpose for himself and Whole Foods Market: "After a great deal of soul searching into some of my deepest passions about the purpose and meaning of my own life, I came to the conclusion about 18 months ago that continuing to help lead and evolve Whole Foods Market is exactly what I most want to do, and I recommitted to the company for the long term.

I have become especially excited about the potential to help improve the lives of millions of people through better education about the principles of really healthy eating and I'm helping lead these rapidly evolving efforts at Whole Foods Market. We have many exciting healthy eating and wellness initiatives in development that I believe are really going to help people live healthier and more vital lives, and I look forward to sharing them with everyone during the next few years."

Source: The CEO's Blog, "Darden School of Business Conversation" by John Mackey, 26 July 2010• Contributed by Dana Page, Gemba-2010. http://www2.wholefoodsmarket.com/blogs/jmackey/

of constraints, though important, takes a back seat and always comes afterwards.

At times, the goal that inspires the collective efforts of the entire workforce is not a dream or a mission with a definite social contribution in mind, but an ambitious strategy which senior executives take care to renew and reinvent over time. This is often the case of consolidated companies with a long history of innovation, as illustrated by examples based on 3M, General Electric or Procter & Gamble. The key ingredient in every case, however, is that the goal must be shared in order to inspire a team effort, and for that to happen it must be "tangible" or sufficiently concrete, and it must also be appealing to those who are going to make it possible.

How they direct the progress towards the goal

The management style of an executive team is a fundamental factor for understanding a company's capacity for innovation. Senior executives in highly innovative companies share values that encourage experimentation and learning. The history of Apple, one of today's most innovative companies, is dotted with failed attempts, such as the pioneering Newton PDA or (though not all would agree) Apple TV and Apple Pippin. However, Apple learned valuable lessons from its mistakes and applied them to later developments. Thus, the mobile telephone developed with Motorola, the E790 iTunes, and the Lisa computer could be described as unsuccessful projects, but they made different contributions that were successfully used in the revolutionary iPhone. Jesús Vega, former director of human resources at Zara-Inditex, once said, "The important thing is not to avoid the pitfall of error but to climb out of the hole once we have fallen in."

Senior executives are firmly committed to exploring new ways of operating, even in the absence of pressing problems, and are open to unconventional solutions and ways of thinking. (See text box 3 on James Dyson, founder of Dyson.) IKEA's management encourages employees to search for new and improved ways of doing things in every aspect of their jobs. Even though IKEA is the undisputed leader in the global furniture market, it still promotes continuous improvement and change. The people working for the IKEA group often feel just as motivated by the mission to find new ways of achieving goals as they are by the goals themselves. They are inspired by discovery and constantly looking forward to the next new challenge. In a different context, Guy Laliberté, founder and CEO of the Cirque du Soleil, refuses to rest on the laurels of past success: "A typical day at the office for me begins by asking: What is impossible that I'm going to do today?"

This positive predisposition to explore even the risky options must be accompanied by a fundamental ingredient of any innovative culture: the acceptance of a degree of uncertainty and, consequently, a tolerance for good-faith errors. The words of William L. McKnight, CEO of 3M from 1929 to 1949 and chairman of the board of directors from 1949 to 1996, reveal his superior management style: "Mistakes will be made. But if a person is essentially right, the mistakes he or she makes are not as serious, in the long run, as the mistakes management will make if it is dictatorial and undertakes to tell those under its authority exactly how they must do their job. Management that is destructively critical when mistakes are made kills initiative, and it is essential that we have many people with initiative if we are to continue to grow."

Highly innovative companies accept the fact that relevant information, good ideas and initiatives can come from sources outside the company. Keeping an open mind to the outside world can become a part of formal corporate procedure, as in the case of Procter & Gamble's "Connect + Develop" strategy or IDEO's "Deep Dive" brainstorming technique; it can inspire an approach based on strategic business partnerships, such as that embraced by Amazon, Nike or Federal Express; or it may take the form of employee initiatives supported by the management, like the participation in social networks and forums practised by the employees of Sun Microsystems, or an open invitation for external agents—customers, for example—to suggest ideas, a strategy used by many companies. Senior executives urge their employees not only to look outside the company but also to become keen and active observers and learn to identify business opportunities in the tangle of weak signals bouncing around the market. This is exactly what goes on in the business opportunities evaluation process of the "Imagination Breakthrough" initiative led by the CEO of General Electric, Jeffrey Immelt, which aims to generate ideas that will boost the company's growth.

