EAT SLEEP *Innovate*

How to Make Creativity an Everyday Habit Inside Your Organization

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The Responsibility of the Many

It was early September 2017. Victoria Maskell, based in UNICEF's Panama office, was sitting in an emergency meeting about Hurricane Irma, "looking at the terrifying swirl of red with yellow, green and then blue edges moving towards the Caribbean." The hurricane, which had strengthened into a Category 5 storm, would do considerable damage once it hit landfall, and Maskell was looking for ways to support emergency preparedness for local populations that might be otherwise unreachable.

Her thoughts turned to U-Report, a mobile empowerment platform created by UNICEF, an international United Nations agency that provides children with access to health and education. UNICEF had created the platform to take advantage of its reach in close to two hundred countries, using social messaging and SMS channels on mobile phones to gather dipstick opinions on topics of interest to UNICEF's partners and stakeholders. Maskell recalled how UNICEF had used U-Report to answer questions and provide information about the Zika virus and a recent deployment to Peru after severe flooding. In both instances, UNICEF "used U-Report on a very, very small scale to understand the situation of young people and to send some 'stay safe' messages."

Maskell thought U-Report could be a great way to spread information about a predictable disaster like a hurricane. So she worked with

representatives from seven other UNICEF offices, including Christopher Brooks, senior digital and data specialist at UNICEF who was working in New York, and James Powell, global U-report coordinator based in Bangkok, Thailand, and seven UN online volunteers. The team provided around-the-clock coverage, providing information and receiving and processing questions from around the globe. UNICEF sent information to more than 25,000 U-Report members and answered 8,000 individual questions on the platform. For 80 percent of the youth reached, U-Report was their only source of information regarding how to prepare for the hurricane, and 80 percent of users said they had shared information with more than one person.

UNICEF received hundreds of messages of thanks. A fifteen-year-old in the East Caribbean wrote, "I don't know how to explain myself, but in my fifteen years this is the first hurricane I've ever been through, and it really scared me. But I don't know how to tell you that the information you sent me was some of the best information I got, and I shared it with my whole family by telephone. Thank you."

After the storms passed, U-Report allowed UNICEF to get a better grasp of where help was most necessary and to mobilize an appropriate response.

"We sometimes forget the power of the global community, but a global team allows us to respond quickly. U-Report aims to bring about social change and champions the very idea of a global community," Maskell said. "One of the brilliant things about the U-Report community is that we share best practices and we grow as a global set of colleagues with one clear aim in protecting children and young people when they need it most."

Nobody had mandated Maskell to act. There was no senior leader painting a bold strategic vision. No one needed to invent a technological breakthrough. The effort came from normal people acting in a way that allowed them to come up with a creative solution to a difficult problem. That's innovation in action.[1]

1. As a postscript to the U-Report story, in the COVID-19 crisis, UNICEF used a chatbot feature it built on the platform to get information out to five million people and released a white-label version of U-Report so it could be used more broadly.

In this chapter, we're going to dive deep into the actions that make Maskell and others like her innovative—because there are Victoria Maskells in every organization. They're creative, curious, and inventive, and they thrive if their habits, instincts, and behaviors are allowed to flow naturally. That, in essence, is what a culture of innovation is all about. Let's now unpack what innovation truly means and explore the benefits of a culture of innovation.[2]

What We Talk about When We Talk about Innovation

Our formal definition of innovation has five simple words: "Something different that creates value."[3] *Something* is intentionally vague. People often think innovation is about creating new technologies. But that would mean only a narrow group of people are involved—engineers or white-lab-coat-wearing scientists—and that's not the case. Take Scott's grandfather. Robert N. Anthony Sr. was a renowned professor who earned a place in the Accounting Hall of Fame for writing dense, dry academic textbooks with scintillating titles like *Management Control in Nonprofit Organizations*—but he was an innovator as well.

In the early 1960s, Anthony Sr. introduced the first version of a very different type of book, called *Essentials of Accounting*. It was *not* a dense, dry academic textbook that required an expert instructor to understand. It was a do-it-yourself workbook for nonexperts, filled with self-directed exercises that, in essence, would allow readers to teach themselves the

2. There was some debate among the writing team about the examples in this chapter and the case study that follows being exclusively from not-for-profit organizations. The argument was that the examples are rich and different than what appears in most innovation books and certainly fit the principle described in the introduction of focusing on NO-DETs: normal organizations doing extraordinary things. For those in commercially oriented organizations, don't worry. Your time will come.

