InnoWork

MODULE 4: MAINTAINING A CULTURE OF INNOVATION	
Project Title	**"Towards a More Innovative Workplace"**
Project Acronym	**InnoWork**
Project Reference №:	**№: 2014-1-BG01-KA202-001634**

TABLE OF CONTENTS

I. Module overview

Learning objectives	As a result of engaging with the materials in this module, learners are intended to achieve the following learning outcomes: *Knowledge*: understand organizational and human based factors essential to maintaining a culture of innovation; gaining insights on how to cultivate creativity within an organization. *Skills*: ability to identify the elements necessary for establishing a suitable environment for innovative culture; ability to develop and communicate goals; ability to express ideas concisely; ability to express gratitude and appreciation to others. *Competences*: maintaining a culture of innovation; providing motivational support; empowering others; managing performance; attention to communication.
Time schedule	Time necessary for: Learning content (self-study): 1 hour Self-test questions: 5 minutes On-line game and case study: 25 minutes
Structure	The module is divided into the following main topics: 1. The right frame of mind - how can an organization keep the desired culture going? 2. People define culture - how do you keep an employee motivated for continuous innovation in the workplace? 3. Can a culture be changed? - A case study of a company which found a sustainable method for improving its culture. 4. How do we know it's working? – How to track progress correctly without over-managing the process. 5. What can we do? - Several simple suggestions beneficial to SMEs.

II. Learning content

Introduction

The previous topic explored the benefits and barriers of a culture of innovation and steps around how to implement one. A core focus was to understand that in order to be effective, creative culture should be considered a long-term goal within the organization's plans, and like all other business aims, objectives, systems and policies, this means that it needs to continue to be nurtured and maintained even after successful implementation.

In a competitive environment, maintaining an organizational culture that is continuously driven to explore creative and innovative solutions can be as difficult as it is to develop one - after all, once a new idea becomes successful, organizations are naturally inclined to repeat the success rather than continuing to innovate. This module will challenge such thinking directly, by looking at the importance of maintaining a positive culture and sharing some examples of good practice which have seen success in other organisations.

"You can't force creativity, but the right setting will put your team in the right frame of mind to find imaginative solutions."

1. The right frame of mind

So how can an organization keep the desired culture going? We will focus on two key components required to ensure that a culture of innovation is maintained: organizational factors and people. While there is again a significant focus on the role of people, it is impossible to take advantage of a creative culture without first ensuring that the environment remains appropriate for innovative culture and this means starting with the organizational elements.

Listed below are six general ideas suggested by Springub[1] to help cultivate creativity within an organization. How far each one can be implemented will vary from organization to organization, particularly between different industries, but they all help to paint an ideal environment within which creativity can thrive:

'6 ideas to promote innovation in your workplace this year'
1. Be easygoing
A relaxed and flexible work environment increases your team's productivity by letting ideas flow. Encourage an atmosphere where the boss is more likely to make you a coffee than expect you to make them one.

---

[1] Christian Springub: '6 ideas to promote innovation in your workplace this year'

Let go of the traditional 9-5 work week and have team members come in to work when they are rested and at their best. Not everyone is an early-bird, and that's good! Embrace your employees' natural rhythm, they'll show up to work fresh and ready to go.

2. Hire for culture

Look for team members who understand your vision and align with your culture. Having a team that shares one vision and works together helps the organization run smoothly. This doesn't mean only hiring people who always agree with you, though. Encourage different perspectives — it will help your company stay ahead of the curve.

3. Bring on people who love what they do

Hire people that are passionate about their work. You want people at your company who really care; people who are excited to go to work everyday because they believe in the product. Adding people that want to improve your product will be the most beneficial for your company. Point #2 goes hand-in-hand with this one. It's far more pleasant to work alongside interesting, friendly, and driven people who are all working towards the same goals.

4. Encourage diversity

Put together a team with different backgrounds, passions, and capabilities. Having a group with a diverse set of ideas and problem-solving approaches helps push your product forward. Embrace and celebrate your team members' individuality — out of the box ideas and problem-solving approaches helps to push your product forward.