A flexible approach is vital for progressing towards the ambitious, challenging goal. Management at innovative companies shows an open mind and is willing to work proactively and humbly to find other

Text Box 3. Urging Employees Not to Settle for the First Easy Solution

James Dyson, founder of Dyson Ltd., UK, built on a vacuum cleaner that uses centrifugal force to separate dirt from air he had invented in 1979. Having gradually stepped away from the day-to-day running of the business, he's spent the past decade trying to create the perfect environment for innovation. He's determined not to be an owner marooned from the workforce. "One of the most important things is I spend time, not in my glass office in Wiltshire, but going among creative people, not just the engineers, making sure they're doing creative things. I don't mean I go around like a policeman, but more just encouraging creativity."

Offering praise, encouraging workers to take the challenging route rather than the obvious one, and taking an active role himself are pillars Dyson has built the company on. "What I'm talking about is people having the courage to take risks, make a mistake and be ridiculed. They should have no fear of doing something that's not 'normal' or 'sensible' and worry I'll clip them round the ear and say 'don't be so bloody stupid'," he claims.

Source: "James Dyson", by Ian Wallis. *Growing Business Online*. 1/4/2004. • Contributed by Federico Ciardelli, Gemba-2009. http://www.growingbusiness.co.uk/06959143454587923447/james-dyson.html alternatives for moving forward. The managers of Starbucks tell their employees, "When presented with negative feedback from a customer, recognise that you may have an opportunity to actually strengthen that relationship." When employees see that management takes a healthy interest in all feedback, both positive and negative, appreciating its value becomes easier for the workers themselves.

Evaluation for the purpose of learning fosters innovation and enhances the ability to achieve the established goal (Senge, 1998). At Pixar Animation, executives like Brad Bird, who can boast a string of blockbusters such as *The Incredibles*, *Cars* and *Ratatouille,* treat their employees as equals. At team meetings, everyone receives positive or negative feedback on their work before the entire group. Everyone is encouraged to participate and express their opinions about the work of others. Brad Bird's introduction of this practice at Pixar has raised the bar in terms of the quality of the company's output. (See text box 4 on Brad Bird, director at Pixar.)

These values, principles and practices used by senior executives in highly innovative companies are not limited to a specific industry or geographic region. They can be found in large corporations with a technological background (like GE under the leadership of Jeffrey Immelt) and companies whose markets are constantly evolving (such as Inditex, owner of the Zara chain and a leader in the global fashion industry, in which the founder Amancio Ortega has played a pivotal role), but also in traditional businesses like the Mexican cement company CEMEX and even in much smaller enterprises. At Metalquimia, a second-generation family business that manufactures meat-processing equipment, the strong personal commitment of executive director Josep Lagares has been the driving force behind initiatives to strengthen the company's capacity for innovation. He heads up the product innovation and process committees at Metalquimia, the entire workforce has received training in creative techniques, and he has introduced a computer application for managing creativity and innovation that encourages everyone to contribute—"just another step towards my goal of socialising creativity". In April 2010, Metalquimia introduced Quick-Dry-Slice, a revolutionary technology for speeding up the drying and curing process of sliced meat products which will reinforce the company's already solid position in the global market.[4] The executive director is the primary catalyst for the process of democratising innovation within this company.

Text Box 4. Value Based on Validity, Not Hierarchic Status

Brad Bird, director at Pixar: "From the beginning, I pushed and analyzed each person's work in front of everybody. And they didn't speak up. One day, I did my thing, and one of the guys sighed. I shouted, 'What was that?' And he said, 'Nothing man, it's OK.' And I said, 'No, you sighed. Clearly, you disagree with something I did there. Show me what you're thinking. I might not have it right. You might. Show us.' So he came up, and I handed him the dry-erase marker. He erased what I did. Then he did something different and explained why he thought it ought to be that way. I said, 'That's better than what I did. Great.' Everybody saw that he didn't get his head chopped off. And our learning curve went straight up. By the end of the film, that animation team was much stronger than at the beginning, because we had all learned from each other's strengths. But it took two months for people to feel safe enough to speak up."

Source: "Innovation lessons from Pixar: An interview with Oscar-winning director Brad Bird", *McKinsey Quarterly*, April 2008 • Contributed by Edinardo Figueiredo, Gemba-2010. http://www.mckinseyquarterly.com/innovation_lessons_from_pixar_an_interview_with_oscar-winning_director_brad_bird_2127

[4] http://www.metalquimia.com/productes.php?idm=3&subpagina=20

How they deal with adversity

As with any transformation of the status quo, innovation entails dealing with unforeseen events. The reactions of senior executives to difficulties that the company must overcome as it pursues its goal set an example for the other employees by revealing the values and preferences of the management, and their response therefore has a direct effect on the company's innovative culture.

