

Roundtable Take-Aways

Motivation for Innovation II Picatinny Arsenal, July 31, 2000

The July 2000 Roundtable was held at ARDEC, Picatinny Arsenal. This was a continuation of the discussions from the prior Roundtable meeting of March 27. The objective was to further share programs and practices that organizations use to motivate innovation. Facilitators were Lem Tarshis of the Alliance, Don McIver, ISO Human Resources Manager, and Clark Ensley of ARDEC Human Resources.

- Lem Tarshis reviewed the results of the Alliance research done to identify differentiating characteristics between highly innovative organizations and lesser ones. Organizational culture, defined as the normative behaviors exhibited by employees, was found to be the major distinguishing characteristic. Companies whose people demonstrate *collaborative, inquisitive, advocative* and *goal-directed* behaviors (terms defined in the Alliance study) are better innovators. The Alliance Innovation Model has been multiply validated since it was first postulated, and it now appears that actions taken based on a survey developed from the Model are showing supportive results.
- Culture appears to last for a long time and changes only over a lengthy period. However, the recent data that Lem reported on indicates that a significant change in behavior can occur within a three-year period.
- The discussion based on Lem's presentation indicated general agreement on the part of participants that the Model does correlate with their experiences. Teknor Apex indicated that they are planning to use the Alliance Innovation Survey to benchmark their innovation practices.
- A simple definition of innovation proposed by Larry Gastwirt, and consistent with the definition used in the Alliance study, is "the introduction of something new". The word "introduction" brings in the notion that we are not talking about invention or concept origination, as important as they are. Rather, innovation embraces the full process of bringing an idea to use, from conception to useful implementation.
- Don Gulliksen of ARDEC asked a provocative question: when do you buy culture (by acquiring an innovative organization, for example), and when do you develop a new culture from within? Participants agreed that companies should buy an innovation (using the word in the limited

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sense of a technology or a piece of intellectual property), and develop a culture for on-going innovation in the broad sense of the term defined above. Lucent's specific practices agree -- they buy intellectual property embedded in companies they acquire, and absorb the new company once the business is successful. Lucent's focus on acquisition is on obtaining technology, rather than company culture.

Larry pointed out that the mere fact of making an acquisition is culture changing. He also quoted John Mayo, former president of Bell Labs and a principal supporter of the Alliance research on innovation, who said that "innovation is a team sport", supporting the importance of management practices that support collaborative behaviors.

It was generally felt that there is not, *a priori*, a relationship between innovation, employee motivation, and employee retention. Some of the behaviors may be different for these three outcomes. ISO, however, believes that there is a correlation between retention and innovation because people want to be with an innovative company.

Bestfoods indicated that they do not see 100% support for their Innovation Fairs, and made the point that there are multiple demonstrators of innovation.

Pershing's (and DLJ's) parent, Axa, has begun giving innovation awards, and Pershing believes they are a serious contender.

Don McIver of ISO led further discussion by describing ISO's efforts to change their company's culture, for the purpose, among other things, of becoming more innovative.

ISO is "buying culture" by hiring senior officers from outside, thereby changing the culture of the company.

As part of their process of changing culture, ISO has started by articulating vision, mission and values and using these as a rallying point for all employees.

In the past, ISO frequently instituted processes

that had taken on lives of their own, not necessarily on a value-add basis. This is all changing. ISO has instituted a reward system for innovation. They award a percentage of revenues from new products, with a cap of \$10,000, to employees through their "ideas/savings" program. ISO is implementing the use of a balanced scorecard. Best Foods suggested they incorporate a fifth element to their scorecard, namely People Development.

ISO's management is now paying a lot of attention to staff development and are personally involved in this effort.

Clark Ensley (ARDEC) told the group that Picatinny is unique in the Army in their seriousness about teaming and empowerment (reflected in their having won the Baldrige Award). They have changed their culture by repetitious management practices -- continuous improvement is lived.

ARDEC is now promoting the idea of "out-of-the-box" thinking. They have used the Disney Imagineering organization to motivate innovation.

**Comments on Newsletter?
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