5. Incorporate sprints

The hustle and bustle of daily office life can wreak havoc on your concentration: emails, phones, meetings — the distractions are endless. That's where a "sprint," a set amount of time in which your team works to finish a project, can be the solution.

Startups develop quickly in the early stages because everyday interruptions are at a minimum. When your company has started to grow into individual teams, having them work in a remote location is a great way to center your focus and take-up a project from start to finish.

6. Take ample time off

Communicate how important taking a break is. Our brains are constantly on and connected, taking time off for some rest & relaxation is crucial for a healthy work/life balance. Worn-down workaholics don't produce the highest quality content, you want your employees to be fresh and excited to be at work. Convey to your employees how important time off is — and make it non-negotiable.

While creating a culture of innovation can often mean working with what you have, maintaining the culture should involve revising all functions of an organization from the beginning. Recruitment of suitable candidates is paramount and while you may need to encourage existing employees to 'buy in' to the creative culture, there is no need to convince new employees; it should simply be part of the selection process!

Farmer and Butte (2014)[2] champion the concept of 'Everyday Innovation' which revolves around the concept of continuous and holistic innovation involving every employee in innovation, valuing every type of innovation and innovating at every moment and in an extreme example, at the end of Zappo's (an online shoe store) long interview process, it is known to actually offer new employees a $3000 payment to leave the organization – ensuring that they only retain employees who work well as part of the culture. This may not be an appropriate approach for your organization, but it gives an eye-opening sense of how important the culture is to some businesses!

2. People define culture

Assuming the organizational structure is suitable, we are able to focus on the most important factor: people. Gallant[3] asserts that employee engagement should be approached as a process that begins with "identifying the right performance metrics, clearly communicating expectations, giving context and purpose for these expectations, providing the tools and training to achieve objectives, and finally, development opportunities for every employee, manager and leader…". She suggests that an organization dedicated to promoting an innovative culture will be able to answer the following questions positively. Do you?

---

[2] Everyone, Ever Moment, Every Type 2014
[3] Melany Gallant: '4 Innovative and Meaningful Employee Engagement Activities That Work! (and why)'
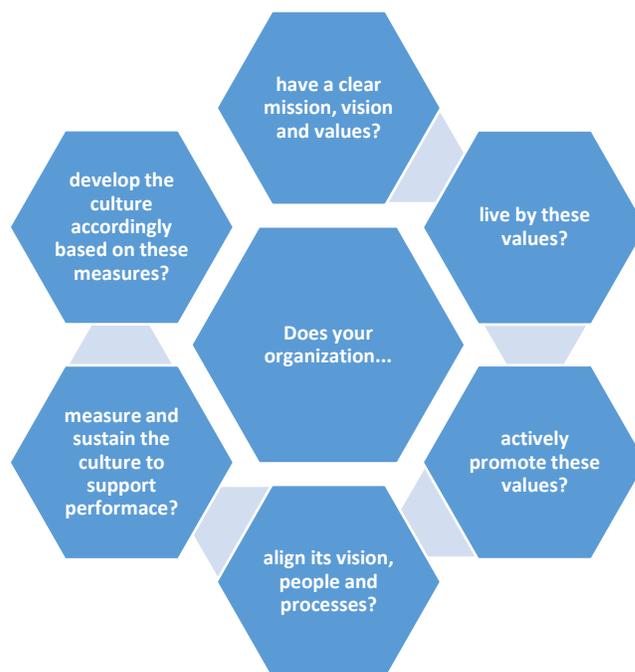
Establishing a continuous culture of innovation requires dedication, time and regularity after implementation. It should allow for spontaneity, factoring in a variety of diverse personnel and embracing the entire workforce in a non-intimidating environment. While the environment, management structure and decision making process are important, there is a significant focus on the role of the employee… So how do you keep an employee motivated for continuous innovation in the workplace?

Andrade[4] suggests that most employees want three things in the workplace: to be heard, to be appreciated, and to be challenged:

- **Being heard:** As one of the most important functions of a creative culture, communication is paramount to generating new ideas, but people need to feel as though they are being heard. Regular updates and structured feedback from managers means a higher level of vertical interaction and engagement which builds trust and helps to maintain a positive environment, as well as giving meaning to the culture.