3. Andy, Natalie, and Scott have been in a long-running (albeit friendly) dispute with Innosight colleague Dave Duncan about this definition. He prefers "Something new that creates value," because *new* reflects the Latin roots of the word *innovation* and requires people to stretch thinking to push the novelty of their idea. We prefer *different* because it makes clear that smart adaptation of an existing idea also counts as innovation.

basics of accounting. At the end, you couldn't run the control function for a nonprofit organization, but you could grasp the difference between a debit and a credit, calculate days receivable, make greater sense of the financial press, and have more informed conversations with people in your finance department. The book, which reached its eleventh edition before Anthony Sr. passed away in 2007 (with a twelfth edition published posthumously), sold more copies than all of Anthony Sr.'s other books combined.[4] The innovation here wasn't a whiz-bang technology; it was a different way to teach accounting.

We use the word *different* in our definition over more dramatic words, like *breakthrough*, because it reminds us that one of the highest-impact paths to innovation is paved by making the complicated simple and the expensive affordable. Reading *Essentials of Accounting* is arguably *worse* than receiving face-to-face instruction from a skilled academic who can explain concepts and provide real-time feedback, but its success shows this doesn't matter. Its simplicity and affordability opened up a much broader market, following the path of what Innosight cofounder and Harvard Professor Clayton Christensen famously dubbed *disruptive* innovation.

Finally, the definition's most critical words: *creates value*. These words separate innovation from precursory activities like invention and creativity. Those activities are no doubt important, but until you have turned a spark of creativity into revenues, profits, or improved process performance, in our eyes, you have not innovated. The focus on creating value reminds us that innovation isn't an academic activity; it is an active one.

Let's say you are creating a presentation about innovation. What icon would you put on the title slide? The answer for most people is instantaneous: the light bulb. Who invented the light bulb? It's a trick question. Most people will say Thomas Edison, but if you study the historical record, a number of people could claim credit for inventing the underlying technology. The reason we remember Edison is not because he was a

4. Scott was given three copies of *Essentials of Accounting*. The first was a birthday present from his grandfather when he turned . . . eight. (Thanks, Grandpa!) The second was right before he started his first job at a consulting firm. The third was right before he entered business school. That was the itch Scott's grandfather scratched: an easily accessible book that could be widely distributed by organizations wanting to increase their team's financial fluency.

great *inventor*—although, with more than 1,000 patents to his name, he was—but because he was an even better *innovator*. He was obsessed with the creation of value. Edison didn't work on just the technology; he pushed to develop an end-to-end system that would allow an end consumer to enjoy light. The world's first electricity-generating facility was owned by the Edison Electric Light Company, which operated in lower Manhattan. In 1889, that company merged with several other Edison-owned entities to create General Electric. Never forget Edison's most famous quote on this topic: "Genius," he noted, "is 1 percent inspiration and 99 percent perspiration." Unless you are sweating and driving the creation of value, in our eyes you have not innovated.

When we ask people to describe innovation in action, they often default to world-changing technologies like the light bulb, big-bang products like the iPhone, or game-changing services like Airbnb. All are excellent examples, but innovation comes in many different forms and flavors. For example, participants from various companies who have attended Scott's Harvard Business Publishing corporate learning webinars have suggested the following as innovation in action: developing a visual scorecard to track KPIs, using standing meetings to increase efficiency, performing remote-site monitoring, and even fostering the "organic development of stuff-sharing areas for employees, including a jewelry swap table on one floor." These are all reasonable examples of something different that creates value.

You can find innovation everywhere if you have the right language to describe it. Innovation isn't the job of the few; it is the responsibility of the many. Accountants can do it. Not-for-profits can do it. Kids can do it (more on that soon). You can too. And today's quickly changing world demands that *all* of us improve our ability to do it—and that all of our organizations create cultures that support it.

What Culture Actually Means

A culture of innovation sounds appealing, doesn't it? The phrase conjures up images of places that turn seemingly wild dreams into reality

as a matter of course—places where new ideas flourish and where employees feel their voices are heard, their impact is felt, and their mark is left; and institutions that can nimbly adapt to and thrive within a world that is constantly zigzagging and increasingly slippery and unpredictable.

It isn't hard to name iconic companies that seem to have cultures of innovation—places like Google, Amazon, Disney Pixar, and Virgin. But what exactly constitutes these cultures? People often answer that question by talking about what they see. Perhaps the cafeteria features a former Michelin star chef whipping up vegan protein balls that taste sublime.[5] Or young employees might be zooming around on hoverboards. Maybe there's even a slide—of the playground and not the PowerPoint variety—in the middle of the office. It looks and feels fun, free-spirited, and open.

These visual indicators are what longtime MIT professor Edgar Schein described as "artifacts"—essentially, what you see when you look around an organization. While these might be *manifestations* of culture, artifacts are the tip of the proverbial iceberg—and not the defining attributes of a culture. For instance, in some contexts companies may ship in the foosball tables but see them gather dust, or they might hear snickers as senior leaders dutifully and awkwardly go down the slides; in other contexts the foosball tables and slides might become popular hotspots. There is more to the story than visible artifacts.

