InnoWork

MODULE 3: CREATING A CULTURE OF INNOVATION	
Project Title	"Towards a More Innovative Workplace"
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TABLE OF CONTENTS

I. Module information

Learning objectives	As a result of engaging with the materials in this module, learners are intended to achieve the following learning outcomes: *Knowledge*: Understanding the importance of organizational culture, main components of and barriers to pursuing it; methods for successfully implementing a creative culture; developing a team ready to innovate; fostering creativity in the workplace. *Skills*: improved team-working and leadership skills; *Competences*: challenging own thinking as well as evaluating own organization; fostering teamwork; commitment to job; developing others; goal directedness; proactive thinking.
Time schedule	Time necessary for: Learning content (self-study): 45 minutes Case study and exercise: 10 minutes Self-test questions: 5 minutes
Structure	The module is structured as follows: Scene setting and context for defining culture and its importance in the innovation discussion by answering to the questions: What is culture?, Why is it Important?, How to create it? As developing an innovative culture revolves around team-building and leadership special attention has been paid to the questions "How to make teamwork work?" and "What Leadership practices encourage innovation culture?" A brief case study looks at how an organization approached changing their culture.

II. Learning content

Introduction

So you have read about Creativity and Innovation and it sounds fantastic! By simply embracing them in your work place, you'd be able to improve efficiency, strategically position yourself to take advantage of new opportunities and develop the flexibility to adapt to and implement new solutions – all while motivating your work force! Better still, it's already been proved to work for some of the most successful organizations in the world – a sure win! …so why isn't everyone doing it?

The answer is easy…it must be more difficult than it first appears. Creativity and innovation make for excellent buzzwords, but a wealth of texts and case-studies all suggest the same thing: unlike many management concepts, it cannot simply be governed from the top down. Successful examples of innovation all feature a very specific focus: people…and people who have spent their working lives being tasked with following a specific rubric or who have fallen into a routine in order to hit a predefined set of targets may not want to be creative – after all, if it isn't broken, why would they fix it?

This module will focus on the role of organizational culture within innovation. It will define and explain culture considering why it is a key function in innovation, and explore some of the benefits and barriers. Following this, it will look at how to create a culture of innovation at the management and employee levels before looking at how teamwork and leadership principles can support it. Following this, it will look at some case studies from those who have been able to successfully create organizational culture encouraging innovation.

1. What is culture?

The Cambridge Dictionary defines Culture as "The way of life; especially the general customs and beliefs of a particular group of people at a particular time"[1] – **something adopted by a group of people (in this case our employee workforce) and believed in generally over a long period of time**. When we look at developing the creative culture of an organization, what we are really looking at is the idea of creating an environment (along with the systems, resources and flexibility required) to allow a creative culture to manifest itself – and more often, removing procedures and methodologies that currently inhibit it!

At the heart of an innovative culture is the open forum for people to generate and discuss ideas – great ideas can come from anywhere, but to fully realize them implementation may require authorization, procedures or discussion. Whether looking for solutions to tackle new issues, identifying existing issues through consultations, or exploring new ideas for products or services, discussions with relevant stakeholders (employees, consumers, researchers, universities and other related organizations) are paramount; people need to be able to communicate.

2. Why is it Important?

On the benefits of a creative workplace, Amabile (1998)[2] highlights that *"While people can and do solve problems in their personal lives, they don't always feel empowered to make changes when obstacles, difficult personalities or red-tape get in the way at work. When employees are regularly given ownership of their problems, as well as the freedom to find and implement solutions of their choosing, they begin to realize no obstacle is insurmountable. Once problem-solving becomes a part of one's daily work responsibilities, solving larger organizational issues becomes much less daunting."*

Nurturing a culture of innovation encourages a holistic approach to organizational problem solving with several benefits:

- ➲ A culture of innovation allows you to see things from multiple perspectives. Employees at the delivery level may have already identified issues or solutions impossible for anyone else to see; those far from the general business activities may see new opportunities… but they can't be implemented if people never speak.

- ➲ Inclusion (a natural by-product of the culture) improves staff morale, engagement and sense of purpose. It can also augment confidence and motivations - people to want to improve. People naturally want to be heard and appreciated.