Senior executives are persistent and show unwavering support for an initiative even when the early results are disheartening. In the early years of Sony's history, Akio Morita and Masaru Ibuka were warned by their accountants that they were investing too heavily in new developments and even putting the company's financial viability at risk. The executives' response was: "Just be patient a little longer and we will make a fortune." Another example of perseverance is Carlos Sumarroca, who refused to listen to a scientific/technical team's repeated advice to scrap his project; today, Agromillora Catalana is one of the world's leading tree and rootstock suppliers.

In highly innovative companies, the phrase "it's impossible" does not exist. When faced with recurring failures, they simply say, "We don't know how to do it right." Some of the solutions that are now part of the IKEA business model came about thanks to dogged attempts to solve problems that could have sunk the company. Their obstinate insistence on keeping costs low and finding an original solution to a transport strike led them to the ground-breaking idea of having customers transport and assemble the furniture in their own homes.

Innovation requires persistence. "If at first you don't succeed, try, try and try again." The IKEA motto, "Never say never encapsulates the company's positive obstinacy, perseverance and determination to attain goals and never give up. However, this persistence is tempered by limits and principles that make it balanced and financially viable for the business (Ingvar Kamprad, founder of IKEA, in his "Testament of a Furniture Dealer"). This willpower is considered more effective at the team level, where there must be mutual trust and general consensus before coordinated, decisive action can be taken.

At Amazon, the management encourages employees working in areas of innovation to pursue ideas and concepts even if they do not yield short-term results. "You need to be willing to be misunderstood for a long period of time. Innovation is hard for large companies because you need to be long-term oriented." Commenting on the need to think long-term, Jeff Bezos, founder and CEO of Amazon, stated with conviction, "If you take a short-term approach, then you are constantly stuck with trying to deal with minutiae. I hate to see someone 'sticking to their knitting' because they're incapable of taking chances."

In highly innovative companies, senior executives are visibly self-confident, but they also give clear indications of having confidence in the work of entrepreneurs. At 3M, an entrepreneurial spirit is encouraged by the application of a fundamental principle: freedom to pursue ground-breaking ideas in the workplace. Researchers at 3M can spend up to 15% of their time working on projects of their choice, with no interference from management. Thanks to the atmosphere of freedom created by this policy, a 3M scientist named Art Fry was able to develop the famous Post-It note in 1973.

Executives in charge of innovative companies are willing to step outside their comfort zone to make innovation possible.

Text Box 5. Senior Executives Are Willing to Change Even Themselves

"Innovation should be at the basis of everything we do, not only the product formulation, but everything that touches the consumer. It's the concept of innovating in all the ways that touch the consumer life. P&G has moved from a definition of innovation, which was probably a bit narrow, focusing on the product, to a concept of innovation that is a lot wider.

Innovation is becoming more demanding and pace is becoming shorter. We will never have enough resources, enough ideas internally to deal with it so quickly and broadly. P&G has set a great goal: to get about half of the ideas from outside. When you've made that decision, you need to change the way you work and make those connections. People have to want to come to you with an idea, they have to believe that you'll listen and give them a chance. They have to believe that you're prepared to change some of your processes to accommodate new ideas."

Gianni Ciserani, Vice President and General Manager of Procter & Gamble UK and Ireland

Source: Brand Strategy, Published: 01 November 2005 "Learning to Listen to New Ideas: Interview with Gianni Ciserani" • Contributed by Andrey Lankovich, Gemba-2008 and Manuel Lapeira Gemba-M-2010. http://www.mad.co.uk/Main/News/Disciplines/Marketing/Articles/5f42852a91a6407db37cf0114d285395/Gianni-Ciserani-the-Italian-job.html

Their confidence in the benefits of innovation, and their commitment to making it possible, are evidenced by the fact that senior executives are willing to consider initiatives which entail changes that may affect them personally, altering their own quality of life in the company. They do not hide behind the shield of hierarchical authority. They are just another cog in the machine, subject to the same rules as everyone else. When Sony decided that it needed to study the unique traits of the world's most advanced consumer electronics market firsthand, Akio Morita moved to New York with his entire family in July 1963—an eloquent example of personal commitment.