The word *culture* appears in popular aphorisms such as "culture eats strategy for breakfast" (attributed to Peter Drucker) and "culture is what you do when the managers leave the room," among others. But what exactly is an organization's culture? Schein's work looks beyond *what you see* in an organization to *what people actually do* on a day-to-day basis and, most critically, *what they think and believe*. As such, Schein defines company culture as "A pattern of shared basic assumptions that

5. Nothing at all against vegan protein balls. A Google search for "delicious vegan protein balls" returned 24,900,000 results. What a world!

the group learned as it solved its problems . . . [which 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."

What exactly does that mean? Whenever an organization is still nascent or encounters a new problem, it has to figure out a way to solve it—perhaps people draw on their collective history, or perhaps they just try things until something works. And over time, an organization repeatedly encounters particular types of challenges—in creating new products and services, for example, or in selling, producing, or managing employee development. As the group finds a groove in addressing these challenges, their trial-and-error experimentation gives ways to standard processes, which eventually transform into routines or habits. Powering those habits are the assumptions that once were explicit but disappear into the fabric of the organization.

Here's an example. Imagine you go to a meeting where senior leaders are debating whether to fund a project. You might see that the discussion focuses primarily on the financial forecasts presented by a team. What led to that moment? Likely it was a series of organizational routines in which small teams gathered data, created spreadsheets estimating a project's financial impact, and shared those spreadsheets with leaders to garner feedback. But why? Why was there this routine of developing spreadsheets? And why did this work take place in small teams? If you asked those involved, they would probably say, "That's just what we do around here." The real answer, however, is that at some point in the organization's history, someone had learned that disciplined analysis was valuable; perhaps they had launched a project without it, and it ended up being catastrophic. At some point, they had also learned that teams outproduced work by individuals. Maybe they had a side-by-side comparison that justified that decision, or maybe it was a default setting that stuck. Whatever their path, over time, two assumptions coalesced: "The best results come from incorporating diverse perspectives," and "rigorous planning helps to avoid investment mistakes."

This is what makes culture so challenging. We see visible artifacts—like who says what at a meeting, what materials people bring, how an office is laid out, and so on—but below the surface of those artifacts are the ways people work, which are grounded in the assumptions, beliefs, and values the group holds. Culture isn't just what you see; it is what a group does and believes.

Culture isn't what you see or say but what you do.

Schein's definition makes clear one of the biggest fallacies organizations fall prey to when seeking to boost their ability to innovate: they look at the hot innovative company of the day and seek to replicate the key practices of that company. "Oh, 3M has a '15 percent rule' to allow engineers to explore side projects? Let's copy that." Or, "Google has a 'moonshots' group that has the freedom to explore emerging technologies? Let's set one of those up!" Or "P&G has an 'open innovation' program designed to connect with individual scientists? Sure, sounds good." Each of those companies, however, have very distinct cultures that maximize the impact of those programs. What you see may be what you get, but if what you see doesn't *result* from what you've done or *reinforce* what you believe, then what you see is nothing more than a "soulless artifact" or innoganda.[6] Imagine, by analogy, that you see a beautiful orchid while on vacation in Singapore at the botanic gardens. You say, "I'd like to have one of those in my backyard in Minneapolis." It's obvious that the plant's environment here is different than the one in your backyard, but so are all the other things around the plant—the caretakers, the routines they follow, and so on.

In summary, a culture of *anything* (call it "*X*") is one in which people perceive *X* to be valuable; follow behaviors that enable them to achieve *X* on a routine, repeatable basis; and then reinforce those behaviors

6. That's innovation propaganda. We defined it all back in the introduction. This footnote is primarily for anyone who skipped the introduction. If you did, go back and read it. It's good!

with visual cues and other enablers. Hence, our definition of a culture of innovation is *one in which the behaviors that drive innovation success come naturally.*

How Innovators Behave—and How Organizations Should Support Them

While many people still believe that innovation is a mystical activity that requires God-given skill, it is in fact a discipline. And like all disciplines, it can be managed, measured, mastered, and improved with careful practice. There is ample literature around the behaviors that drive successful innovation, such as *The Innovator's DNA*, by Clayton Christensen, Jeff Dyer, and Hal Gregersen, and publications by the Innosight team (most notably *The Innovator's Guide to Growth*, *Competing Against Luck*, and *Reinvent Your Business Model*). Our synthesis of this body of work highlights that innovation success traces back to five behaviors: great innovators are curious, customer-obsessed, collaborative, adept in ambiguity, and empowered; and great cultures encourage and reinforce these behaviors. Table 1-1 summarizes these behaviors, and the text below brings them to life by showing how each behavior contributed to another successful innovation at UNICEF.

