

Leadership Guide – Unleashing Innovation

March 2021

Introduction

Innovation is something everyone can foster and increase with a change in mindset and behaviours; it is not simply the preserve of a 'genius' or the 'creative' department, although this can be a commonly-held view. Leaders recognise the need for innovation – 84% see it as being the core of their growth strategy¹ – but understanding and unlocking it tends not to be a strength².

Boosting innovation is particularly vital during times of change and disruption; not only because organisations must adapt to new and unforeseen challenges, but also in order to emerge stronger. During the 2009 financial crisis, for example, organisations that invested in innovation not only performed better than market average by 30 percent but went on to see stronger growth for the following three to five years³.

Innovation has thrived throughout the coronavirus pandemic, with firms pivoting their production lines to make PPE or ventilators, restaurants providing dining experiences to enjoy at home and musicians, theatres and museums streaming digital performances and exhibitions. And there are many more examples. The need to enable remote working and serve customers in new ways has also accelerated digital transformation by years in many organisations, making them more efficient and customer focused which will stand them in good stead for the longer term.

As we emerge from the pandemic, there will be once again be new challenges to face, such as revitalising high streets and city centres, managing much higher volumes of home-based workers alongside office-based employees, and continued concern over climate change. All of which will offer further opportunities for innovation and long-term success.

This guide explores the link between growth mindset and innovation. It focuses on some of the individual and cultural aspects that favour it and offers practical examples to help increase it at all levels. The guide includes and expands on a Matthew Syed Consulting series of LinkedIn posts published during 2020 as well as additional content from our leadership development programmes and insights from our Mindset Advantage psychometric analytics.

What is innovation?

There are in fact different kinds of innovation; it doesn't always have to involve eureka moments or step changes, it can also be the result of smaller, incremental changes.

Recombinant innovation is when something new is created by bringing together different ideas. For example, the Waze app combined existing technology - smartphones, GPS, digital maps, social networking concepts and the Internet - to provide a real-time navigation system that is now used by millions of people.

Incremental innovation, on the other hand, results from implementing small, iterative improvements, such as online retailers reducing the clicks required for a customer to complete a purchase or an organisation reducing errors or improving the efficiency of a process. The combined result of many small changes can have a hugely positive impact on performance.

It's important to note that innovation may not always mean adding more; it can be the result of simplifying a process, or even eliminating an activity that no longer adds value.

The connection between growth mindset and innovation

Organisations and individuals with a growth mindset approach – the belief that their capabilities are limitless with hard work and effective strategies - tend to be more innovative. For example, they are willing to experiment and test out ideas and hypotheses, learning rapidly along the way to continually improve or change their approach. They typically seek out new and different perspectives, including those outside their industry or usual circles which can help more quickly identify potential changes or disruption from new contenders.

Our model of growth mindset identifies nine key aspects which can be grouped into three lenses of resilience, learning and innovation.

It is important to note that many of these aspects are closely linked and also impact on other lenses. For example, humility sits with learning but also has an impact on

innovation. Strengthening a particular trait will also often positively affect another: developing a positive attitude to failure, for example, can help boost agility.

This guide will focus on the areas of growth mindset that most impact innovation and some of the practical actions leaders and individuals can implement to help boost innovative thinking and behaviours. As well as the aspects grouped under innovation, it will also explore other growth mindset traits, such as humility and attitude to failure, and additional factors - cognitive diversity and psychological safety - and techniques for strengthening them.

