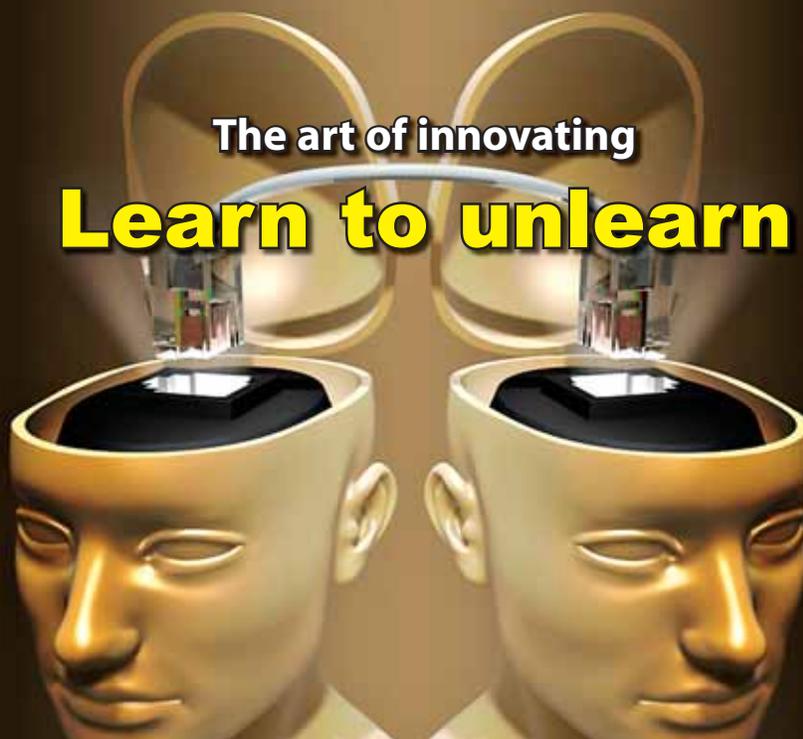


## The art of innovating

# Learn to unlearn



In today's world, one needs to learn more and learn quickly at that. But the biggest irony is that the future belongs to those who can unlearn faster than the rest. This is because one cannot always learn something new until one first lets go of something else. Though it is hard to let go of old rules, one should always be quick enough to cut them off more quickly than ever, for the future lies in how fast one is at unlearning. Read on...

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**M**ost children are told by their parents and teachers to do the right thing. For example, colour inside the lines, show good manners, spell properly, use correct grammar, etc. Other than an occasional rebellious act or two, most of them learn the rules quickly. The result? They fear failure.

When they grow up, however, they rediscover what Charles F Kettering found out, "You will never stub your toe standing still. The faster you go, the more chance there is of stubbing your toe, but the more chance you have of getting somewhere."

But as organisations become more successful, they become more rigid and risk-averse. They forget that mistakes are an important part of learning and innovation. By playing it safe, they unknowingly stifle innovation rather than encouraging it?

### Achilles' Heel

Clayton Christensen, professor, Harvard Business School and author of breakthrough research on innovation in books such as

*The Innovator's Dilemma* and *The Innovator's Solution*, has found that innovations tend to fall in two distinct categories: sustaining and disruptive.

Sustaining innovations make the products or services better in areas valued by demanding, high-end customers. In other words, these innovations are akin to making a better mousetrap. Sustaining innovations can be incremental or revolutionary. Powerful motivation to protect their most valuable customers, enables incumbents to almost always win the battles for sustaining innovation, says Christensen.

On the other hand, disruptive innovations bring to market a new product or service that is actually worse along the aspects of performance most valued by mainstream customers, according to Christensen. Disruptors rely on offering simpler, more convenient, and less expensive products to new or less-demanding customers. By doing so, they present industry leaders with the innovator's dilemma: "Should we invest to protect the least profitable end of our business, so that we

can retain our least loyal, most price-sensitive customers? Or should we invest to strengthen our position in the most profitable tiers of our business with customers who reward us with premium prices for better products?"

In what appears to be a 'no-brainer', established competitors who have set their sights on going upmarket, respond by ignoring or even fleeing rather than fighting when attacked from below.

Why? According to Christensen, industry leaders have honed the processes for assessing customers' needs, evaluating technological potential, and introducing better products with higher profit margins. Because disruptive innovations occur so seldom, very few companies have a routine process for handling them. And the 'rational' managers that they are, they follow what they have learned in business school: Do not waste time and energy with lower profit margin products that can not be used by the very best customers.