Behavior 1: Curiosity

Innovators are consistently searching for different and better ways to do things. They are explorers who are not content with resting on past success but believe they can always find a better way. That means they do the following:

- Keep an open mind, constantly asking, "What if . . . ?" and "How might we . . . ?"
- Avoid shutting down ideas by saying, "This is how we do things here"
- Adopt a problem-solver, versus a fault-finder, mindset
- Are perpetually paranoid about the future

TABLE 1-1

Five behaviors that drive innovation success

Broad behavior	Description	Specific behaviors
Curiosity	Question the status quo and consistently search for different and better ways to do things.	• Keep an open mind, constantly asking "What if . . . ?" and "How might we . . . ?" • Avoid shutting down ideas by saying, "This is how we do things here." • Adopt a problem-solver, versus a fault-finder, mindset. • Be perpetually paranoid about the future.
Customer obsession	Relentlessly seek to develop an ever-deeper understanding of the jobs to be done of customers, employees, and stakeholders.	• Spend significant time with customers to understand their jobs to be done. • Regularly create customer profiles and customer journey maps. • Ensure all solutions are rooted in real needs and problems. • Gain deep insight into how customers choose between solutions.
Collaboration	Incorporate cross-functional expertise resourcefully, recognizing that the smartest person in the room is often the room itself.	• Build cross-functional teams with diverse expertise and viewpoints. • Actively seek external stimuli to borrow and adapt. • Emphasize collective, versus individual, goals. • Be transparent and frank while remaining respectful.
Adeptness in ambiguity	Act confidently, despite incomplete information; expect iteration and change; excel at experimentation; and celebrate judicious risk-taking.	• Focus on assumptions over answers. • Constantly ask, "How can we learn more?" • Design experiments to learn more about key assumptions. • Embrace intelligent failure.

Empowerment	Exercise initiative, seek out and leverage resources, and make confident decisions.	• Show a bias toward action (ask for forgiveness, not permission). • Craft a clear and compelling story about the value of innovation efforts. • Speak up when something isn't working. • Embrace a growth mindset that sees possibilities, not a fixed mindset that sees constraints.

Many of the countries UNICEF operates in face a problem, which is at the same time an opportunity. There are 1.8 billion people between the ages of 10 and 24 in the world today, nearly 90 percent of whom are in low- and middle-income countries. This is the largest cohort of young people in human history. Yet, many lack opportunities. Only 30 percent of the world's poorest children attend secondary school, and more than 50 million young people are on the move, running from conflict, poverty, and extreme weather. There is a vital window of opportunity to empower these youth by building skills and nurturing creativity, but such opportunity is at risk of being missed.

A proven way to empower youth and help them build skills is to have people from different backgrounds work together to solve problems. So a few years ago, a UNICEF leader in Kosovo wondered whether there was a way to bring youth communities together to solve social problems using human-centered design approaches. After all, young people have an intimate knowledge of local problems, and, armed with the right tools, are well positioned to design and implement solutions. That leader's fundamental curiosity, along with the desire to flip a problem into an opportunity, started the journey that resulted in a high-impact program called UPSHIFT, through which UNICEF convenes and supports local youth to become innovators.

Behavior 2: Customer Obsession

Great innovators relentlessly seek to develop an ever-deeper understanding of the jobs to be done by customers, employees, and stakeholders.[7] That means they do the following:

- Spend significant time with customers (or for whomever you are trying to innovate) to understand their jobs to be done
- Regularly create customer profiles and customer-journey maps
- Ensure all solutions are rooted in real needs and problems
- Gain deep insight into how customers choose between solutions

The genius of UPSHIFT is that it involves the "customer" (local youth) directly in the creation of potential solutions. Consider the example of Sejnur Veshall, a young member of the Roma community of Prizren, a Kosovan municipality of about 100,000 people. "The Roma community in Kosovo definitely faces a lot of discrimination," Veshall said, "and even though I learned to be very vocal when this happened and always raised my voice against it, many others don't. It is Roma girls and women in particular who are most marginalized, oftentimes uneducated and trapped into housekeeping." The close connection to—indeed, the involvement of—the community creates instant empathy for areas that matter to would-be customers.