Fostering greater innovation

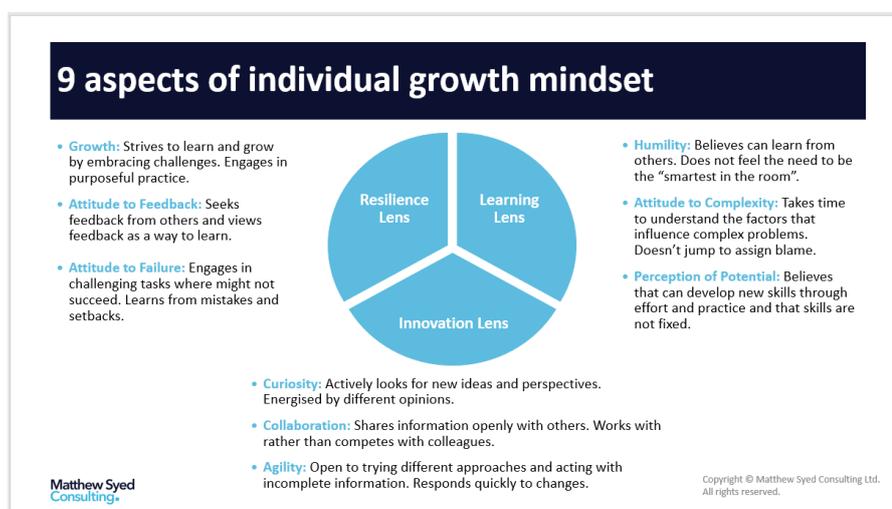
Innovation can happen at all levels within an organisation, but it needs to be actively encouraged and nurtured in order to thrive. Some questions for leaders to consider include:

- How open are we to different ways of working?
- Are we slow to adopt new processes or implement new ideas and, if so, why?
- Do we respond quickly enough to changes in the market or our competitive landscape?
- Do we monitor what competitors may be doing to innovate?

By adopting and encouraging certain attitudes and behaviours, which are explained and explored below, leaders will create an environment that can allow innovation to thrive.

Agility

Agility is one of the key mindset traits for increasing innovation. It can operate at different levels – individual, team (or workforce) and organisation – and is the subject of articles, workshops and guides



in its own right. For the purposes of this guide on innovation, this is a summary of some key concepts and practices.

Agile individuals are open to trying different approaches and testing their assumptions. They view sensible risk-taking as important for learning and improvement. This mindset enables them to respond quickly to change. For example, they are decisive, even if information is incomplete, recognising that sometimes an imperfect decision is better than no decision. It should be stressed that the ability to learn is key to agility in order to iterate and improve, or even adapt and change course as new information becomes available.

Some aspects to consider to encourage greater agility include:

- ❖ Does the team, or organisation, have a strategy that provides clear direction on what it should or should not be focusing on? This should be regularly reviewed and adapted as new learnings come to light.
- ❖ Are roles and responsibilities clearly defined so that individuals and teams are empowered to act and move forward while understanding, for example, the process for consultation and decision-making?
- ❖ Are mechanisms in place to ensure that learnings are captured and applied? Regular feedback and sharing of relevant information enable individuals and teams to quickly change course as needed.
- ❖ Is time invested in anticipating possible changes and considering different plans of action?
- ❖ Do people understand the risk of delaying action or putting off decisions? Inertia can be more damaging than imperfect actions or decisions that offer the opportunity for subsequent improvement or for uncovering powerful learnings.

It's nevertheless important to be mindful of complexity in an agile mindset, in other words to avoid reaching fast but overly simple conclusions at the expense of stronger decisions or prototypes.

Curiosity

Many of the greatest innovations of our time are the result of someone being curious enough to go beyond their existing knowledge or usual spheres of reference to address a problem they needed to solve. Curious individuals actively seek new and fresh perspectives and ideas. They probe for further information and ask open questions, continually looking to learn.

By encouraging the following approaches, leaders can help to develop greater curiosity:

- ❖ Engage and explore new ideas even if they may not seem immediately relevant
- ❖ Look for different and better ways of working, even if existing methods are working well
- ❖ Create opportunities to interact with those outside the usual spheres
- ❖ Keep abreast of competitors and market developments, but also of changes outside the industry that could impact or offer new ideas for your own
- ❖ Make time to keep developing skills and knowledge.