- ➲ Increased workplace problem solving - **people speaking about their problems are more likely to solve them!**

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[1] Cambridge Dictionary: 'Culture'

[2] Teresa Amabile: How to kill creativity

3. How to create it?

The methods for successfully implementing a creative culture vary significantly between organizations, but there are a number of key factors that can be considered universally at both the management and employee levels. There are lots of case studies from high-end international organizations for whom innovative culture has been achieved by expensive office re-works, the removal of private offices and symbols of power or by hiring personnel specifically to make the change. This is not always realistic for smaller organizations (and may not even lead to the desired results), but listed below are some common ties that tend to be appropriate across the board.

A number of factors (especially the decision making ones) must be implemented at the management level. Below are 4 things that managers should address directly within their business aims and policies in order to avoid inhibiting[3] an innovative culture.

At the Management Level
Make innovation a strategic imperative at the focus of the organization
Ask the right questions - depending on what you want to achieve, current KPI's (Key performance indicators) may not be conducive to innovation. Tony Golsby-Smith (2011) identifies some pitfalls: "What is the ROI on the project", "Can you prove it with hard data", or "are you meeting the millstones" should be replaced with things like **"what will you learn"** and **"what value are you creating"**.
Define clear end goals for the workforce
Whether it's improving customer service, coming up with ideas to break into a new market or improving efficiency, **the workforce should have a clear understanding of the organizational needs**. Broad focuses allow a company to steer with a degree of guidance and to avoid a flood of ideas that don't meet the organizational requirements. Ideas don't always need to be relevant to business aims, but directing thinking helps to retain positivity by reducing the need to turn ideas down.
Adopt a suitable leadership style
The correct attitude from managers provides confidence that the shift isn't a phase but rather a full, long term goal of a company and something that the team can get behind. Consider what leadership styles inhibit innovation - where an organization is unable to change to a 'flat' management structure, they may instead increase the amount of autonomy permitted to employees.
Stay open to new ideas from anyone who has them

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[3] Tony Golsby-Smith (2011) Three questions that will kill innovation

It will encourage people to be forthcoming. Generating ideas can often be quite personal and 'shooting things down' can act as a deterrent to new ideas. In addition, explaining why things were not progressed with a specific idea and treating any suggestion with respect can help to remove the 'them and us' of management structures with longer vertical chains.

Managers must also work to create an environment conducive to innovative thinking. The next 4 ideas are focused on creating and improving the creative culture.

At the Employee Level
Allow for communication
Removing the 'them and us' mentality and increasing the chance for inter-departmental collaboration is key. Go beyond internal solutions too! Collaboration with a number of other agencies, organizations, universities and groups can allow for additional perspectives to your issues.
Take effective breaks
The human brain uses more energy than any other part of the body and so needs constant replenishment. Rest is one of the key components to increasing personal energy, productivity and creative thinking. Many people do not take advantage of their breaks (lunch or other) during the day and, as such, are not giving their mind a true break from the stresses of the day. Encourage staff to use break time to walk around the building, sit outside or chat to colleagues about non-work related topics.
Give people time
Innovation won't come from an employee who is already working at max capacity to meet a deadline. Google is often praised for mandating 20% of its employees work hours to generating and working on separate projects. Naturally this isn't possible for many organizations, but flexible working hours and more lenient break times can lead to similar effects. When starting to implement a culture of innovation, it's a lot easier to motivate an employee when you aren't cutting into their personal time.
Make it fun!
Providing incentives and rewards can make it competitive, positive and fun to innovate. Get the culture right. Research suggests that the most effective group environment for creativity is where there is fun, humour, spontaneity, and playfulness. However, creating such climate in a workplace setting isn't easy. But, leaders can support this by fostering a permissive atmosphere in which individuality and humour are acceptable and mutual respect, trust, and commitment are the norm.

Across both levels – management and employee, all stakeholders should be prepared to expect and allow for failures. Even where a creative culture has been successfully developed, it won't always lead to the desired results. Instead, keep in mind the natural benefits it has to a workplace, and consider that choosing not to innovate is a risk in its own right – especially in competitive markets where other organizations may push ahead with the 'next big thing' – just look at Blockbuster[4]! Conversely, creative thinking and a keen eye can make an unlikely idea into the next Redbull[5].