Behavior 3: Collaboration

One of the most persistent findings in the innovation literature is that truly distinct ideas come at intersections, where different mindsets and skills collide. Great innovators incorporate cross-functional

7. A "job to be done" is a core Innosight concept popularized by our cofounder Clayton Christensen. As described in the book *Competing Against Luck*, a job to be done is the problem a particular customer seeks to solve in a particular circumstance. The idea is that innovations that make it simpler and easier for people to make progress against important problems readily gain traction, while those that either make life more difficult or target jobs that aren't relevant struggle.

expertise resourcefully, recognizing that the smartest person in the room is often the room itself. To be collaborative, innovators should do the following:

- Build cross-functional teams with diverse expertise and viewpoints
- Actively seek external stimuli to borrow and adapt
- Emphasize collective, versus individual, goals
- Be transparent and frank while remaining respectful

UPSHIFT shows collaboration at two levels. First, the team-based nature of the program encourages collaboration at a local-community level. Veshall led a team called Golden Hands, designed to teach Roma women to create and sell traditional decorative plates. "We wanted to teach Roma women an artisanal craft, build their professional skills, and help them turn this into a business," he said. "What Golden Hands is trying to achieve is to make Roma women active in their community and change attitudes towards the Roma people through providing spaces for socialization between people of different backgrounds

Sejnur Veshall (second from right) and the Golden Hands team.
Source: ©UNICEF/Marina.

and communities." Veshall's team organized workshops that included members of Roma and majority communities. "The involvement and integration of the Roma women in society through creating a decorative plates business is an important aspect of Golden Hands," Veshall said.

Second, collaboration within UNICEF has amplified UPSHIFT's impact by bringing it from one small country to many countries around the world, while continually improving it. A small, central innovation team has helped disseminate knowledge across the UNICEF network by convening in gatherings such as the UPSHIFT 2.0 conference. With forty people working on youth innovation around the globe, this conference created modular content and user guides that allowed local officers to adopt and adapt UPSHIFT. It created best-practice implementation guides to help form partnerships, develop workshops, drive engagement, and raise money. As of the writing of this book, UPSHIFT is in twenty-three countries, with plans to bring it to another fifteen. The program in Jordan targets the large youth population in refugee camps. In Vietnam, UNICEF has partnered with local schools to develop social innovation clubs, drive social inclusion, and develop solutions that address climate issues. In North Macedonia, a local team won $20,000 to support its idea of a mobile app called "Speak Out" to build a community of support for victims of bullying.

Behavior 4: Adeptness in Ambiguity

Each early-stage innovative idea is the same: it is partially right and partially wrong. The trick is to know which part is which. Great innovators act confidently despite incomplete information, expect iteration and change, excel at experimentation, and celebrate judicious risk-taking. They know that the path to creating value will have twists and turns, fumbles and false steps, and setbacks and moments that feel like failure. Specifically, they do the following:

- Focus on assumptions over answers
- Constantly ask, "How can we learn more?"

- Design experiments to learn more about key assumptions
- Embrace intelligent failure

UPSHIFT's design directly encourages these behaviors. The program is based around the concept of a human-centered design bootcamp or "hackathon," where teams work to rapidly advance ideas. The content and guides created by a central UNICEF team (described above) help local UNICEF officers to work with partners to design and execute workshops in which teams can develop and experiment with ideas. The goal is to make things as tangible as possible, as quickly as possible. Involving the local community in the design of the solution makes it easy to get feedback on early-stage ideas, which helps with the iteration that is always part of the innovation journey. Typically, the most promising ideas receive further support and potentially seed funding, but every participant learns important new skills.

Behavior 5: Empowerment

You can't do something that creates value unless you *do* something. That means exercising initiative, seeking out and leveraging resources, and making confident decisions. Innovators that are empowered do the following:

- Show a bias toward action (ask for forgiveness, not permission)
- Craft a clear and compelling story about the value of innovation efforts
- Speak up when something isn't working
- Embrace a growth mindset that sees possibilities, not a fixed mindset that sees constraints

Veshall's final reflection offers a powerful testimonial of how UPSHIFT enables empowerment:

> With remarkable mentorship and collaboration with the UPSHIFT team, Golden Hands was successful and everyone in

my community was surprised. This initiative gave me an epithet of a leader, which frightened me so much at first—suddenly I was not just Sejnur, a random young person, but a leader of a young team who organized events for the community and worked for the betterment of our situation. With the mentorship that the UPSHIFT team gave me, I came to embrace the self-confidence that came with the leadership role. After UPSHIFT, I returned to my community where I was raised, but now with much more confidence, greater access to networks and a professional experience of running a project, with greater desire to work more.

The Benefits of Creating a Culture of Innovation

Creating and maintaining a culture of innovation isn't easy, but it's worth the effort. Since you are reading this book, you likely don't need to be convinced of that fact. But what if a skeptical colleague asks, "With all of the things we have going on, why pursue this?" One answer comes by way of a simple thought experiment. What would it look like, say, if your organization got better at solving problems and finding smart solutions like the ones we shared in this chapter?