So, the very strength of industry leaders – the market share, people, talent, money, technology, and processes – becomes their Achilles' heel when faced with a disruptive innovation. Although it seems counterintuitive, Christensen has observed that this conceding of new or less-demanding customer segments to disruptive upstarts has been the reason for the downfall of incumbents in industry after industry.

### Learning from lapses

Large organisations are a complex system of people, structures, products, processes, and technologies. Paul C Nutt, who has studied hundreds of decisions, makes a strong case in his book *Why Decisions Fail* as to why failures must be studied. He says, "Debacles highlight blunders. They offer insights into how a decision can go wrong, why it went wrong, and what changes in decision-making practices could improve the chances of success." That is all well and good,

but the corporate reality is much different. Organisations have a typical response when there is a failure: denial, deflection, finger pointing, fault finding, search for scapegoats, and punishment of the innocent! This automatic response emanates from the fact that we are trained to fear failure.

Rather than playing the blame game, leaders need to encourage honesty and openness. That is exactly why noted management consultant W Edwards Deming's advice was to drive out fear. He says, "Many employees are afraid to ask questions or take a position, even

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when they do not understand what the job is or what is right or wrong. People will continue to do things the wrong way, or not do them at all. The economic loss from fear is appalling. It is necessary for better quality and productivity that people feel secure."

Simply beating the front-line people on the head does not eliminate the root causes of failures. Senior leaders have a responsibility to overcome the inherent resistance to hold themselves up for scrutiny. Thomas Edison, considered to be one of the most prolific inventors in history including the light bulb, was right when he proclaimed, "I have not failed. I

have just found 10,000 ways that will not work."

### Making deliberate mistakes

While executives know what needs to happen for innovation to occur – flexibility, decisiveness, risk-taking – actually doing it is a whole new proposition. Paul J H Schoemaker and Robert E Gunther in their article, 'The Wisdom of Deliberate Mistakes' (Harvard Business Review, June 2006) point out the reason: "Although organisations need to make mistakes in order to improve, they go to great lengths to avoid anything resembling an error. That is because most companies are designed for optimum performance rather than learning, and mistakes are seen as defects that need to be minimised." This mode of thinking goes to the core of an organisation's culture. A memo from the corner office is unlikely to change that overnight.

Leaders need to inculcate a culture that is accepting of experimentation, which inevitably leads to errors. To encourage innovation, leaders must identify, publicly declare, and act to eradicate innovation-busters that exist in their culture. They should lead the way by challenging common wisdom. It is up to them to set the tone and reward those who are willing to challenge long-held,





rigid assumptions – both written and unwritten – in a constructive and systematic way.

Schoemaker and Gunther go even further and expound on the virtues of making deliberate mistakes. They say that many managers recognise the value of experimentation, but they usually design experiments to simply confirm their initial assumptions. Instead the authors advocate making mistakes knowingly in situations where the potential gain greatly outweighs the cost, or when the same decision is made repeatedly, or when the competitive environment has changed significantly. The experimentation approach also stands in good stead when there are numerous solutions to a complex problem or when there is unfamiliarity with the problem.

When innovation is high on their agendas, leaders have to be the instigators of the movement toward learning by making deliberate mistakes. If they do, the story about Thomas J Watson Jr at IBM refusing to fire a midlevel executive for a multi-million dollar mistake saying that ‘he had just spent millions of dollars educating him’ will be a commonplace occurrence rather than the folklore that it has become.

### Rhetoric versus reality

John Backus developed the FORTRAN programming language in the 1950s and changed how people interacted with computers. Before that computers had to be meticulously hand-coded. Backus created a high-level programming language

that abstracted the work and let programmers enter commands in a more intuitive manner. Backus once said about his innovation, “Much of my work has come from being lazy.”

Bob Gundlach, inducted into the ‘National Inventors Hall of Fame,’ is credited with 155 patents over his 42-year career at Xerox. His inventions not only made xerography commercially viable, but they moved the technology into new applications and markets that

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no one had imagined. He has jokingly said that about half of his 150-some patents were based on lucky accidents and the other half on recovery from failure. Gundlach believes that giving high-level innovators with good track records free reign to develop new technologies is very important. “You must trust them to find new applications. Sometimes the planners don’t really have the imagination that the people in the labs have,” says Gundlach.

