



Change management tactics to drive a culture of innovation

Janeen Stodulski, MBA, CPA, CGA
Director of Client Services – Grant Thornton LLP

A photograph of two young women with long blonde hair, one in profile and one from behind, talking at night. They are wearing dark jackets with fur-lined hoods. The background is dark with some blurred lights.

**Take a few moments
to **CONNECT** with
your neighbour**

CPD Process

In order to receive CPD credit

- Be sure to sign in or scan your badge for this session
- You must stay in the session for the duration of the training
- This session is eligible for **1 hours of CPD**
- CPD certificates are emailed directly to you within 4 weeks of the conference date to the same email address you used to register

Today's Speaker



Janeen Stodulski, MBA, CPA, CGA
Client Service Director - Grant Thornton LLP
[@JaneenStodulski](#)

Innovation Without Implementation Leads Nowhere



We all know a culture of innovation can make a company wildly successful. But the challenge innovative organizations face is to ensure enough attention is being paid to how to actually implement all the fabulous ideas they come up with!



This is a game of implementation. Only 15% of the job is figuring out what to do. Making it happen-that is where the action is.”

F. Warren McFarlan



A recent CCL survey of 500 senior leaders found that innovation is a key driver of success for 94% of organizations, and 77% of them tried to promote innovation in some way. Even so, just 14% said they were confident about their organization's ability to drive innovation effectively.

This gap exists because too many companies invest in structures, programs, and efforts to fuel innovative thinking without also investing in innovation leadership.

Why spend time building a culture of innovation?

Roger Martin, dean of University of Toronto's Rotman School of Management and Richard Florida, urban thinker recently said, **“Our future depends on nurturing creativity and intelligence rather than protecting the past. The transition to an economy based on brainpower rather than physical labour is already under way. Our time is seeing the rise of a whole new economic system that is based more on brain than brawn, more on ideas than capital, more on human creativity than natural resources and brute strength.”**

Many organizations today know that they must become more innovative in order to survive and grow. No longer can we look to the past to predict the future. No longer can we improve our products and services and expect this to be true innovation. We must re-think and re-invent what it is that we are doing and want to do. We need to identify what our products and services will be in order to manage in the future economy.

In 1900 there were approximately 100 million people in the United States. 30 million of these worked on farms. In 2000 there were approximately 300 million people in the United States. Only 5 million worked on farms. Industry displacement has been going on for over a century.



There is nothing so useless as doing efficiently that which should not be done at all.”

Don't hold onto the past. Honour it but move on. In our organizations we must stop doing that which is not driving the organization forward and that which is not meeting all of our business and customer's expectations.

Peter Drucker

Understanding your culture of innovation

It is not the generating of ideas that creates a barrier to innovation. Rather it is that the organization does not permit the time required to move these ideas from vision to reality.

Often they are not given the time that is really required to explore their ideas through an innovation process. This makes it difficult, if not impossible, for true innovation to happen.

The need for constant reinvention is a given in today's business environment. And while a breakthrough product or concept can catapult an organization ahead of its competitors, in these fast-paced times, that advantage is often short-lived.

So how can we help change that

It starts at the top

Leaders create the psychological environment that fosters sustained innovation at all levels. The challenge is that as an organization grows, management structures and bureaucracies, designed to channel growth, tend to create barriers to small-scale enhancements

While there are exceptions, in larger organizations employees tend to feel removed from the function of innovation and are less likely to take independent action or offer revolutionary ideas.

The commitment to establishing the right psychological conditions for innovation needs to start at the top. This means that, as a leader, you need to consider your own assumptions about innovation and their role in creating and changing your organization's culture.

7 Steps to help create change-management

While your organization's innovative capability depends on multiple factors, there are several steps you can take to create the psychological conditions that favor inventive thinking, regardless of your industry or the size of your organization.

- 1) Establish a clear sense of direction
- 2) Open Communication
- 3) Reduce bureaucracy
- 4) Instill a sense of ownership
- 5) Make sure recognition and rewards are consistent
- 6) A tolerance for risk and failure
- 7) Eliminate projects and processes that don't work

Establish a clear sense of direction

- i. Changing Cultures involves changing minds, and that takes time
- ii. As with any initiative, a clear sense of the target helps speed the Journey
- i. What is the purpose of consistent innovation in your enterprise? Is it to add customer value to existing products /services, to speed delivery, or reduce WIP, improve client experience?
- iii. Having a clearly articulated message allows everyone to focus on innovation where it can deliver the greatest value. Innovation, as Peter Drucker has defined it, means creating a new dimension of performance. A sense of mission clarifies the direction of performance and helps determine which new ideas to focus on.

Open communication

Open communication between management and employees sets the stage for an atmosphere of trust. But if you want to establish a new, more trusting culture, **you can't expect employees to take the first step.**

Company leadership initiates the process of open communication by sharing information with employees on a regular basis. This includes good news and bad.

Leaders of organizations that sustain innovation offer multiple opportunities for communication.