But what if your colleague is more data-oriented? The big double-blind randomized study of innovative cultures hasn't been done yet—in part because, historically, it has been hard to even agree on what a culture of innovation means—but a significant body of evidence suggests its power. For example, in its 2006 "Most Innovative Companies" issue, *Bloomberg Businessweek* cited a Boston Consulting Group study that showed that innovative firms had a 4 percent total shareholder return premium over less innovative peers. That premium holds up in other studies. For example, in 2019, a team of Innosight consultants compared the total shareholder returns of the one hundred most innovative companies in a study by MIT, Glassdoor, and the S&P 500. The innovative firms enjoyed a 3.3 percent premium over a comparable set of companies over a ten-year period. Of course, we can't prove that causation doesn't

work in reverse (improved returns create a perception that the company is innovative), but the consistency between the data is compelling.

You could also point out the data backing the benefit of each innovative way of working detailed in this chapter. Research by Adobe shows that fostering *curiosity* and creativity and questioning the status quo makes a company 3.5 times more likely to outperform peers in terms of revenue growth.

Further, in 2018, Forrester released two research reports on *customer obsession*. The first found that companies that show their customer obsession by providing great customer experiences see high stock-price growth. The second report (commissioned by Adobe) demonstrated that experience-driven businesses have happier employees and grow revenue more than 35 percent faster than non-experience-driven businesses.

The boost from *collaboration* appears even greater. A 2017 *Forbes* article reported that a joint study between the Institute for Corporate Productivity and a Babson College professor found that companies that promote collaborative work are five times more likely to be high-performing than those that don't.

Using agile methods to be *adept in ambiguity* is very much in vogue these days, and for good reason: Bain & Co. found that agile methods reduce project risk by 76 percent and increase team productivity by 84 percent. Harvard Business School professor Amy Edmondson has long touted the benefits of "psychological safety" and fail-safe environments, and Google's own research shows that psychologically safe teams exceed their revenue targets by almost 20 percent.

Finally, several studies show the value of *empowerment*. A multiyear academic study analyzing data from the Federal Human Capital Survey/Federal Employee Viewpoint Survey validated the widely held belief that empowering employees boosts their performance. Gallup's research on engagement shows that empowerment drives engagement, and engaged workforces outperform disengaged workforces by 21 percent in profitability and 20 percent in productivity.

Our hope is that the improved ability to define, measure, and purposefully shape a culture of innovation will, over time, lead to even

stronger evidence that supports our conviction that it is a battle worth fighting.

Chapter Summary

- ✓ Innovation is "something different that creates value." The vagueness of the word *something* is a reminder that innovation is not the job of the few but the responsibility of the many. The phrase *creates value* distinguishes innovation from its precursors, such as creativity and invention.
- ✓ Culture is not just what you see; it is what you do, how you do it, and why you do it. That means that a culture of *X* is one in which people perceive *X* to be valuable, and they follow behaviors that enable them to achieve *X* on a routine, repeatable basis. A culture of innovation, then, is one in which the behaviors that drive innovation success come naturally.
- ✓ To maximize their chances of success, great innovators are curious, customer-obsessed, collaborative, adept in ambiguity, and empowered.
- ✓ There is significant evidence for the benefits of creating a culture of innovation—most notably, persistent boosts to shareholder returns and improved team performance.

Companion Case Study

Creating "Innovation Chefs" at The Salvation Army

Peter Drucker once called The Salvation Army "by far the most effective organization in the U.S." It is a charitable, faith-based organization that aids close to 23 million people a year. It is the second biggest recipient of donations in the United States, and eighty-two cents of every dollar donated to it goes toward programs for the needy.[1] Its mission is "to meet human needs in His name without discrimination." For example, after the terrorist attacks in the United States on September 11, 2001, thirty-eight planes and seven thousand passengers found themselves stranded in Gander, a small village in Newfoundland. The Salvation Army quickly mobilized with the Red Cross and the citizens of Gander to provide food, clothing, shelter, and comfort to the stranded passengers. "For a solid week, we did nothing but look after people. . . . We had no elaborate plan in place on what to do—we ran with common sense," one of its leaders said. "We did what needed to be done." The Salvation Army shows that a culture of innovation can exist at a large, established organization; it is what the introduction called a NO-DET (a normal organization doing extraordinary things).

In 1865, Methodist Reform Church minister William Booth and his wife Catherine founded The Salvation Army in London during a time of great societal divide. The Industrial Revolution had created tremendous wealth but had also subjected the impoverished people of East London to harsh conditions. The Booths felt traditional churches had failed people in need, so they took to the streets of London to serve

1. Generally, an efficiency ratio of over seventy-five cents is considered very high.

those who were poor, homeless, hungry, and destitute and wouldn't otherwise attend or be welcomed into church. The Booths committed to helping people at their point of need rather than from a central location. They designed The Salvation Army to serve two groups: the needy, who are the targets of their services, and the volunteers and supporters who provide the organization's labor and resources. They designed a flexible, lean, and "user-friendly" organizational model that keeps these two groups in close contact and adapts nimbly to their shifting needs.