And, this is where cognitive dissonance between words and action can occur. Gary Hamel, author of *The Future of Management*, argues that

very few companies have created an organisation in which innovation is truly everyone’s responsibility. Despite all the grand slogans, companies don’t provide business innovator training for first-level employees. Hamel also believes that bureaucracy can be crippling in most organisations to get even a small capital or free time for experimentation. Innovation performance does not typically influence employees’ compensation and management processes in the company actually get in the way of progress. Hamel believes that in most companies there’s still a major gap between the rhetoric of innovation and the reality.

### From spark to controlled combustion

There is this mistaken notion that innovation comes from a single spark. As in all engines, controlled combustion requires a combination of heat, fuel, and oxygen. Innovation too needs other factors if it is going to be adopted, scaled, and commercialised. To contain a wildfire, firefighters lower the heat, remove the fuel source, or deplete the oxygen. Ironically enough, rather than creating controlled combustion, many companies find a way to douse the very flame of innovation.

Rosabeth Moss Kanter in her classic article, ‘Innovation: The Classic Traps’ (Harvard Business Review, November 2006), describes classic mistakes that companies make - repeatedly. She believes that the quest for innovation is doomed unless the managers who seek it take time to learn from the past. These blunders, based on her observations of major waves of innovation enthusiasm over the past 25 years, occur in four major areas: strategy, process, structure, and skills assessment.

By creating a strategy to look for the next killer app, companies reject opportunities that at first glance appear too small, according to Kanter. By betting on a blockbuster innovation strategy like iPod or Viagra, companies end up discouraging investment in ideas that cannot be easily tested

using conventional market research—a phenomenon Clayton Christensen calls asymmetric motivation. A related mistake companies make is to think that only products count. In reality, innovative ideas can come from any function inside a company, not just from product development. Rather than putting all the eggs in one basket, Kanter suggests using an innovation pyramid approach with several big bets at the top coupled with a portfolio of midrange ideas in test stage and a broad base of early stage ideas at the bottom.

Kanter found that rigid controls strangle innovation by subjecting them to the same planning, budgeting, and performance monitoring criteria and processes as for the existing businesses. Nascent businesses often take a circuitous path to success and holding them hostage to strict controls of bean counters in green eyeshades, is a sure way to strangle innovation. Reserving pools of innovation fund for unforeseen opportunities while displaying more patience and allowing less exacting requirements may be a way to free the new ventures from the corporate stranglehold.

How the embryonic businesses are structured inside the company is equally important to avoid a clash of cultures or conflicting agendas, warns Kanter. I have personally witnessed how new business ideas ruffle feathers of the traditional businesses and how rivalry and resentment begin to build. If the existing businesses feel like second-class citizens compared to the innovators, they will find a way to crush them—a fairly common occurrence in the corporate turf battles. To avoid this mistake, Kanter recommends facilitation of closer connections between innovators and mainstream businesses through productive conversations. She encourages senior leaders to convene discussions between innovators and mainstream businesses to ensure mutual respect. It is also important for innovators to adopt a charter with a responsibility to serve the existing businesses.



Overemphasis of technical skills rather than leadership skills such as relationship building and communication is another mistake companies make, observes Kanter. Undervaluing of and underinvesting in the human side of innovation result in neglecting external communication or emphasising tasks over relationships. The underlying cause is the mistaken belief that bright ideas will speak for themselves and sell themselves. While the leaders of new ventures have to understand the technical aspects, if they don't possess interpersonal skills they cannot assemble the right team that can collaborate effectively or connect with the mainstream business and the outside world. The resulting technical jargon and isolation caused by lack of supporting coalitions can exponentially increase the risk of disruptive innovations being rejected, thereby sounding the death knell for the new venture.

### **Cultivate a culture of inquisitiveness**

The bottom line is that innovation comes from cultivating a culture of inquisitiveness that is created at the top, where failure is not feared, but seen as a strategic advantage and an

opportunity. But intentions alone are not enough. Leaders need to ensure that the resource allocation processes are not ignoring new or less-demanding customer segments that their disruptive competitors could target. Besides encouraging experimentation and tolerance levels, fostering a culture of innovation also encourages one to make deliberate mistakes. Leaders also need to match the rhetoric by recognising and systematically staying clear of common traps that hinder innovation.

But that begins with unlearning what one first taught one's children and then getting out of one's own way! 



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