Collaboration

Effective information flow (up, down and across an organisation) is crucial for identifying potential opportunities for improvement and innovation. This requires a culture where collaboration and robust challenge are the norm. For example, an environment where people are comfortable sharing their knowledge and ideas. And where honest and open feedback is sought and encouraged at all levels, including senior leaders.

Practical techniques to adopt include:

- ❖ Asking others outside the team for their input on projects, ideas or working practices

- ❖ Gathering people from different backgrounds to approach problems from a fresh perspective
- ❖ Looking outside your organisation for new ideas or possible solutions
- ❖ Encouraging “creative conflict”: candid communication and feedback, mutual respect and active listening – see also the later section on psychological safety

A culture that fosters collaboration will break down silos, open up people and teams to greater learning and boost both individual and team innovation and performance.

Humility

A study of 1500 people found that humble leadership led to greater innovation, positive team behaviours, and employees felt more included⁴.

Humility shouldn't be seen to conflict with self-confidence, which is important, particularly when delivering under pressure. It is simply about recognising that we can benefit from the input or expertise of others - no matter our qualifications, expertise or seniority. Humility allows people to challenge assumptions, harness the collective intelligence of a team or an organisation and shape new ways of thinking.

There are a number of ways to develop and demonstrate humility, for example:

- ❖ Self-awareness – do we have a desire to be seen as the smartest and to protect our status rather than admitting to any gaps in our knowledge? To be an effective leader requires getting the best from others rather than having to come up with all the ideas or answers.
- ❖ Showing vulnerability - sharing key learnings from new experiences, as well as learnings from when things have gone wrong, are great ways to develop humility.
- ❖ Request ideas, input and feedback from others – ask for and be open to input from a range of people and at different levels. No one person has all the answers in a complex scenario and good ideas can come from anywhere.
- ❖ Acknowledge others' efforts – make a point of recognising other people's ideas and insights and communicating shared achievements. This will build trust and increase sharing of knowledge and ideas.

Like many leadership behaviours, humility is contagious. When leaders demonstrate a humble approach, their teams are more likely to adopt these positive behaviours⁵. This helps to ensure that problems and opportunities are viewed from multiple angles, solutions are multi-faceted, people pull together and the organisation is able to adapt and remain effective.

Attitude to feedback and failure

How we view feedback and failure profoundly affects our mindset and also influences our ability to innovate. Do we see failure or negative feedback as an excuse to give up and stay in our comfort zone? Or do we consider them as an opportunity to learn and improve?

Adopting a positive attitude to all kinds of feedback and to failure will have a major impact on individual and organisational learning and innovation. Some techniques for encouraging this are:

- ❖ Give but also seek feedback frequently. Showing that you are open to feedback for improvement will encourage others to do the same. You may find it helpful to ask for 'advice' rather than 'feedback' – this can make it feel less threatening for yourself, as well as the person giving feedback, and input will more likely be specific, future focussed and actionable.
- ❖ Encourage employees to take more calculated risks or to 'have a go' – this will expose them to challenges and situations they can learn from. As well as stimulating new ideas, this can help an organisation to be more agile and able to react to changing circumstances.

- ❖ Changing the language used to talk about challenges or failures can have a powerful impact on behaviours, e.g. 'What can we improve?' 'What is possible?' instead of 'How did this happen?' 'This isn't going to work'.
- ❖ Make it normal to discuss mistakes or things that went wrong and, most importantly, learnings. Hold regular forums, e.g. 'Mess-up Mondays' or 'Fess Up Fridays'.

Cognitive Diversity

Research indicates that diverse thinking can lead to stronger problem solving, greater innovation and ultimately better performance⁶. A like-minded team may feel very cohesive, but is less likely to generate new and different ideas in response to a problem or opportunity. A team of people with diverse backgrounds and experiences, however, will offer a greater variety of insights, different approaches to problem-solving, or the ability to spot new opportunities or bring fresh thinking on ways to capitalise on one.