Swedish researcher Göran Ekvall has identified 10 organizational climatic dimensions which affect organizational creativity:

1. **Challenge** (How challenged, emotionally involved and committed are employees to the work?)
2. **Freedom** (How free are staff members to decide how to do their jobs?)
3. **Idea time** (Do employees have time to think things through before having to act?)
4. **Dynamism** (The level of general activity in the organization)
5. **Idea support** (Are there sufficient resources available to give new ideas a try?)
6. **Trust and openness** (Do people feel safe speaking their minds and offering different points of view?)
7. **Playfulness and humour** (How relaxed is the workplace – is it okay to have fun?)
8. **Conflicts** (To what degree do people engage in interpersonal conflict?)
9. **Debates** (To what degree do people engage in lively debates about the issues?)
10. **Risk-taking** (Is it okay to fail?)

Questions for reflection	**Assess your own organization according to the organizational climate dimensions above. Where does it score high, where medium and where low? Why do you think so?**

4. Making Teamwork Work

A major part of developing an innovative culture revolves around team-building. Below are some tips on developing a team ready to innovate. The first factor in team effectiveness is the diversity of skills and personalities. This is achieved when people use their strengths in full, but can compensate for others' weaknesses and when different personality types balance and complement each other.

As noted within the Time Management Guide[6], team work in its own right can be quite difficult. Personality clashes, conflicts of opinion and varying levels of confidence mean that managed poorly, team working can actually work against an organization; "Even if the team goals are clear and accepted by everyone, there may be no team commitment to the group goals or no consensus on the means of

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[4] Rick Newman (2010) How Netflix (and Blockbuster) killed Blockbuster

[5] Ron Adner (2004) Red Bull and its successful innovations in the soft drinks market

[6] Time Management Guide: Team Building

achieving those goals: individuals in the team just follow their personal opinions and move in conflicting directions." Some useful team building ideas and techniques from the same text are included below.

Clarity	Make sure there is complete clarity in who is responsible for what and avoid overlapping authority. For example, if there is a risk that two team members will be competing for control in certain area, try to divide that area into two distinct parts and give each more complete control in one of those parts, according to those individual's strengths and personal inclinations.
Encourage openness	Build trust with your team members by spending one-on-one time in an atmosphere of honesty and openness. Be loyal to your employees if you expect the same and be careful with interpersonal issues - recognize them early and deal with them in full.
Build trust	Allow your office team members build trust and openness between each other in team building activities and events. Give them some opportunities of extra social time with each other in an atmosphere that encourages open communication. For example in a group lunch on a specified day.
Keep people involved	For issues that rely heavily on the team consensus and commitment, try to involve the whole team in the decision making process. For example, via group goal setting or group sessions with collective discussions of possible decision options or solution ideas. What you want to achieve here is that each team member feels his or her ownership in the final decision, solution, or idea. The more he or she feels this way, the more likely he or she is to agree with and commit to the decided line of action, the more you build team commitment to the goals and decisions.
Be positive	Don't limit yourself to negative feedback, be fair. Whenever there is an opportunity, give positive feedback as well. Show appreciation of an individual team player's work.

The above (as with many of the techniques included) are simply to make the workplace pleasant! When teamwork is clearly understood to be a primary focus for employees, the culture can be encouraged to improve organically as a necessity for getting things done.

5. Leadership Practices

A number of creativity consultants and researchers (including aforementioned Teresa Amabile) and Dubrin Dalgleish and Miller[7] have identified six leadership and management practices that foster creativity in the workplace. The six practices are:

Intellectual challenge	Match people with the right problem-solving experiences, that is, experiences that challenge or stretch them intellectually. This enhances creativity because it supports expertise and intrinsic motivation. But, the amount of stretch is critical; too little challenge

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[7] Dubrin, Dalgleish and Miller (2011) via Best Practice Consulting

leads to boredom, but too much challenge leads to feelings of being overwhelmed.

