

NANCY FREDERICKS REPORTS . . .



Innovation Impact

**...Leading
To Increase
Company Profits**

Innovation Survey Results

Turning Your Workforce Into Profit



For the past 25 years, we have optimized our organizations for efficiency and quality. Over the next quarter century, we must optimize our entire society for innovation.

National Innovation Initiative, Council on Competitiveness, Final Report, Executive Summary

What is Innovation? It isn't the words spouted by executives and promoted in corporate annual reports or boldly affirmed in the mission statement. It is always about the actions taken both individually and collectively and the results produced.

The knowledge economy has forever changed how companies transact business. There is no question generating and harnessing an organization's innovative forces are imperative to the future of everyone in business—companies and employees alike.

Organizations must bring more to the table than ever before. They either forcefully drive Innovation or move aside and let their competition pass them. Without question, central to the heart of a vital Innovation culture is a consistent workforce that is a source of *new ideas, new technologies, new products and new processes.*

With this in mind, Nancy Fredericks International conducted an Innovation survey (in conjunction with BinahConsulting) to measure the impact and identify employee perceptions regarding the innovative mindset in their daily work experience.

The survey results offer keys to designing and implementing a focused, vital, innovative workforce for your organization. The gaps exposed and the ideas generated from this report, when employed, will transform your work culture.

DEMOGRAPHICS

Let's examine who participated in our Innovation survey:



- 43.48 of the respondents were from **Canada**
- 40.58 from the **United States** and the remaining
- 15.94 percent were **scattered around the globe**.

ed themselves as being employed by:

- a **small** (43.06 percent)
- **mid-sized** (23.61 percent)
- **large company** (33.33 percent).

The hierarchal breakdown of survey respondents identified themselves as holding a position in:

- 30.56 percent of the **C-suite**
- 55.56 percent as **senior/mid-level**
- 13.89 percent were below **mid-level**.



OVERVIEW

Organizations in today's global landscape are experiencing a challenging competitive and disruptive work environment. They are confronting issues rarely experienced before nor have sustainable, reliable, workable solutions been pinpointed as yet. Companies large and small are scrambling. These challenging times are forcing everyone to stretch not only the company as a whole but each employee as well.



And we all recognize that a robust Innovation environment is a sure sign of the strength of a corporation. The big puzzle is how can your culture transform so that Innovation is the norm?

You may notice a lot of talk surrounding Innovation as the top dilemma that keeps your boardroom and executive suite leaders awake at night. Unfortunately, only **a mere 7 percent of corporations are considered innovative leaders**. And our survey reveals that none of **the participants (representatives of your workforce) have a handle on their part of Innovation either**.

It is not enough to have an innovative strategy nor is it sufficient to commit budget to Innovation efforts (though these are essential elements); you also must have an actively engaged workforce dedicated to an all-hands-on-deck Innovation commitment throughout the organization.

On top of that, breakthrough Innovation doesn't exclusively emerge from the mind of one creative rather within the context of a collaborative organizational environment that encourages *dialogue*, *risk-taking*, and *challenges the status quo*. Such an environment stimulates the "idea domino effect" of connections that leads to new ideas. Your true competitive advantage is the *competency*, *agility*, *creativity*, and *Innovation* of your workforce.

How powerful would your organization be if your employees, all of them, consistently responded, with an innovative mindset?

RATE YOUR ORGANIZATION

What are the barriers? Initiating idea generation with a flexibility of mind and learning to work beyond individual roles and responsibilities has become mandatory for every organization. How good is your company at this?

If your organization is anything like our survey demographics—and they are—your workforce experiences a lot of complications on their way to Innovation.

Our research reveals several barriers to Innovation:

- 72.34 percent answered **time**.
- 39.44 percent indicated **budget**.

- 38.62 percent listed **people**.
- 23.94 percent expressed **knowledge/expertise/tools**.
- 18.31 percent said **lack of clarity/relevancy to my role**.
- With 12.68 percent reporting **other**.