- **Being appreciated:** Rewards, incentives and commission on successful products are always common examples of good business, but ensuring that people feel appreciated can be both simple and inexpensive. There is plenty of research to suggest that flashy job titles and higher salaries are not always significant motivators. It may be far more effective to simply understand people's varying needs – a formal 'thank you' e-mail or extra holiday-days may motivate suitably, while building self-esteem, confidence and trust in the organization.

---

[4] Amanda Andrade 'How to Motivate Your Employees and Foster Innovation'

- **Being Challenged:** Monotonous tasks reduce motivation and creativity. Implementing a degree of variety can help to address this. Forming new teams to target specific issues, offering stretch assignments for eager employees, or simply allowing more autonomy or responsibility for those able to handle it, keeps people sharp. Where appropriate an organization can go beyond this by focusing on continuous development and training.

Culture is defined, controlled and changed by people, and without a receptive and motivated team, no amount of change from the top down will lead to a culture of innovation. As a result, when pursuing a change in culture, people should always be at the forefront of management thinking and initiatives should fit appropriately within the team's means of working – after all, a flexible and focused management structure is useless if the workforce refuse to utilize it. Before making significant changes, remember to critically identify, assess and promote the strengths of your existing culture too! There will already be things that an organisation is doing right and promoting these values will often be the key to improving the culture.

"When it comes down to it, innovation and motivation go hand in hand. Motivation sparks innovation, which motivates. Start one, nurture the other, and watch your company and employees flourish"

3. Can a culture be changed?

The above text is a useful insight into some of the key factors to consider, but it does little to actually get an innovative culture going! In truth, every organization will function differently according to the industry, values, different personalities within the workforce and many other elements that make up the group, so no solution will be suitable for everyone. Below, we look at a case study for Aetna Inc who managed to find a sustainable method for improving its culture.

Case Study: Aetna Inc
Cultural Change That Sticks
Jon R. Katzenbach, Ilona Steffen and Caroline Kronley

In the early 2000s Aetna was struggling mightily on all fronts. While on the surface revenues remained strong, its rapport with customers and physicians was rapidly eroding, and its reputation was being bludgeoned by lawsuits and a national backlash against health maintenance organizations and managed care (which Aetna had championed). To boot, the company was losing roughly $1 million a day, thanks to cumbersome processes and enormous overheads, as well as unwise acquisitions.

Many of the problems Aetna faced were attributed to its culture—especially its reverence for the company's 150-year history. When Aetna merged with U.S. Healthcare, a lower-cost health care provider, in 1996, a major culture clash ensued. But instead of adapting to U.S. Healthcare's more-aggressive ways, the conservative Aetna culture only became more intransigent. Aetna's leaders could make little headway against it, and one CEO was forced out after failing to change it.

In late 2000, John W. Rowe, MD, became Aetna's fourth CEO in five years. Employees sceptically prepared for yet another exhausting effort to transform the company into an efficient growth engine. This time, however, they were in for a surprise. Rowe didn't walk in with a new strategy and try to force a cultural shift to achieve it. Instead, right from the start, he, along with Ron Williams (who joined Aetna in 2001 and became its president in 2002), took time to visit the troops, understand their perspective, and involve them in the planning. With other members of the senior team, they sought out employees at all levels—those who were well connected, sensitive to the company culture, and widely respected—to get their input on the strategy as well as their views on both the design and execution of intended process changes.

These conversations helped Rowe and his team identify Aetna's **biggest problem**: **A strategy that focused narrowly on managing medical expenses to reduce the cost of claims while alienating the patients and physicians that were key to Aetna's long-term success.** At the same time, they surfaced Aetna's significant cultural strengths: a deep-seated concern about patients, providers, and employers; underlying pride in the history and purpose of the company; widespread respect for peers; and a large group of dedicated professionals.

These insights led Rowe to rethink his approach to the company's turnaround. He declared that instead of just cutting costs, the organization would pursue a strategy he called "the New Aetna." It would build a winning position in health insurance and a strong brand by attracting and serving both patients and health care providers well. That was an appealing proposition but would require significant restructuring; no one's job was guaranteed. In other words, it was the kind of change that Mother Aetna traditionally resisted with every passive-aggressive move she could muster.