Freedom to choose method	Employees tend to be the most creative when they are granted the freedom to choose which method is best for attaining a particular work goal. In other words, leaders and managers can set the goals, but it should be up to the team members to decide how to achieve them. Stable goals are also important because it is difficult to work creatively towards a moving target.
Supplying the right resources	Time and money are important resources for enhancing creativity. Deciding how much time and money to give to a team or project is a tough judgement call that can either support or stifle creativity. Under some circumstances, setting a time deadline will trigger creative thinking because it represents a favourable challenge. False deadlines or impossibly tight ones can create distrust and burnout. To be creative, groups also need to be adequately funded. But it should be noted that creative activities can be achieved at little to no cost with very few supplies, depending on the activities chosen (see below for some ideas).
Effective design of work groups	Work groups are the most likely to be creative when they are mutually supportive, and when they have a diversity of backgrounds and perspectives. Cross-fertilisation occurs and the various points of view often combine to achieve creative solutions to problems. Homogenous teams might argue less but they are often less creative. Getting the mix of team members 'right' does require experience and intuition on the leader's part.
Supervisory encouragement	The most influential step a leader can take to bring about creative problem solving is to develop a 'safe' atmosphere that encourages people to think freely. This includes making it okay for people to challenge assumptions and disagree with the leader. If people don't feel safe, they will only parrot their leader's ideas. Praising creative work is important because, for most people to sustain their passion, they must feel that their work matters to the organization. Whenever possible, a leader should notice and publicly affirm creative thinking. Creative ideas should also be evaluated quickly rather than put through a painfully slow review process.
Organizational support	The entire organization as well as the immediate leader or manager should support creative effort if creativity is to be enhanced on a large scale. Organizational leaders should encourage information sharing and collaboration, which lead to the development of expertise needed for creativity and more opportunities for intrinsic motivation. Executives who combat excessive politics can help creative people focus on work instead of fighting political battles. In a highly political environment, an employee would be hesitant to suggest a creative idea that was a political blunder.

Adapted from Dubrin, Dalgleish and Miller (2011) via Best Practice Consulting

These findings are consistent with the observations of many other researchers and creativity consultants and it is no coincidence that the same words – 'challenge', 'freedom', 'time', 'groups', 'encouragement', and 'support' keep coming up as fundamental bases for an appropriate culture to manifest and thrive in

– in many ways the above tend to involve leaders simply setting the scene rather than taking a hands on approach.

More detailed information about the link between Leadership and Innovation is presented in detail in Module 7: Innovation Leadership.

Case Study: Red Gate Software, Cambridge, UK

"Let's experiment, let's start small, let's not impose big change from above or a big one-off event, let's experiment, let's try and prove whether a certain approach or change of direction helps in a particular context and expand from there. And that's what we did with agile development." - Mark Wightman, Head of Development, Red Gate.

Background

Red Gate is a software company providing "ingeniously simple" tools for technology professionals worldwide. Founded by Neil Davidson and Simon Galbraith in 1999, it has annually featured in the Sunday Times 100 Best Companies to Work For, since 2007 as well as numerous other awards. The company now employs 250 people in Cambridge UK and Pasadena, USA. Although it is growing, Red Gate tries to maintain its original start-up, informal culture by using a variety of tools and initiatives to encourage employee-led innovation and strengthen its engaged culture.

Agile Software Development

For Red Gate, the agile process is one of high visibility and collaboration within a creative culture that tolerates failure. "The culture of the company is permission to fail and expectation of failure, if we are not trying hard enough that's when we don't fail, so let's make sure that we're on the edge and we're trying to push ourselves. Unless we can make mistakes visible, both individually and collectively, we will be doomed to mediocrity."

A predisposition to work this way did not mean that it could be introduced instantaneously. It took two years to migrate all the developers into the new ways of working but as well as building higher quality software and quicker, the level of engagement greatly increased. The teams became more commercially focused, entrepreneurial and innovative.

• They looked at how teams work using a process which is not a one-size-fits-all. Give them the tools but let them decide which ones work best for them.

• They focused on outcomes and letting talented people decide for themselves how they can achieve those outcomes – in this way teams naturally challenge themselves to continuously improve (where there's more structure, there's more certainty and there's less room for creativity.")

• They encouraged time out – every couple of weeks or once a month teams take time out to reflect on what they are doing and how they can improve it.