How can you grow Innovation? By fostering borderless thinking; by integrating Innovation as part of everyone’s job; by expecting alternative thinking; and by valuing innovative behavior at all levels of the organization. It isn’t easy. Staying on top requires *nimbleness, responsiveness, hard-work and perseverance*.

And if your organization doesn’t reflect these attributes, you have to find a way to alter the culture so that it does or it’s hard to imagine your company—or any—surviving long-term.

What did the respondents have to say about how to improve Innovation?

- 44.9 percent of respondents indicated **more collaboration across functional areas**
- 40.58 percent said **consistent organizational goals, measures and incentives**
- 39.13 percent pointed out **clarity of Innovation vision for organization**
- 36.23 percent are looking for **more people involvement in idea generation**
- 34.78 percent feel **more employee development programs aimed at Innovation and creativity skills**
- 33.33 percent that their **organization needs to be more open to new ideas**

A final note suggests that while Innovation is taking place and sometimes with good results in organizations, wins are not being *highlighted, recognized or celebrated*. When you incorporate these concepts into the everyday practices in your company, they will aid in promoting and fostering an ongoing culture of Innovation.

ORGANIZATION'S INNOVATIVE FOCUS

Sadly, there is a damaging disconnect in corporations and their workforce. While the bulk of respondents agree **Innovation is the key to driving profit and growth**, when it comes to actual innovative action, your employees aren't spending very much time each week focused on it.



Additionally, the survey revealed a concerning ambivalence. Only **5.79 (out of 10) measured Innovation as important to their organization**; **5.07 thought their organization was effective at Innovation**, and **5.37 saw their organization as receptive to their new ideas**. *Importance, effectiveness, and receptivity* are three critical factors for successful Innovation, and yet organizations are not entirely enrolled or even believe their organization can pull off the concept successfully. This does not bode well nor should it offer any comfort moving forward with plans for future innovative endeavors.

Even more alarming, when your organization requires a deeper commitment by your entire workforce, on a scale of 10, only **5.79 consider themselves innovative**.

SPREADING INNOVATION

It is noteworthy that though **85 percent of the respondents agree Innovation is a key driver for growth and profit**. When the rubber actually meets the road, **only 5.90 percent of the respondents are receptive to innovative ideas coming from the organization**. Clearly, these results do not reveal the innovative urgency companies would hope to ignite in their employees.

When looking at individual results, however, they were polarized. Respondents were either all the way to the low end with no real commitment and openness or very open and receptive to new ideas and Innovation.



Respondents revealed that they were the most receptive to innovative ideas when it comes from their boss. Interesting yet not surprising as our result parallels Gallup's research which "*found that managers are primarily responsible for their employees' engagement levels.*"

SIX WORKFORCE UPGRADE GAPS

There were six areas identified where organizations face their biggest opportunity for change.

1. **Too Little Time:**

Despite the fact that **52.78 percent of respondents say that everyone owns Innovation**, participants do not see Innovation as part of their daily focus or job requirement. Would you be taken aback to hear that **83.10 percent of the respondents spend less than 25 percent of their time working on Innovation**; and of that number **42.25 percent spend less than 10%**?



Take a moment to assess what percentage of time.

Do your strategic plans project a higher level of employee Innovation involvement? It is challenging to conceive of any organization achieving the next breakthrough *product* or *service* or *process* or *technology* with so little of their company's resources concentrating on Innovation.

Clarity on who is responsible is an issue in organizations. As you look at **38.88 percent of the respondents see Innovation resting in the hands of C-suite leaders and management**, which in part, we would presume is one of the reasons employees are not spending more focused attention on Innovation.

Also, organizations tend to focus their employees on the *functional side* of the business rather than the Innovation *improvement side*. Such single-mindedness only harms organizations in the long run. It is always a “both and” conversation that leads to *both* successful operations *and* effective, innovative strategies.

2. Unclear Game Plan:

Our working definition of Innovation:



For our purposes, Innovation is a process of idea generation—either incremental or breakthrough in nature—which improves business products, processes, services or technologies and also apply—either directly or indirectly—to a business organization’s enhanced profitability.