While not every company can offer an open-door policy for its senior executives, or even a chance for regular face-to-face contact, every organization can institute programs that enable front-line workers to feel heard. From "Leadership", lunches with cross-sections of employees, to monthly division meetings between employees and the general manager or related, to open intranet forums for idea sharing and feedback, leaders can communicate their openness to hearing innovative ideas from those who are closest to the customer/client.

Reduce bureaucracy

While larger organizations are often considered less entrepreneurial and inventive than their smaller counterparts, **it's not the size of your company that inhibits innovation — it's the systems. Bureaucracy slows down action and is a serious impediment to innovation.**

Smaller organizations can often move faster on implementing innovative ideas because they have less bureaucracy. When Jack Welch was reengineering General Electric he said, “My goal is to get the small company’s soul and small company’s speed inside our big company.”

Faster implementation encourages further inventive thinking. Think for a minute. If you had an idea for an innovation, and it required 6 weeks to clear channels and another 3 weeks to get funding, would you have lost any impetus for further contribution?

Instill a sense of ownership

An ownership mentality creates a powerful incentive for inventive thinking. When an individual is clearly aware of how his or her interests are aligned with those of the company, he or she has a strong reason to “go the extra mile” to further the mission.

It is important to have incentives for employees. However on its own, profit-sharing doesn't guarantee your employees will think like owners.

When employees don't see how their individual efforts affect company profitability, they tend to be passive and reactive. To encourage greater involvement, make sure each employee knows how his or her work affects company performance.

Southwest gave pilots the freedom to design and implement a plan to reduce fuel consumption because they were in the best position to determine what would be effective. Pilots pitched in enthusiastically because they understood the impact their actions had on the bottom-line and ultimately, on their own futures.

Make sure recognition and rewards are consistent

While financial rewards are often tied to innovations, rewarding only the individual or team responsible for the “big idea” or its implementation, **sets up a subtle competitive atmosphere that discourages the smaller, less dramatic improvements.**

Even team-based compensation can be counterproductive if teams are set up to compete with each other for rewards. These incentives discourage the cross functional collaboration so critical to maximum performance.

Companies that successfully foster an innovation culture design rewards that reinforce the culture they want to establish. If your organization values integrated solutions, you cannot compensate team leaders based on unit performance. If your company values development of new leaders, you cannot base rewards on short-term performance.

A tolerance for risk and failure

Tolerating a certain degree of failure as a necessary part of growth is an important part of encouraging innovation. Innovation is a risk. Employees won't take risks unless they understand goals clearly, have a clear but flexible framework in which to operate and understand that failures are recognized as simply steps in the learning process.

Toyota's Production System transfers quality management and innovation authority to front-line plant workers. Workers are able to make adjustments in their work if they see an opportunity for improvement. If the innovation works, it's incorporated into operations, if not, it's chalked up to experience.

A major psychological benefit of Toyota's method is the development of trust. Employees who trust their bosses are more likely to take intelligent risks that have potential benefit for the company.

Eliminate projects and processes that don't work

As your organization innovates you need to practice what Peter Drucker calls “creative abandonment.” Projects and processes that no longer contribute should be abandoned to make room for new, progressive activities.

While no organization wants to squander financial resources on unprofitable activities, it is actually the irreplaceable resource of time and employee energy that is wasted if a company holds on to the old way of doing things.

Innovation requires optimism. It's about an attitude of continually reaching for higher performance. You can't expect employees to maintain an optimistic attitude if they feel compelled to continue in activities that are going nowhere

Barriers to creating a culture of innovation

Organizations that focus on short-term, bottom-line oriented thinking create pressures on management and staff that diminish the focus on the long-term innovation process. Rather, it increases the focus on sustaining existing products and services. This constant examination of quarter by quarter results vs. longer-term planning creates a culture that is not supportive of innovation.

Today, organizations need strong, committed leaders to create an environment that supports innovation and drives it forward. They will accept risk. A risk-averse corporate culture is seen in many research studies as the number one killer of innovation. Short-term goals, particularly quarterly numbers, create an environment where the longer-term actions necessary to drive innovation are squashed. Employees tend to avoid innovations that require longer-term thinking; rather, they develop innovations around ideas that help to meet the shorter term results management is seeking. This results in an increased focus on sustaining existing products and services rather than creating new ones.

As well, an organization that has a strong culture of innovation will also recognize the need to engage all employees in a process of innovation.

Innovation and the customer

Other elements to consider in re-shaping your culture is to ensure your organization is customer focused, value-driven and strategic. Ensure that your operating strategies are developed through interactions with your employees, customers, partners, vendors, suppliers and consultants.

Review market trends and identify, through benchmarking, what is required to out-perform their competition.

Customers will help you to develop innovations. When combined with benchmarking it can lead to dramatic innovation. But your future growth may not have anything to do with what your customer tells you today. For example; the PC was not a customer vision. Customers wanted a faster mainframe (IBM), not a PC. If Ford asked his customers, they would have wanted a faster horse – not a car.

Remember to think outside and inside the box for your strategy.

