

Managing for Innovation

New Age Management for Knowledge Workers

The Engine of Technology Companies

Knowledge workers in today's tech economy need to be managed such that they can be engines of customer-focused innovation in order for companies to delight their customers.

Innovation happens when motivated employees are given clear targets and the freedom to find solutions to problems. According to Frederick Herzberg's Two Factor Theory, motivation comes from giving people challenging work to meet inspiring goals, so when innovations result, the cycle is self-perpetuating. In contrast, his theory goes on to say that other company culture items like pay, office design, free food, etc. which Herzberg calls "hygiene factors" can be dissatisfiers if not competitive, but they won't inspire loyalty and motivation.

An environment that fosters motivation and hence innovation is the responsibility of the management to create.

Unfortunately, many companies and managers still perpetuate what can be described as "Old-school management" which is focused on hierarchy and control to manage their businesses. Characteristics of this include:

- Top management feeling that only their decisions can be trusted
- All financial decisions for hiring, purchasing, etc. must come to the senior managers for approval

In contrast to what is called "old-school management", the hallmarks of an environment that will inspire innovation and could be called "new-age management" include:

- A clear focus on the customer and their problems as a way to create value

- Autonomous or self-organizing cross-functional teams with the responsibility to solve problems and the authority to make decisions to do that
- Managers who act as enablers to remove barriers to get the work done
- Open communications and transparency in activities and results

Creating the environment that can foster innovation from motivated workers is not trivial to implement, but the rewards in term of customer delight, market leadership and improved financial results can be significant. The following diagram indicates that assessing the intent of the top management is essential to determine the innovation potential for the organization.

New Age Practices Implemented?

	NO	YES
Yes	Greenfield – Change the Culture – Great Potential for Innovation	Winners – Always Enhance – Innovation Thrives
No	Old School – But Honest. Limited Innovation	Lip Service – Dishonest – Negative Innovation

Figure 1 – New Age Management and Innovation Potential

Agile product development practices are a great model to use that can generate innovation in product development using techniques such as autonomous teams, fast prototyping, product owners, doing high value targets first, using daily scrum meetings, etc. The Scrum Alliance has an excellent guide for this approach at www.scrumalliance.org.

Autonomous teams (also referred to as self-managed teams, self-organizing teams) are an important element of an innovation-focused culture. These teams are the work units that are central to bringing forth the innovations desired in the development process. Therefore special attention is called for to establish a framework for this type of team to exist and operate within the company.

These teams can be powerful cauldrons of innovation if they are:

- Generally given responsibility and authority to accomplish a certain set of work by a sponsor who will support them and help to eliminate any organizational barriers they encounter in the pursuit of their objective.
- Comprised of cross-functional representation as necessary to get all aspects of the job done.
- Trained in team roles, communications and dynamics.

Like any other change, the management must insure that if this is a new working model, it be given the proper care and feeding to be successful – it needs to be treated like any other new organizational competency being built. Considerations include insuring adequate investment in training, flexing to fit the unique aspects of the organization so it is tailor made versus being force-fit, support from the leadership team and that it be given adequate time to be implemented and improved.

A great case study exists in Salesforce.com, the world leader in providing CRM software using a cloud-based model. When their innovation slowed and software releases with that, they did a cross-company implementation of the Agile development methodology, tailored to their circumstance. This was done in 2007 in a 90 day effort with an 18 month continuous improvement cycle. The result was dramatic in terms of employee and customer satisfaction increases, faster release times and increased features per release in the year following implementation. This took the full support of top management with investment in time, materials and training, but this move enabled them to stay the market leader over the past 10 years.

The bottom line is that the path to market leadership and profits starts with an environment that supports innovation and the payoff can be large for your company as well.