85 percent of respondents agreed with our definition and, therefore, agree Innovation is the key to driving profit and growth.

We realize there are a number of bona fide arguments regarding what should and should not be included in the definition of Innovation. There is little doubt in our mind that profitability is one of the driving factors for Innovation. However, there is confusion on what positively impacts profitability in an organization.

- a. 8 percent of the participants in some way questioned why *either directly or indirectly* the definition of Innovation in a corporation should be limited *to a business organization's enhanced profitability*. Respondents suggested we should expand the definition to include “nonprofit-making” pursuits such as *employee development; help make employees more engaged and motivated; sustainability; personal enhancement, etc.* We were astonished. NFI identifies all these as profit generators.

- b. Identified by our participants as an issue was *lack of clarity*. A number of comments revealed their inability to comprehend their company's direction or even more importantly, how their role contributes to Innovation. Turning this issue around, they believe, will help improve an individual's ability to innovate.

Respondents felt their organizations needed better expertise and facilitation of the Innovation process. They also believe more emphasis needs to be placed on ensuring resources, allocating budget and time to these activities for excellence in execution to become the norm.

3. Development Opportunities:

- a. **TimeShifting:** A whopping *73.24 percent of all respondents cited time as the primary barrier to Innovation in their organization*. This statistic correlates directly with the *83.10 percent of participants*

responding they spend less than 25 percent of their time on Innovation.

Developing an innovative urgency is a critical success factor. Employees need to acquire muscle in balancing both day-to-day activities with the long-term leverage of Innovation enterprises.



Remember, your employees can't become so content with producing "today" results that they lose track of the future by not incorporating Innovation as an everyday activity.

For your employees, innovative thinking entails consciously stretching their comfort zone to meet not only the full scope of their job responsibilities; but also exploring opportunities to improve their slice of the organization. It dictates learning new skills to better meet *both* the challenges facing the organization today *and* into the future. And

this innovative corporate mindset requires training to expand capabilities.

- b. **Mind Shifting:** A long-term, inclusive innovative environment is not the result of one defining change or learning to do one aspect well rather it comes from *disrupting* the “already knowing” mentality of an organization by embracing small, impactful yet powerful shifts in thinking. If Innovation is the watchword today and organizations require leadership at every level of the organization—and it does—Innovation needs to be a daily commitment for everyone—not just a specialized department made up of a select few.

Traditional, business models no longer work. Future success entails innovative change. It demands everyone is intelligently working beyond the borders of their stereotypical roles and responsibilities to be nimble and responsive to both internal and external challenges. The bottom-line is that Innovation generating behavior must be of value at all levels of the organization. It isn't easy. Be prepared, it does stir conflict.

4. **Incremental Isn't the Answer:** Our research, additionally, found **67.14 percent of the participants spend the bulk of their Innovation time on *incremental improvements***. While an eye on incremental improvements does add to the bottom-line, it is the disruptive breakthrough *products, services, processes, and technologies* that set organizations apart. It is this side of Innovation that leads to uncovering uncontested markets that reap massive profits.

In fact according to the National Innovation Survey by the Council of Competitiveness, *new products may only account for 14 percent of corporate launches, and generate 38 percent of an organization's total revenues, they account for a massive 61 percent of total profits!* That is how serious having an organization focused on breakthrough ideas is for an organization.

5. **Managers are a Big Part of the Solution:**

As Steve Forbes observed: *The real source of wealth and capital in this new era is not a material thing.... It is the human mind, the human spirit, the human imagination, and our faith in the future.*

Fostering strong corporate leaders and managers is instrumental for an energized, successful Innovative workforce.

Innovation engagement isn't an easy feat for a company to pull off. It doesn't occur merely by generating something as simple as employee satisfaction. After all, an employee can be satisfied with their work hours or the donuts in the coffee room, and still not be engaged or productive.