The Salvation Army gives its ordained clergy, which it calls "officers," military titles, and it models its positions and titles on military structures. Thus, the international leader of The Salvation Army carries the title "General," and the country leader in the United States (based in Alexandria, Virginia) carries the title "National Commander." The Salvation Army divides the United States into four territories, with a territorial commander leading each territory. The four US territories are broken into thirty-nine divisions, each led by a divisional commander. Divisions consist of local centers for worship and service as well as various specialized centers. The focus of this story is The Salvation Army's Eastern US territory, which covers twelve states and includes Puerto Rico and the US Virgin Islands. For simplicity, we will refer to The Salvation Army when speaking about the entire organization and refer to the Eastern Territory when speaking about that region's specific localized efforts.

Three Stories of Innovation in Action in the Eastern Territory

One of The Salvation Army's greatest strengths is its decentralized organization. Its international and national headquarters in London, England, and Alexandria, Virginia, are small, lean operations that primarily manage connections between chapters around the world. Decision-making power generally resides at the local level, with each chapter empowered to make decisions relevant to its community's unique needs and circumstances but also able to access territorial leadership and approval when appropriate. That structure feeds curiosity, customer-centricity, and em-

powerment, three key innovation behaviors. The three stories below follow the theme in chapter 1, showing how innovation, something different that creates value, comes in many different forms and flavors.

The first story begins with a visit to a local center by Eastern Territory IT Director Rich Gulley, Division IT Director Dave Dlugose, and Eastern Territory Innovation Department & Heritage Museum co-director Steve Bussey. It was clear the center was struggling and frustrated. Gulley and Bussey probed for the source of the frustration, conducting empathic research about frontline technological needs. They learned that, even though there was a national telephone number to call to donate items, people were overwhelming some local offices with up to sixty calls per day. Dlugose identified a simple phone-based solution: "Press two to connect to donations." This quick fix solved the problem. Local donation call volume dropped to zero and the national center efficiently ensured donations found their way to people in need. The solution was prototyped throughout New Jersey and scaled through the rest of the Eastern Territory. A simple idea, connected to a real problem and executed well, created real value.

* * *

The second story starts in Manchester, New Hampshire. In 2017, Captain Mike Harper and his Corps assistant Dan LaBossiere were looking for

Mobile Joes, then and now.

Source: Left: The Salvation Army USA Eastern Territorial Heritage Museum; *Right:* Captain Michael Harper, The Salvation Army.

a way to connect with the homeless in the community. They discovered a photo from a 1967 report of a young officer using a mobile beverage dispenser in emergencies and special events. Drawing inspiration from the photo, they purchased modern beverage-dispensing backpacks, which they wore while walking the streets to offer coffee and connect with homeless people. They called themselves "Mobile Joes," because they primarily used the backpacks for coffee.[2] Soon after the two young officers deployed Mobile Joes in Manchester, they found themselves on stage sharing the story with about a thousand colleagues at an Eastern Territory event in Maine. The officers shared the technical and practical aspects of the program and spoke about the personal impact they had been able to make. Audience members walked away from the event saying, "Hey, we can do that too." Conferences are a powerful way for ideas to spread throughout The Salvation Army, providing moments of serendipity and opportunities for collaboration. At these conferences, Bussey noted that it is common to hear people say, "Well, if they're able to do this, then I can try to do that as well." Often people have had an initiative fail in the past, but then, at a conference, they see elements of it working somewhere else. The goal is to help them learn to say, "Hey, maybe I can revisit this idea. Maybe it can work if I learn from their practices."

* * *

When people think of The Salvation Army, the first thing that often comes to mind are the bell ringers at Christmastime—those people who stand outside stores next to red kettles, collecting money for the needy. Today's decrease in the use of cash and coins and the parallel rise in digital payments clearly challenges this model. So during a Salvation Army national board meeting in Cleveland, one board member initi-

2. Paul and Andy found this example curious, which led us to realize that "joe," as slang for coffee, is unique to North America! One of our favorite reviewers, Thomas (we'll keep his last name in reserve until a future footnote!), responded to this moniker with "That's funny. In Denmark, we say, 'I could really use a hot cup of Paul right now. (No, not really.)'"

ated a dialogue between Apple and The Salvation Army to run an experiment with Apple Pay. The board member asked who might be interested in running the experiment, and Eastern Territory Director of Advancement Chaz Watson raised his hand. Thereafter, a 2018 experiment to allow donations via Apple and Google Pay in a few cities performed well, setting the stage to expand the capability to more locations.

Mobile phone–based donations.
Source: The Salvation Army National Archives.

How the Eastern Territory Is Strengthening Its Organic Culture of Innovation

The three innovation stories show the five innovative behaviors in action. In other words, the Eastern Territory shows strong signs of having a culture of innovation—a culture in which the behaviors that drive innovation success come naturally. No one at the organization (to the best of our knowledge) woke up and said, "Let's create a culture of innovation." Rather, the culture emerged from its unique mission and structure.