But this time, without ever describing their efforts as "cultural change," top management began with a few interventions. These interventions led to small but significant behavioral changes that, in turn, revitalized Aetna's culture while preserving and championing its strengths. For instance, the New Aetna was specifically designed to reinforce employees' commitment to customers—reflected in the firm's history of responding quickly to natural disasters. Rowe also made a point of reinforcing a longtime strength that had eroded—employees' pride in the company. When, in an off-the-cuff response to a question at a town hall meeting, he highlighted pride as a reason employees should get behind change, he received a spontaneous standing ovation.

So while the plan for change challenged long-held assumptions (among other things, it would require the elimination of 5,000 jobs, with more cuts likely to come), it was embraced by employees. They had been heard and appreciated, and they came to accept the New Aetna.

Indeed, during the next few years it became clear, from surveys, conversations, and observation, that a majority of Aetna's employees felt reinvigorated, enthusiastic, and genuinely proud of the company. And Aetna's financial performance reflected that. By the mid-2000s, the company was earning close to $5 million a day. Its operating income recovered from a $300 million loss to a $1.7 billion gain. From May 2001 to January 2006, its stock price rose steadily, from $5.84 (split adjusted) to $48.40 a share.

Source: *Cultural Change That Sticks*[5]

---

[5] Jon R. Katzenbach: 'Culture change that Sticks'

Best Practise Consulting[6] suggests a number of general actions that support creative thinking across any organization:

Encourage a mind-set of continuous learning	If you aren't constantly refilling the creative pool, it will eventually run dry. Encourage staff to seek new information, new knowledge and new ways to do things, constantly. Support team members to attend conferences or other learning and development events. Model habits of curiosity, observation, listening, reading and recording in the workplace.
Seek **multiple** options	Don't be satisfied with one solution. Once the team has a good idea, encourage them to look for another, and then another. Give yourself and the team the opportunity to choose the best from several options.
Suspend **judgment**	To encourage new ideas, don't evaluate them too early. Relax your guard and let the ideas flow.
Lunchtime **brainstorms**	Encourage weekly, fortnightly or monthly lunchtime meetings of a small group of staff to engage in creative thinking and share ideas for how those thoughts could be applied to the organization.
Engage **fresh** eyes	Provide opportunities for employees who do not normally interact with one another to meet. Invite people from other departments or areas to your brainstorming sessions and ask them how they would solve your problems.
Take **breaks**	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.
Get the **culture** right	Research suggests that the most effective group environment for creativity is one in which there is fun, humour, spontaneity, and playfulness. Creating such a 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.

Diagram adapted from Best Practice Consulting

---

[6] Best Practice Consulting 'The benefits of a creative workplace'

4. How do we know it's working?

While there are a number of fringe benefits to adopting a culture of innovation, the choice is not usually made simply in order to provide a more positive learning environment for employees; the time, effort and resources used are usually made as a solution to help better achieve the organisational aims. For this reason, it's essential to track progress correctly throughout and though we must avoid over-managing the process, keeping an eye on things will allow you to avoid regression and promote signs of improvement—all of which act as additional bursts of motivation for the initiative. Katzenbach suggests that executives should pay attention to four areas:

Business Performance Are key performance indicators improving? Are relevant growth targets being reached more frequently? What is happening with less obvious indicators, such as local sales improvements or decreases in customer complaints?	**Critical Behaviors** Have enough people at multiple levels started to exhibit the few behaviors that matter most? For example, if customer relationships are crucial, do managers update the CRM database on a regular basis?
Milestones Have specific intervention milestones been reached? For example, has a new policy successfully been implemented? Are people living up to their commitments to key account targets?	**Underlying Beliefs, Feelings, and Mind-sets** Are key cultural attitudes moving in the right direction, as indicated by the results of employee surveys?