Gallup research discloses that of the *80 percent of employees who say they are generally satisfied with their company; in fact, their sense of satisfaction didn't translate into improved employee engagement.*

While leaders are tagged with the task of sending powerful Innovation messages, it is the mid-level managers who embed Innovation into the daily

action of the rank-and-file employees and turn concepts into *new ideas, new technologies, new products, and new processes*. Each plays a role. Leaders inspire the workforce, protect the culture, provide resources, establish formal targets and hold the organization accountable for the Innovation initiatives, but to achieve Innovation saturation, mid-level managers make it happen. They are where the rubber meets the road.

Bad managers are an impediment to the flow of innovative ideas and an open, sharing, collaborative work environment. As McKinsey and Company reveals, managers are *the most highly sought after for advice* in the organization also *have the most negative attitude* toward Innovation. Once engaged themselves, managers then need to encourage, enroll and *make better use of existing (and often untapped) talent for Innovation*.

With this in mind, transforming adequate managers into exceptional ones is vital. This shift alone translates powerfully throughout your organization as your managers are the force behind employee commitment to Innovation.

- **Making the Tough Call:** As managers are the key to an engaged, involved and inspired workforce, you can't take chances by retaining weak managers. This "tough call" attitude is particularly critical when generating a culture committed to Innovation culture. A Stanford University report reveals the truth regarding the importance of managers to the organization. *Replacing a boss who is in the lower 10% of boss quality with one who is in the upper 10% of boss quality increases a team's total output by about the same amount as would adding one worker to a nine member team.* Though surprisingly the same burst of improvement doesn't occur when

replacing one or two weak employees, so clearly, positive, solid mid-level managers are innovative difference makers.

- **Multiple Voices/Variety of View Points:** Crossing borders and expanding connections appears to have a larger impact on Innovation than individual smarts and creativity. An effective cross-pollination of ideas and employees with widely-differing expertise and points of view stimulates powerful Innovation generating concepts. And many of our survey participants agree as ***44.93 percent would like to see more collaboration across functional areas of the organization.*** This borderless agenda can only occur with open-minded, non-competitive mid-level managers committed to the organization as a whole not merely their limited operational sphere.



And by the way, this same attitude needs to expand to external connections and strategic partnering opportunities as well. Some companies, according to McKinsey and Company, intentionally break up the ingrained *'not invented here'* syndrome, by requiring 25

percent of all ideas to come from external sources. Unfortunately, when our participants were asked: ***Who owns Innovation in your organization? 0 percent listed external partners*** as part of the equation.

- **Quick Innovation Success Hits:** Historically, the leadership mindset requires an executive to work as much, if not more, on future driven activities not so the majority of a company's workforce. In fact, the focal point of attention for the bulk of most employees is today production, execution activities quite the antithesis of innovative thinking. So, as corporations measure their staffs' accomplishments by the number of the urgent "to do" tasks performed, they are developing "result junkies" who are unsatisfied unless they are checking off project after project on their calendars.

Innovation doesn't feed this "result junky beast" so initiatives need to build in "Quick Success Hits" where employees receive some level of results achievement right away. This positive experience will build an organization's competencies as well as confidence in working on the more pioneering, less check-off the box kinds of endeavors. Consistent, repetitive, and positive Innovation experiences develop the necessary corporate-wide appetite leading to long-term success in this area of the business.

6. **Communication is More Critical Than You Imagine:**

In our study, **5.07 percent of participants believe their organization has a consistent Innovation message.**

This survey result is not surprising. A corporate Innovation initiative that doesn't involve and engage the heart and mind of its workforce will produce lackluster outcomes. The consulting firm Towers Watson statistically confirms this when they found the *“three-year total returns to shareholders is three times higher at companies where employees understand corporate objectives and the way in which their jobs contribute to achieving them.”*



Customarily, major Innovation game plans are announced with a flurry of fanfare. However, rarely is there a commitment to consistently following through day-after-day messaging a variety of big-and-little, inspiring nuggets of communications. Perhaps, in part, because companies don't recognize how critical repetitive, clear “This is the strategy, and this is how your work connects to it” style of communication.

