How to Lead Innovation

Linda Hill, Wallace Brett Donham Professor of Business Administration at the Harvard Business School in dialogue with Greig T. Schneider, Egon Zehnder Boston.

Getting People to Co-create a New Future with You

Greig T. Schneider: I'm delighted to be sitting here today with Linda Hill, Professor of Leadership at Harvard Business School. Linda's research has focused on leadership innovation and globalization, and her most recent book, a bestseller called *Collective Genius*, focuses on how one leads innovation.

My first question would be: You've written about what it takes to lead innovation. Do you feel the need for this is growing substantially? Why focus on this?

Linda Hill: Yes, I think it is growing. I do research, as you said, on leadership innovation and globalization. And when I go around the world, what do leaders tell me everywhere, no matter where I am? "We don't have enough leaders who know how to lead innovation."

They used to say to me, "We don't have enough leaders who know how to lead change." And now they're talking about innovation. And innovation or leading innovation is in fact different from leading change.

Greig: So this feels like a very different way of thinking about leadership. Does this feel like a paradigm shift to you? Is it that different?

Linda: Leading innovation is different. It's not about being the visionary and communicating that vision to people and getting them to be inspired to fulfil that vision. As one of the leaders said to us, "Leading innovation is not about you getting people to follow you. It's about getting people to co-create a new future with you." And that means really focusing on you as a leader being the architect who creates the space in which people are willing and able to do the hard work of innovation.

Greig: So is there still a role for having the big vision? Is that still part of being a leader when it comes to innovation?

EgonZehnder

Linda: The role of being a visionary still exists. And in fact, all the people we studied were visionaries. And one of the challenges you face when you are a visionary is you've got to make the space for other people to participate in that co-creation process. And you have to learn as a leader how to collaborate.

The other thing we know about innovation is innovation does not happen from someone like an Einstein having an 'aha' moment. It really is a collaborative act. So one of the organizations that we had the privilege of studying – and actually one of our collaborators came from that organization – was Pixar.

So it took Pixar 20 years to create the first full-length computer-generated movie. It's really, really hard work, both intellectually and emotionally. And one of the things that they point out to us is, to make a Pixar movie takes them four to five years and about 250, 300 people to get that done.

So when you really step back and think about what it does take to create something that's really breakthrough, it is not something that one individual leader is going to do or know how to do. It's by definition a collaborative process. It's also a discovery-driven learning process. You cannot plan your way to innovation. You have to actuate.

And the final thing about innovations is they're usually the combinations of ideas, not just one person's idea, but bringing together in a new way some old and new ideas to solve a problem or address an opportunity that you're trying to work on. So when you think about that, it is a more collaborative kind of activity. And you as a leader are creating the environment in which that can happen.

Abrasion, Agility, Resolution – Creating the Right Environment

Greig: So when you look at the leaders that have to acquire the ability to do this, are there certain things that stand out that are different from what old leaders used to need to be able to do?

Linda: I'm an ethnographer. I do my research by really observing up close and personal leaders as they're doing their work with their colleagues.

We looked at leaders in a range of different industries all across the globe. And what we found is there were commonalities in what they did and why they did it. There were differences in how they did it. And those differences reflected both their own individual leadership styles, their organizational culture to some extent, and national culture.

Three capabilities that we found were creative abrasion, creative agility, and creative resolution. Creative abrasion is about creating a marketplace of ideas through debate and discourse.

Creative agility is about really being able to experiment, test ideas, get feedback on those ideas, and then adjust accordingly and work your way through, discover your way through to a solution.

And creative resolution is about how you do decision-making. You have to do decision-making in a way that you actually utilize what you've learned. And that means making sure you can combine ideas, so to do "both/and" kind of decision-making [vs.] "either/or" decision-making.

So with regard to that last piece, you talked about what's most important, it turns out that many of us are very used to – in terms of our decision-making process – either allowing the experts or allowing the bosses to make the decision, on the one hand, or else compromising, just kind of going along to get along.

And we don't necessarily know how to work through the conflict that is inevitable when you're trying to do innovation, because you rarely get innovation without diversity and conflict.

So I think that, in terms of importance, having leaders who actually understand how to lead when you're in fact going to amplify the differences in your group as opposed to minimize them – finding leaders who can do that in a constructive way, not so many are skilled at it.

And if you aren't comfortable amplifying people's talents and passions and still working through that conflict with them to leverage those talents and passions to come up with innovative solutions to problems, as an organization, I think you're not going to be able to flourish.

And the other thing I think I should say about it that we really did find in these organizations is they had a very broad definition of innovation. Innovation is anything that's both new and useful. It can be incremental. It can be breakthrough. It can be a product, a service, a process, a way of organizing.