When the leaders of highly innovative companies are the most tangible examples of personal commitment, it creates the necessary climate for bringing about a change in employee values and beliefs that will favour innovation. Senior executives face adversity with courage and bravery, a clear reflection of their high self-confidence. Their commitment leads them to play an active role in innovation governance, supervision and management, and their intense involvement and discipline in spearheading the process is understood by everyone as proof of their serious sense of purpose. Logically, the tangible commitment of corporate leaders ends up becoming a necessary ingredient in both the transition towards and the firm consolidation of an innovative culture.

Jeffrey Immelt, GE's CEO, fosters GE's commitment to innovation by leading through example. As the world is resetting itself, Immelt says that his role is to turn fear into confidence.[5] At a speech at Dartmouth College he offered a grounded playbook for leadership in the tough present. "Good leaders," he said, "are very curious, and they spend a lot of time trying to learn things." Immelt tries to set aside 20% of his time for thinking and re-conceptualising. He also said that "every innovation leader at GE will meet with me at least once, and a great part of my job is that I get to go places to pick up that next best idea". Yet, like his predecessor Jack Welch, known for deep dives into operating details, Immelt said he is involved with 40 projects at GE that represent "imagination breakthroughs". He has developed his own guidelines to judge new opportunities and progress.[6] Good leaders manage by setting boundaries with freedom in the middle. "The boundaries are commitment, passion, trust, and teamwork. Within those guidelines, there's plenty of freedom. But no one can cross those four boundaries."

[5] http://ge.ecomagination.com/ and http://www.fastcompany.com/blog/lewis-perkins/semantics-sustainability/sustainable-strategy-goes-mainstream

[6] http://www.fastcompany.com/magazine/84/pr.html

Jeffrey Immelt, in a conversation with *Fast Company* editor-in-chief John A. Byrne in the CEO's conference room at GE headquarters in Fairfield, Connecticut, was asked: "What have you learned so far in the job as GE's CEO?" Immelt responded: "One of the things Jack Welch said early on that I think is totally right is: It's a marathon. It's not a sprint. All these books about the first 90 days are kind of rubbish in many ways. You have to have a plan. You have to stick with it. You have to modify it at times, but every day you've got to get up and play hard. Jack used to see me running around, even after he left, and he'd say to me, 'Remember, it's a marathon. Ten years. Fifteen years. You've got to get up every day with a new idea, a new spin, and you've got to bring it in here every day.' I always kind of knew that, but until you're right in the middle of it, you never get it. His advice was right. It's the sustained ability to change that really counts."

4. IN CONCLUSION

Innovation requires making changes in the way a company works so that new ideas can be transformed into results. These changes must be understood and supported by the majority of the company's employees. Moreover, innovation today is not confined to the technological sector or to new product launches, and building a solid support base for innovation is therefore a priority for senior executives. However, modifying values and beliefs to create a favourable environment for innovation seems like an arduous task at first glance.

The organisational culture of highly innovative companies suggests that the most effective tool for changing mindsets is management style, and the behaviour of the company's top executives is a crucial factor. How senior executives conduct themselves in situations involving innovation, whether consciously or unconsciously, has a direct effect on the employees' perception of the values and beliefs they are expected to embrace, and so their actions determine the degree to which the corporate culture is more or less favourable for innovation. The task of mobilising employees to pursue innovation begins with a change in attitude and conduct at the highest levels of authority in our organisations.

A study based on the role of senior executives in highly innovative companies suggests that their conduct can influence the creation of two important but very different kinds of innovative cultures (Vilà, 2008). The first and most obvious is an innovative culture that is largely defined by the personality of a founder (or a small team of founders) with a strong entrepreneurial spirit. The values and beliefs of companies like Apple or IKEA are closely bound up with the actions and traits of their respective managements. It would be impossible to conceive Apple's early innovation without Steve Jobs, or IKEA without Ingvar Kamprad, or Sony without Akio Morita and Masaru Ibuka. The second kind is a culture that transcends the figure of the founder and endures over time. We might say that in this case the values have become part of the company's DNA; they have been institutionalised. Does anyone know the names of the founders of companies like 3M or Danone? In the case of many companies that were widely acclaimed as innovative enterprises in their early years, it is difficult to know who the current senior executives are. A key responsibility of every senior management team has become the renewal of the cornerstones on which the corporate culture rests. I believe that the actions of senior executives (their values, principles and practices) when setting ambitious goals, supervising the progress towards those goals and facing the adversities that crop up on the road to innovation are fundamental in determining whether a culture regenerates itself or fades over time.

It is imperative that a company's senior executives understand and accept their fundamental responsibility in a process as critical as promoting innovation. The perception of employees makes it impossible to delegate any aspect of this responsibility.

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