

## **Innovation: Why Context is King, and How Leadership Matters Most**

An interview with Bettina von Stamm

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**Dr. Bettina von Stamm** is the Founder and Catalyst of the Innovation Leadership Forum and a leading expert on innovation management and innovation leadership. For nearly two decades she has been researching, writing, speaking, teaching, and advising on innovation for senior-level decision makers.

Recently, Imaginatik had the chance to chat with Bettina about innovation and leadership. In particular, we learned about the importance of “context” in determining innovation’s success or failure, and about the essential role of senior leadership in making innovation sustainable.

### How Context Matters for Innovation

**Imaginatik:** How did you first get interested in innovation?

**Bettina:** Early in my career I was studying New Product Development, as part of my PhD research at London Business School. I became fascinated with the “real” reasons development projects succeed or fail. Typically you think of factors such as process design, team composition, etc. But I discovered other, more deeply seated reasons – surrounding context, holistic thinking, human nature. For innovation, the more intangible factors are crucially important.

**Imaginatik:** Very interesting. Can you tell us more about how context (for example) affects innovation?

**Bettina:** Innovation is not a rote activity; it is messy and involves change and uncertainty. What works under one set of circumstances does not necessarily work in a different set. So creating the best actions and processes is highly context-dependent. In my framework I present context like an onion. At the center is the organization itself, and its own operational context. The next layer is the relationships between the company and its business contacts – suppliers, partners, customers.

Beyond that you have the marketplace as a whole. Each of these layers affects the way a company should think about and approach innovation.

**Imaginatik:** Can you share an example of how context affects innovation?

**Bettina:** As with so many organizations, I worked with a particular large global retailer that decided to seek radical innovation. They decided to move into the services related to their product offering. When the experiment did not deliver within the first 6 months they decided that, after all, radical innovation was not for them. What they failed to understand is that it generally takes time for an established player to engage successfully in radical innovation. If the change is radical, particularly from their particular point of view, it will require a different set of processes, workforce skills, as well as management and operating models. To acquire all of this takes time, especially if it is to be developed entirely in-house.

**Imaginatik:** How do you advise leaders on planning around context? What lessons can we take away?

**Bettina:** I have recently started to encourage leaders to think about “leading practices” rather than “best practices”. Merely copying what worked elsewhere can be a disaster when you’re trying to innovate; or rather, you need to understand what you can transfer directly, and what you need to adapt. So while there is much to be learned by starting with lessons and methods that were successful in other companies, I tell leaders to start by asking “Where are **you** now, why do **you** want to innovate, and where do **you** want to go with it?” And then: “What in your existing context will help you realize your ambition, and what is likely to get in the way? ?”

This forces organizations to think critically about the specifics of their own situation. The innovation challenge needs to be approached holistically and at the system-level before specific plans and actions are put into place.

By the way, I also like to emphasize that constraints arising from context should not be taken as an excuse to remain within them! On the contrary. What truly innovative organizations are very good at is to re-shape existing conditions and contexts in a way that enables them to realize their dream or vision.

## What Kind of Leadership is Needed?

**Imaginatik:** Through your Innovation Leadership Forum, you interact regularly with people who lead innovation. What have you learned from this group?

**Bettina:** That those involved in innovation are fantastic people :).

In terms of how the group operates, we are a kind of self-help group. We share and compare insights, experiences, methods and approaches, me from the 'literature' and members from their specific situations. At the end of the session we always ask the question, "What and how can I translate what I have learned into my own specific context?"

In terms of overall learning about innovation, for me, the paramount lesson is the importance of top leadership's role in creating and sustaining innovative organizations. Innovation can start anywhere in an organization, but eventually senior management needs to understand, buy-into and support it full-heartedly – and consistently. Innovation is not something you can switch on and off. If a company's senior-most leaders are not actively supportive, then innovation may exist in pockets, but it will never truly become part of the organization's DNA. It sounds so obvious, but for most companies it never really happens!

**Imaginatik:** OK, so what's the stumbling block? What's the right way for senior leaders to drive innovation?

**Bettina:** First of all, there is no one specific stumbling block. That's one of the biggest challenges of innovation. In order to create a sustainably innovative organization – rather than an organization that creates the occasional innovation success – a whole range of factors need to be addressed, that is why it is so difficult. However, the leadership issue is the most critical one, all else can flow from there.

For a senior leader to support innovation, they must start with vision and conviction. Think of Steve Jobs. If he had conducted careful, meticulous market research, we never would have seen the iPod. Instead, he followed his absolute convictions and steered his company in bold new directions. And the important thing is, he did not only talk the talk but he put things in place that would enable his employees to live up to and realize his vision. Following words with actions is what makes the difference.

One of my favorite examples of strong innovation leadership is from Whirlpool. In the late 1990s, CEO David Whitwam walked into the office and declared: I want innovation from everyone, everywhere. But instead of merely proclaiming innovation as important, he literally changed the fabric of the company. He pulled managers out of operations and trained them for a sustained period on innovation. He provided ring-fenced budgets for innovation projects. And much more. This is the level of dedication and commitment that makes the difference.

One of the most challenging moments in sustaining innovation performance and conditions for innovation is when a new CEO takes over...

**Imaginatik:** So it is just a question of making bold operational decisions and following through on them?

**Bettina:** There's more to it than that. It is about understanding the context; it is about inspiring, sincere, and visionary leadership; it is about ongoing commitment; and it is about what and how you communicate. Innovation happens in the presence of a certain set of values and behaviors. Fundamentally, innovation is about people, and how to inspire them to embrace the path of change.

This can only happen when understanding human nature and our general fear of change – though I also believe that people do not resist change per se, but rather being changed. Hence, the way a leader conveys his/her convictions matters greatly. You do not connect emotionally with people through graphs, figures and reports. You connect with them through honest stories and pictures. You connect by involving people, by listening to their ideas and concerns, by taking individuals seriously. I believe that every one of us would like to make positive contributions; innovation is one way of achieving that.