But there's risk in such a culture. An organization that doesn't know why it is succeeding with innovation might unintentionally change something that is working or miss opportunities to scale what's working and improve. Bussey uses a cooking analogy to illustrate the difference between an organization that deliberately sets out to cultivate a culture of innovation and an organization that just happens upon such a culture and lacks a strong grasp on what exactly makes it innovative. Consider, Bussey said, the difference between a French chef, who has been meticulously trained in precise culinary techniques, and an Italian grandmother, who follows her instincts and does what she learned from her parents and grandparents. Both chefs prepare delicious meals. The classically trained French chef is conscious of the precise ingredients and

steps that make his meal great, and he can document and share these techniques. The Italian grandmother, on the other hand, trusts ingrained instincts based on history, practice, and genetics, making these practices more challenging to document, share, and teach to others.

An organization's strengths often defines its weaknesses. In the case of the Eastern Territory, the decentralization that fuels customer obsession and empowerment can make it difficult to scale successes. So, over the past few years, the territory has done several things to help strengthen its innovation culture. In 2012, the Eastern Territory created a group called the Salvation Factory, codirected by Steve and Sharon Bussey, to create more "innovation chefs." The Salvation Factory's purpose is consistent with William Booth's aspiration that "we must have new inventions of every kind." The Salvation Factory's website describes its Innovation Department as an "imaginarium, a space devoted to stimulating and cultivating innovative inventions. In this space, creative ideas are taken from inception and forged into reality; then distributed for use in The Salvation Army." The Salvation Factory specifically focuses on new initiatives that still contain a lot of ambiguity and aren't creating clear value for the organization. These are the initiatives on the periphery that aren't yet seen as a priority, and the Salvation Factory brings the structure, strategy, and resources necessary to move these transformational ideas forward. The Busseys and their team help make abstract ideas concrete through visual storytelling and prototypes and then support the integration of those ideas back into the broader Salvation Army system.

The Strikepoint grant program, created in 2015, is another structure that was initiated to strengthen the Eastern Territory's ability to innovate with impact. The intent of the program, according to Lt. Col. Jim LaBossiere, then division commander of the Salvation Army's North New England division, was to "encourage small bets."[3] An officer seeking funding for new ideas develops a narrative describing the statement of need, the target population, the desired outcomes, the staffing re-

3. LaBossiere now serves as program secretary, where he leads and supports program initiatives throughout the Eastern Territory.

quirements, the schedule, and the budget. A mission alignment council, comprised of departments such as legal, commercial, finance, property, and innovation, at both division and territorial levels, considers the requests. LaBossiere, who oversees the council, said, "If it is attractive, feasible, and aligns with our mission, then we say go for it. Our goal is to not stop new initiatives; it's to encourage them, and ensure proper steps are being followed and that we're not going to launch into something that we can't maintain or where we'll sacrifice some other part of the mission."

For example, Jamie Manirakiz, the Eastern Territory's anti-human-trafficking program coordinator, proposed an initiative for a focused effort to address issues related to human trafficking. The program grew from humble beginnings, serving one or two women a night, to a full-time drop-in center, seeing more than a hundred women a day, collaborating with law enforcement citywide, and offering a therapeutic residential program. Transparently tracking new mission initiatives helps transfer knowledge—for example, about what has received funding, how the program receives funding, and what has and has not worked—throughout the Eastern Territory. At the national level, leaders receive everyone's core mission profile electronically. They can see common denominators, challenges, gaps in funding, unmet needs, and big ideas. Leaders then take steps to empower more big ideas and subsequently guide their people through the creative process to identify and secure resources and ultimately make an impact. "Small victories lead to confidence and perhaps a deeper step of faith and a growing number of people involved in these types of projects," LaBossiere said. "It allows us to get past those, 'Oh, we don't have the money for it,' or, 'We don't have the space or the time.' Forget all that. Let's think of something amazing and see where we can go with it."

Finally, in August 2019 the Salvation Factory took over responsibility of the Eastern Territory's museum at its New York headquarters. "This fuses organizational memory, culture-building, and storytelling with the world of innovation," Steve Bussey said. "This gives us an opportunity to make these connections even more explicit and influence The Salvation Army worldwide." A great example of how the Salvation Factory

integrates history to encourage collaboration and stimulate ideas is the design of exhibit in the museum called "InnoVision." Attendees are guided through a "hero's journey" with storytelling, visuals, and interactive displays to learn about, discover, and be inspired by innovations throughout The Salvation Army's history. The goal is to inspire participants to reach for similar goals, both for today and tomorrow. These types of museums, stories, and experiences can be a powerful way to celebrate an organization's past while also inspiring creativity.