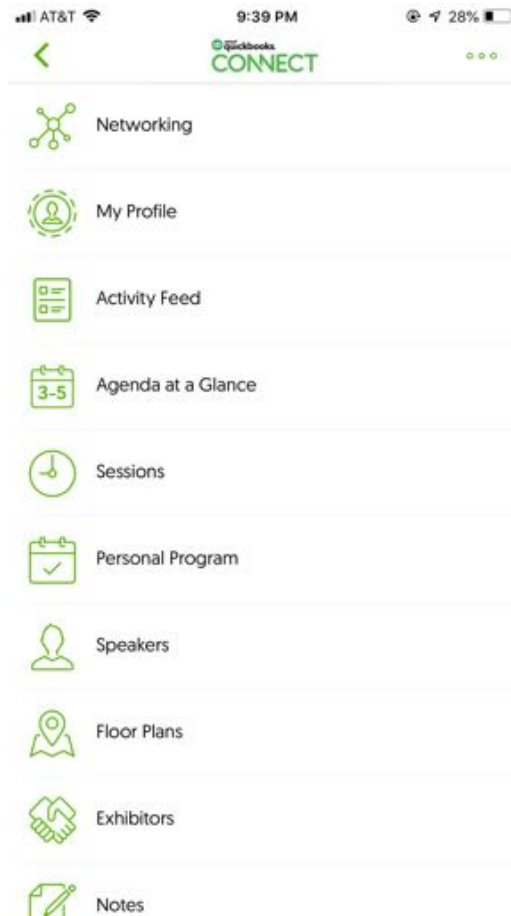
Conclusion

Helping your organization to achieve more innovations requires you to spend time re-shaping your culture to support innovative thinking. It is a major undertaking. Start by examining your current culture and determining what changes are required to foster and support innovation. You have to want to make a difference. Lead your organization through this journey of change. I have led others through this journey and you can too!

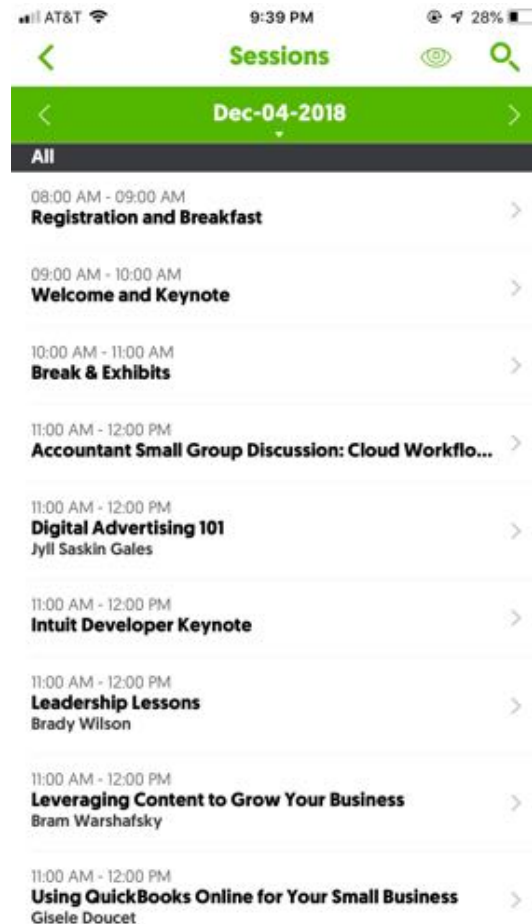
Questions?

Rate this session in the mobile app

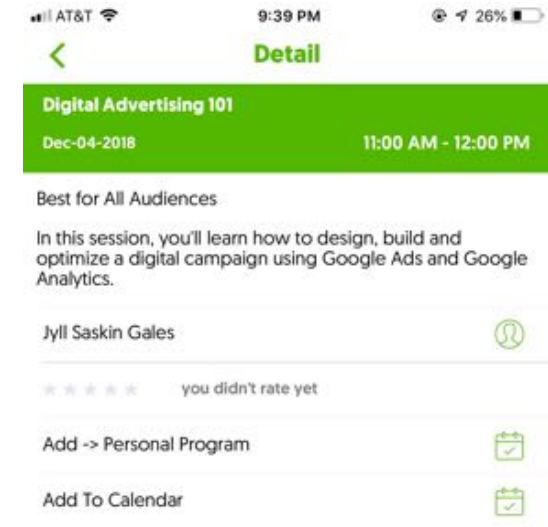
1. Select Sessions



2. Select Title



3. Add Rating



Material Download

Session slides can be found on the QuickBooks Connect agenda page

- 1) Find the session on the agenda
- 2) Select + for more information
- 3) Download PDF of slides

<https://can.quickbooksconnect.com/agenda/>

11:00 am-12:00 pm

Breakout Sessions

| | |
|--|---|
| Digital Advertising 101 | + |
| Leveraging Content to Grow Your Business | + |
| Leadership Lessons | + |
| Using QuickBooks Online for Your Small Business | + |
| Warrior Approach to Productivity • session repeats | + |
| Accountant Small Group Discussion: Cloud Workflows | + |
| Intuit Developer Keynote • session repeats | + |

 **intuit**
quickbooks.

CONNECT