He further asserts: "When designing cultural metrics, remember that you get what you measure. An overemphasis on quarterly sales results, for example, can trigger inappropriate pressure on valued customer relationships. And if a company, in an effort to become more customer-centric, defines "engage with your client more often" as a critical behavior and measures it in number of calls per week, its staff may make lots of phone calls without increasing business."

He further explains the dangers of monitoring things incorrectly: "If not approached correctly, measurement efforts can quickly become cumbersome, time-consuming, and expensive. It's better to include a few carefully designed, specific behavioral measurements in existing scorecards and reporting mechanisms, rather than invent extensive new systems and surveys. In some cases, it may also be worth focusing on interactions within key subpopulations—such as midlevel managers or those in business-critical functions—whose own behaviors have a disproportionate impact on the experiences of others or on business success."

5. What can we do?

There are several strategies, systems and initiatives that can be used to keep an innovative culture going – many of which are cost effective or simple adaptions that have been able to transform workforce thinking into something more productive. Below, we revisit a case study from the previous module that has exhibited several simple suggestions beneficial to SMEs — maybe some of the below will help you too!

Case Study

Red Gate Software (continued), Cambridge, UK

Red Gate 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 and Pasadena, USA.[7]

Enabling initiatives

Red Gate is always looking for ways to enhance individual creativity and to provide stimulating environments and circumstances to support this.

• "Coding by the Sea" – a week at the seaside with the challenge of developing a product that could quickly be shipped to customers.

• Down Tools Week' – a designated week run four times a year when all employees put their regular jobs on hold, and work with any colleagues they want to on a project of their choosing. They might generate new commercial products, fix problems, learn new technologies and skills, or just try new things out. Expectations are kept low, but a number of innovative products resulted from the week: "There's a lot of ideas bubbling under the surface and often this is about people scratching itches, being given the space to do things they see as an opportunity."

• 'Sweat the Small Stuff Day' - employees are encouraged to set aside their daily work for 24 hours to fix annoying bugs and physical defects in their offices or just tidy up accumulated mess.

• 9 Postcards - All employees are given 9 virtual postcards – three to suggest ideas on how they could improve their own performance, three for how their area/department could improve, and three for ideas on how/where the whole company could improve, supported by specially developed evaluation software. 9 Postcards is an event that took place in November 2010 and was repeated in 2011. The initiative won Red Gate, the Sunday Times Best Companies special award for Innovation in Engagement

---

[7] Alice Chapman (2013) 'Keeping the Start-Up Spirit Alive at Red Gate'

Practice in 2011.

Communicating results

The Red Gate intranet forums serve as the main platform for information and questions for all initiatives. In Coding by the Sea, Red Gate set up a plasma screen in the middle of the office showing live video link to the Suffolk Barn. Down Tools Week culminates with a Show & Tell session, open to all Red Gate employees, and is filmed for reference. 9 Postcards is a live internal website accessible by employees at all times.

Lack of hierarchy

"Within the company as a whole, we don't have junior engineers and senior engineers, we have engineers. Now clearly there are people with more and less experience in certain areas but that doesn't necessarily restrict it to the older people in the room, and that culture carries through into innovation activities. So the idea that the better arguments and ideas can win, is something more deeply rooted than just in those in innovation activities."

Guiding values

Red Gate's success in building an inspiring work environment where employees are engaged and motivated is built upon simple values communicated in a style and language that everyone understands, and a sense of empowerment that recognizes constant oversight and the threat of punishment are incompatible with great, fulfilling work. Teamwork, transparency, honesty, application, mutual support and motivation are watchwords. Success is derived from building "wonderful, useful" products and doing what is right for customers.

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

Questions for reflection	**What kind of enabling initiatives are there in your company?** **Do you consider any of the initiatives of Red Gate applicable for your organization?**

III. Conclusion

Over the course of this module, we have covered ideas for the organisational structure and how an open and flexible employer can create a better environment for an innovative culture, as well as the needs of the employees who should understand and be able to identify with their values. We have also explored examples of organisations who have effectively recovered by targeting culture – as well as how some are continuing to maintain a culture of innovation.

Maintaining a creative workforce is often just as difficult as developing one. Once the resistance to change and workforce uncertainty have been overcome, it can easily be replaced with complacency, and worse, positive successes can create a false sense of security and remove the urgency to innovate.