This “organization communication gap” was researched by John Kotter. After the announcement of a major change initiative in the organization, he measured the typical communications as they occurred naturally over the

next three months (words and numbers). He discovered that only *.58 percent of all communications addressed the corporate change vision!*

Additionally, there is another aspect of this troubling “organizational communication gap,” which is exposed when two separate research studies are combined. There is an *80 percent loss of communications coming from the C-suite level of the organization downward. Conversely, 96 percent of information emanating from employees doing the work is lost going upward!* So, a hefty amount of information is lost originating from the top of the company (strategies as well as the Innovation organizational initiatives) as it is communicated downward while communication from the rank-and-file (those who know the problems and have the ability to identify innovative solutions when tapped) is lost going upward.

What does our research as well as the other studies discussed in this report teach us regarding communication?

- Communication steadfastness is essential to penetrate the entire organizational culture with an Innovation mindset.
- Communicate more than you believe you are required to do...always.
- Communicate more detail about the Innovation initiative to your employees than you think is necessary.
- Open channels of interactive communication where C-suite executives, senior management, and rank-and-file employees exchanging not merely the innovative vision but share the perception of the context they are experiencing as well.

FINAL THOUGHTS

Today's global, competitive environment necessitates organizations taking Innovation seriously. Without a doubt, competition is stiff and getting stiffer. Now is not the time for you or your company to take your collective eyes off the profitability "golden goose" that is Innovation to your company.

How are you creating a culture that supports and fosters Innovation? Are employees across all levels of your company and functions clear about the vision and how it impacts them? More importantly, do they understand how they can make a difference and do they have the skills and support to be effective?

If your answer to these questions isn't a resounding "Yes;" and you're interested in equipping and transforming your staff into a force committed to thriving today and into the future; and you're ready for growth and profitability; and you want to win at Innovation, Nancy Fredericks International is interested in talking with you.

NFI specializes in programs and processes that help organizations leverage insights leading to enhanced Innovation thought and action. As masters at unlocking innovative bottlenecks in organizations, we know producing such a robust environment is more than possible. We have a successful track record of engaging and introducing workforces to a proactive, innovative mindset. Let us assist you to create a sense of clarity and urgency around Innovation in both your organization and your employees. If this is something you're interested in developing, we'd love to schedule an initial conversation with you, so please check out the sincere offer below.

Together we will discover the critical building blocks for generating the unique, innovative culture essential for your organization. NFI is interested in boosting your Innovation breakthrough so your organization thrives not just today, but long into the future as well.

Success and enjoy always,

Nancy

P.S. If you enjoyed this special **FREE** report then you'll like this too.

It is clear you're looking to improve Innovation in the organization to achieve greater profitability.

And I'd like to help you do that.

If you're interested in booking an initial quick 10-Minute Call with me to see if I can help you, please click the link below.

There is absolutely nothing for sale.

I am simply seeing if I can help you.

Are you interested? Click the link below:

www.nancyfredericks.com/10

Who is Nancy Fredericks?



She is a preeminent **business executive strategist, author and thought leader**. Corporations like Johnson & Johnson, PepsiCo, Adobe and Transamerica have retained her to optimize individual and organizational performance through her strategic coaching, developmental programs, keynote speeches and insightful business writings.

For the last thirty years, she's been a gifted coach who partners with executives to produce sustainable, powerful results. Nancy's speeches and developmental programs are interactive, content rich, powerful and provocative as she draws on her extensive consulting background with Fortune 500 companies as well as years of leading developmental programs for organizations around the country. As one client said, *Nancy generates lightning throughout the room.*

Clients Are Saying:

Wow! Nancy, what an amazing ROI. Participants are enthusiastic, committed and I've received new, big, useable ideas from over 25% of the employees attending your program.

As a leader of a highly technical global function, it can be a challenge for me to keep my thinking at a strategic level and avoid getting caught in the details. Nancy is very effective in promoting strategic thinking and supporting my goal to address issues in the most effective manner.

Nancy offers practical, tangible and actionable suggestions to aid in innovation and change.

Nancy keeps me honest, and she's just enough "in my face" to at least get me to ponder bigger possibilities instead of limiting my opportunities with limited thinking.

Nancy inspires imagination through unlocking new ideas and potential.