Source: UK Won, http://uk.ukwon.eu/red-gate-software

III. Conclusion

Creating a Culture of Innovation may be relatively simple but it is certainly not easy. It can take years to build the infrastructure, principles and understanding necessary to allow the culture to flourish and in many cases, it also means turning away from traditional methods – methods that have often worked effectively for years! It is much easier task for smaller organizations that have small number of employees to manage.

Organizations planning to make the change should look at procedures and people – at the management level, ensuring that policies and systems allow for autonomy, openness and that sufficient resources are available to allow for innovation, and at the employee level to encourage team-working and information flow conducive to the adoption of an innovation culture.

Generally speaking, organizations already have resources and the innate ability to be creative – after all, most organizations are started based on identification of a unique service, product or gap in the market. Furthermore adopting a creative culture doesn't need to be expensive; it can take time, commitment and leadership, but once it is in place and employees begin to believe in it as much as your management team do, it can be made somewhat self-sufficient and the focus can move to managing the new flow of information because as Teresa Amabile notes, "The final stage of getting creativity to work is deciding how to put an idea into practice…"

IV. Additional reading

Book	Description
1. Nick Forster, Maximum Performance: A Practical Guide to Leading and Managing People at Work ISBN-13: 978-1845423780	*Detailed exploration into management that covers the impact of culture in great depth.* *Based on twelve years involvement with more than two thousand MBAs, managers and professionals, Maximum Performance is a comprehensive analysis of leading and managing people set against a backdrop of accelerating organizational, business and technological change.*

V. Self-test questions

Question 1: What is culture?

- ☐ Current trends
- ☐ A religion or set of traditions
- ☐ Your personal background
- ☐ The history of a group or country
- ☐ A set of values and beliefs shared by a group of people

Question 2: How does a culture of innovation support problem solving?

- ☐ It allows an organization to see things from multiple perspectives
- ☐ It allows senior managers to dictate company direction
- ☐ It encourages staff morale leading to increased engagement
- ☐ It enables a team to solve things similar issues with previous solutions
- ☐ It increases the likelihood of staff sharing ideas

Question 3: Why must managers define clear end goals for the workforce?

- ☐ In order to generate as many ideas as possible
- ☐ In order to ensure that the workforce follows the rules
- ☐ Because providing a clear vision gives people faith in the management
- ☐ To avoid a flood of ideas that don't meet the organizational requirements
- ☐ There is no need as long as the organization has a good business model

Question 4. Which of the following is not an effective way to take a break?

- ☐ Eating at your desk
- ☐ Taking a walk outside
- ☐ Socializing with other employees on not-job-related topics
- ☐ Doing something that has nothing to do with work
- ☐ Spending lunch on a team brain storming session

Question 5: Which of the following are good leadership practices?

- ☐ Challenging employees with unrealistic targets
- ☐ Grouping teams of like-mind employees
- ☐ Determining which methods employees should use
- ☐ Encouraging only successful ideas
- ☐ Supporting a small team tasked to innovate
- ☐ None

Correct answers:

Question 1: 5
Question 2: 1, 3 and 5
Question 3: 4
Question 4: 1
Question 5: 6

VI. Glossary

Culture	*The way of life; especially the general customs and beliefs of a particular group of people at a particular time.* *Cambridge Dictionary*
Go Flat	*To adopt a 'Flat' organizational structures feature less layers of management. In flat organizational structures, employees are empowered and expected to take responsibility for a range of traditionally managerial decisions in their daily routines.* *http://smallbusiness.chron.com/advantages-flat-organizational-structure-3797.html*
KPI	*Key Performance Indicator* *A set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals. KPIs vary between companies and industries, depending on their priorities or performance criteria. Also referred to as "key success indicators (KSI)".* *http://www.investopedia.com/terms/k/kpi.asp#ixzz3wMfzWERh*
ROI	*Return on Investment* *The money that a person or company earns as a percentage of the total value of his/her/its assets that are invested. It is calculated thusly:* *Return on investment = (Income - Cost) / Cost* *Because it is easy to calculate the return on investment, it is a relatively popular measure of the profitability on an investment and can help in making investment decisions.* *http://financial-dictionary.thefreedictionary.com/return+on+investment*

VII. Bibliography

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