Innovation is a long-term approach and an organization that wishes to reap the benefits needs to nurture, maintain and evaluate it regularly in order to avoid stagnation.

There's no shortage of information on ways to think, develop and innovate – from De Bono's[8] "Six Thinking Hats" methodology which helps to clearly define and look at issues from different perspectives to Google's liberal approach to forward thinking… what is key, is to identify which are most suited to the existing culture and to monitor them appropriately ensuring that they are adopted well by the team – with the desired results.

IV. Additional reading

Resource	Link
Is innovation more about people or process	Andrea Ovans https://hbr.org/2015/02/is-innovation-more-about-people-or-process Article highlighting the importance of good people in the innovation process. Links to solid recruitment when maintaining the right culture.
BETTER & FASTER: Innovation Keynote	Jeremy Gutsche https://www.youtube.com/watch?v=VFshvhzcCVw Entertaining watch that highlights concepts and impediments of creativity along with some iconic innovative pitfalls.

V. Self-test questions

Question 1: Which of the below may not help cultivate creativity within an organization?

☐ Being easy going
☐ Implementing plenty of rules
☐ Hiring for culture
☐ Encouraging diversity
☐ Taking ample time off

Question 2: What are the general actions that support creative thinking across any organization?

☐ Higher Salaries
☐ Healthier eating
☐ Suspending judgement
☐ Engaging fresh eyes
☐ Clear business values

Question 3: What is the core cultural focus once an organization structure is suitable?

---

[8] Edward De Bono http://www.debonoforschools.com/pdfs/Festival-of-Thinkers-Six-Thinking-Hats.pdf

- ☐ People
- ☐ Objectives
- ☐ Policies
- ☐ Customers
- ☐ Finance

Question 4: What metrics are useful to look at when measuring cultural change?
- ☐ Business performance
- ☐ Critical behaviors
- ☐ Public image
- ☐ Milestones
- ☐ Beliefs, feelings and mindsets

Question 5: How we can maintain the culture of innovation in workplace?
- ☐ Promote the importance of rules
- ☐ Prioritize productivity
- ☐ Work to the current strengths of the organization
- ☐ Acquiring the appropriate management software tools
- ☐ All of the above

Correct answers:
Question 1: 2
Question 2: 3, 4 and 5
Question 3: 1
Question 4: 1, 2, 4 and 5
Question 5: 5

VI. Bibliography

1.	6 ideas to promote innovation in your workplace this year Christian Springub (2012) http://www.forbes.com/sites/theyec/2012/12/31/6-ideas-to-promote-innovation-in-your-workplace-this-year/
2.	'Everyday Innovation: Everyone, Every Moment, Every Type' Terry M. Farmer and Xavier Butte (2014) http://www.trainingmag.com/everyday-innovation-everyone-every-moment-every-type
3.	'4 Innovative and Meaningful Employee Engagement Activities That Work! (and why)' Melany Gallant (2013) http://www.halogensoftware.com/blog/4-innovative-and-meaningful-employee-engagement-initiatives-that-work-and-why

4.	'How to Motivate Your Employees and Foster Innovation' Amanda Amdrade http://theundercoverrecruiter.com/motivate-employees/
5.	'Culture change that Sticks' Jon R. Katzenbach, Ilona Steffen and Caroline Kronley (2012) Harvard Business Review https://hbr.org/2012/07/cultural-change-that-sticks
6.	A Model of Creativity and Innovation in Organizations Teresa Amabile (1983) http://web.mit.edu/curhan/www/docs/Articles/15341_Readings/Group_Performance/Amabile_A_Model_of_CreativityOrg.Beh_v10_pp123-167.pdf
7.	Keeping the Start-Up Spirit Alive at Red Gate Alice Chapman (2013) http://www.managementexchange.com/story/keeping-start-spirit-alive-red-gate
8.	'Edward De Bono's Six Thinking Hats' Edward De Bono (as summarized by Festival of Thinkers) 2009 http://www.debonoforschools.com/pdfs/Festival-of-Thinkers-Six-Thinking-Hats.pdf