Some practical approaches for increasing cognitive diversity include:

- ❖ Encourage debate and alternative views. In meetings, it can help if the most senior person(s) speaks last to avoid others echoing their viewpoint.
- ❖ When creating project teams, consider including people from different functions, or with differing experience and perspectives.
- ❖ 'Shadow boards', such as a team of younger, more recent employees from different functions, can also offer new insights and different views to a senior team.
- ❖ Building a more diverse network will also bring fresh thinking to problems or ideas, helping enrich outcomes. Seek opportunities to interact with those outside your usual sphere.
- ❖ When recruiting, consider sourcing candidates with diverse educations, experience and geographical locations to increase differences in perspectives.

Psychological Safety

An environment where people can express their views and challenge ideas without fear of criticism or recrimination enables the dynamic, and sometimes even 'friction' or 'healthy conflict' that lead to creativity and innovation. Teams with high levels of psychological safety learn more and collaborate more effectively as the environment of trust and openness allows them to:

- Share, listen to and discuss different opinions, regardless of experience or seniority
- Explore and experiment more as they aren't fearful of mistakes, 'failure' or negative consequences
- Give and receive honest feedback, viewing it as an opportunity not a threat.

Adopting the practices below will help increase psychological safety:

- ❖ Clearly communicate the kind of climate you want to create, the behaviours you commit to, and what you ask of the team
- ❖ Lead by your own words and example, e.g. avoid blame and be curious: 'What have we learnt?' 'Have we considered all the different factors involved?' instead of: 'Whose fault was this?' 'This shouldn't have happened'.
- ❖ Ask for input, ideas, feedback and advice - acknowledging that you don't have all the answers and welcome input and ideas will signal to others that it's OK to do the same
- ❖ Convey that everyone's contributions are valued and needed to increase collective intelligence.
- ❖ Make a point of rewarding individuals and teams when they identify and share learnings from problems or from disappointing outcomes.

Conclusion

As we have explored, there are many facets to innovation which may explain why it poses challenges for leaders and may appear hard to achieve. However, it is possible to increase and unlock it by encouraging new ways of thinking. This requires strengthening the specific aspects of growth mindset we have discussed, as well as fostering cognitive diversity and creating psychological safety. An organisation's culture can also stimulate or stifle innovation and leadership behaviours play a huge role in creating the right environment. As well as role modelling and nurturing growth mindset beliefs and behaviours, leaders must also deploy processes, practices and techniques that will enable their people and teams to question and challenge the norm and come up with new ideas.

References

- 1 McKinsey (2010) Innovation and commercialization. Global Survey Results 2010. Published online.
 - 2 Deloitte (2016) Radical Innovation and Growth. Global Board Survey 2016. Published online.
 - 3 McKinsey (2020) Innovation in a crisis: Why it is more critical than ever. Published online.
 - 4 Prime, J. & Salib, E. (2014). The best leaders are humble leaders. Harvard Business Review, May.
 - 5 Owens, B. P., & Hekman, D. R. (2015). How does leader humility influence team performance? Exploring the mechanisms of contagion and collective promotion focus. Academy of Management Journal, 59 (3). Published online.
 - 6 Horwitz, S. K., & Horwitz, I. B. (2007). The effects of team diversity on team outcomes: A meta-analytic review of team demography. Journal of Management, 33 (6), 987-1015.
- Reiter-Palmon, R., Wigert, B., de Vreede, T. (2012). Team creativity and innovation: The effect of group composition, social processes and cognition. Handbook of Organizational Creativity, 295-326. Elsevier Inc.

Matthew Syed Consulting

Matthew Syed Consulting works with an impressive portfolio of global clients in the public and private sectors. Building on the work of best-selling author and influential thought-leader Matthew Syed, we establish thriving growth mindset cultures that drive higher performance in individuals, teams and organisations. Through a synthesis of leading psychological research and industry best-practice, we have developed a framework of proven tools and innovative strategies that empower organisational development and accelerate business outcomes.

To find out more or to have an informal conversation about leadership development or building growth mindset, email team@matthewsyed.co.uk.