Greig: I guess a question I have is the importance of the team members, the qualities of the team members. So is it up to the leader to bring this out of the team members, or is it important to find the right kind of team members who can operate in an environment like this?

Linda: Well, there are two parts to the story. One is, talent does matter. And you know that. Obviously, your partners here know that very much. And so you do want to get the most talented people you can to work on whatever it is.

But the other part of it is that you actually have to get those talented people to be able to collaborate together and do the kind of problem-solving I described where you're just doing discovery-driven learning, where there's going to be failure and misstep, and then where you're going to try to make decisions and combine things.

But as you know, there are many, many groups in history that had very talented people working in those groups, and they've not been able to be very productive.

And often, that is attributed to there were too many cooks in the kitchen, particularly if you have lots of talent, big talented passionate people, right? They can't work together. We can't afford to have too many.

What these leaders know how to do is to attract, retain those – that kind of talent, but also figure out what kind of environment they need to create for those people to be able to cook a really wonderful meal together.

So I do remember when one of the – actually, a couple of the leaders said to us, "You've got to be comfortable with having people in the group who are smarter than you, better than you, and the really best people you need to have because it makes a difference, particularly when you're tackling real breakthrough innovation kinds of situations." And you as a leader need to know how to get those people to collaborate together. So I think it's not only their raw talent about whatever it is that you're trying to solve as a problem, but also their openness to being able to do collaborative work.

Identifying Talent to Lead Innovation

Greig: If you think about spotting – you mentioned earlier spotting the leaders – is there anything you'd specifically look for? The leaders you found were ones that had already proven it. And you studied them over time.

If you were just trying to see if someone had the ability to do it, what would you look for?

Linda: Well, that's one of the reasons we've partnered with you, because we have looked at some things. We looked at about 30 leaders over time at this point. And we have some sense of what that is.

When I look at your potential model in particular, it's very consistent with what we found in terms of the qualities, the personal qualities of these people.

So what we found about our leaders, on the one hand is they were very, very demanding. And many people describe them as *the* most demanding boss they've ever worked with, but they were also very generous.

They were also extremely curious people, which is something I know that shows up in your model.

The other thing is they're quite idealistic, but yet practical. And I bring this up because one of the things that I think is difficult, and you want to look for, is that the leaders that we studied actually do believe, as they say at Pixar, that everybody has a slice of genius.

And frankly, not so many people believe that everybody has a slice of genius.

And so when you're looking to select leaders who can do this, I think you are looking for people who are fundamentally pretty optimistic, maybe you'd even call idealistic, that they do think everyone has something to offer.

There is that optimism, again something that I see in what you assess when you're looking at leaders as well. So I think some of those fundamental qualities that I see particularly in your potential model are very consistent with what we found about our leaders.

It is really people who do understand about creating context, who actually understand a lot about how you manage complex dynamics because, as I mentioned earlier, you rarely get innovation without diversity and conflict.

I teach at the Harvard Business School, as you know – when I gave a speech to our alumni about this kind of leadership, one alumnus raised his hand and said, "You taught me to be a performer, not a stage-setter, Linda. You taught me to be out front. And now you're asking me to make space for others?"

And I was able to share with him a story of a time when I had the absolute privilege of spending a day with Nelson Mandela, who deeply believed that you had to create space for others. And that's where it actually came from, that the energy that other people have, the ideas they have, have to be brought to bear when you're trying to take on really complex, tough problems. And he had probably the toughest, the most complex, etc.

But even a leader like that talks about, "My job is to create the environment in which those who are nimble can get done what needs to get done."

Managing Paradoxes

Greig: And it sounds like, that built into all of this is the ability to manage paradoxes, to find where the pendulum should be between two things, neither of which is right, and turning those dials appropriately to get it right in a given situation.

Can you talk a little bit about paradox and its role in being a leader of innovation?

Linda: Yes, so what we found is that there really are six tensions inherent in leading innovation. And I'm not going to go through each and every one of them, but there are these paradoxes, as you described.

So on the one hand, you have to unleash the individual talents and passions. On the other hand, you have to harness them so they're – for the collective good. On the other one hand, you have to be supportive. If you're not supportive, you're not going to provide an environment of psychological safety. People aren't going to take the risks necessary to actually innovate.

On the other hand, you kind of got to be confrontational. And you've got to make sure that you perform and you get done what you need to get done, right?

On the one hand, also, you have to – most innovation is very bottom-up. But you know what? To get things done on time and make sure they get implemented properly, you often have to be top-down.

So I think that what you see is that you're always moving back and forth between these different – what we would say – extremes of unleashing and harnessing. And helping a leader understand where you need to be on those dimensions, on those paradoxes, in terms of their own style and how they're behaving, I think that's one of the things that we can help them with, either in our practice of helping leaders when they come to our programs or need coaching, etc.

On the other hand, we also know that those six tensions are actually connected to the three capabilities that I talked with you about earlier because it is an integrated model. So we need to help leaders understand how you actually maneuver across these paradoxes in any given sort of encounter or what's going on in their organization.

And since we're interested in organizations that can routinely do this, it's about the embedding of these capabilities to deal with these tensions that we really want to help leaders with.

Greig: So having defined the model and brought to life the paradoxes and these necessary capabilities, is it possible to measure a team's ability to do this? Is that something that can help them get their arms around how to get better?

Linda: The reason why we wanted to collaborate with you is because we had an idea of a diagnostic to help people figure out whether or not they have the right culture and capabilities in their organization.

We're also working on a diagnostic for a leader to figure out whether he or she actually is able to lead innovation, since it is different from what people mostly think about.

The other piece of it is a new kind of leadership development program that is aligned that will help them understand the model. But actually as they're learning the model, which as I mentioned was very integrated, they are at the same time – are sort of practicing innovating in a collaborative way with others.

The Role of the Board

Greig: Linda, can you talk to us a little bit about where the board falls in all of this? What is their role when it comes to helping companies lead and be effective in innovating?

Linda: The board has an incredible role to play. I was invited by Bloomberg to come speak to his clients about the role of the board in innovation and saw that there's not a lot of research on that question.

But in doing that work, I ended up coming to talk to one of your partners to see if we could collect some data together on this question. And we're finding fascinating results with this work.

We've started first by looking at the role of boards of public companies. But a lot of interest from privately held companies, investors in Silicon Valley, venture capitalists who are trying to figure out whether or not they should invest in this company or not.

And so I think there's a lot of – a lot more to be looking at with regard to that whole line of research and I'm hoping that we'll find ways to work with you and learn from you on that as well.

Everyone that we talked to, all the different constituencies you can imagine, whether it's the CEO or the senior team or various board members, understand that they have an important role to play. But many are finding it difficult to figure out exactly how to do it properly.

So one piece of the puzzle is, for instance, in succession planning, are we looking at leaders who are going to be able to lead innovation? How do we build that into our succession planning? How do we have conversations, board meeting conversations, where we get to explore in a productive way together whether or not we have the kind of culture and capabilities necessary to actually be able to innovate?

Or even more basically, one of the things that we've come to find out is that, when you look at all the pressures on boards and all the things that they have to be concerned about with these days, are they making the time to really engage constructively with management when you're talking about things that really involve lots of risk? So the whole question of risk management and how boards think about that relative to when to attempt big-bet kinds of innovations as opposed to simply continuous improvement kinds of innovations, because there's so many companies out there that are very worried about being disintermediated by technology, for instance.

Greig: Well, Linda, it's been a great pleasure working with you on this. Thank you so much for spending the time. And we look forward to the insights and the breakthroughs to come in this extremely important area.

Linda: Thank you very much. It's been really a pleasure to speak with you.

Contact us:

Greig T. Schneider
Egon Zehnder Boston
greig.schneider@egonzehnder.com
Tel +1 617 535 3500

EgonZehnder

Since 1964, Egon Zehnder has been at the forefront of defining great leadership in the face of changing economic conditions, emerging opportunities and evolving business goals. With more than 400 consultants in 69 offices and 41 countries around the globe, we work closely with public and private corporations, family-owned enterprises and nonprofit and government agencies to provide board advisory services, CEO and leadership succession planning, executive search and assessment, and leadership development. For more information visit **www.egonzehnder.com** and follow us on **LinkedIn** and **Twitter.**

Amsterdam	Madrid
Athens	Malmö
Atlanta	Melbourne
Bangalore	Mexico
Barcelona	Miami
Beijing	Milan
Berlin	Montreal
Bogotá	Moscow
Boston	Mumbai
Bratislava	Munich
Brussels	New Delhi
Budapest	New York
Buenos Aires	Oslo
Calgary	Palo Alto
Chicago	Paris
Copenhagen	Prague
Dallas	Rio de Janeiro
Dubai	Rome
Düsseldorf	San Francisco
Frankfurt	Santiago
Geneva	São Paulo
Hamburg	Seoul
Helsinki	Shanghai
Hong Kong	Singapore
Houston	Stockholm
Istanbul	Stuttgart
Jakarta	Sydney
Jeddah	Tel Aviv
Johannesburg	Tokyo
Kuala Lumpur	Toronto
Lisbon	Vienna
London	Warsaw
Los Angeles	Washington, D.C.
Luxembourg	Zurich
Lyon	