



Informal routes to innovation: Stealth and trickery?

Executive Summary - Formal routes to innovation offer advantages of funding, executive support and recognition, but they can filter out good ideas. Informal routes -- built on enthusiasm, community and flexibility -- can help revitalize a company *and* its most talented people.

Introduction

Finding stories of abandoned ideas, missed opportunities and under-used talent is usually not a difficult task in a large organization. Business texts are filled with tales of projects abandoned or starved, that were subsequently picked up by upstarts or competitors and turned into successes -- sometimes growing big enough to eclipse the original firms.

While these are exceptions and many ideas are *not* worth pursuing, few people question that good ideas are sometimes not nurtured to fruition. This isn't just a loss in intellectual capital; it can also discourage and de-motivate good employees when they see valid proposals get passed over. Luckily, the "official" path to innovation is not the only one. By using creative methods, people can find ways to initiate, nurture and establish projects, even in an atmosphere where return on investment drives decision-making. These creative people can combine an understanding of decision makers' needs with an array of unconventional approaches to help their firms gain competitive advantage and market leadership.

Is it worth it?

How valuable is the creation of another route for innovation? For many companies, innovation can make the difference between profitability and bankruptcy. Studies show that innovative companies are twice as profitable as those that are not innovative. At the same time, companies that were leaders in steel, electronics, distribution, transportation and virtually every other industry can quickly become laggards behind smaller, more agile firms with better ideas.

If innovation is so advantageous, why do companies fight it? In *The Innovator's Dilemma*¹, Clayton Christensen offers many explanations as to why established firms, for the best of reasons, fail to innovate. These reasons include, leaving low margin business to competitors, listening to customers who are focused on present needs and a host of others.

- **Budget process doesn't allow for innovation** -- These institutional traps are just one part of the problem. Individuals -- in the form of decision makers -- can also build barriers even before the wheels of the corporate system begin to turn. People in the company who manage the "purse strings" may unknowingly impede an innovative idea by acting in natural and understandable ways, based on their job.



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- **Change isn't obvious** -- The world changes without our noticing day-to-day shifts. Then one day we realize things are very different; like a child growing into a teenager. In fact, human nature operates according to repeated rhythms -- eating, sleeping, doing chores, attending regular meetings -- that tend to be predictable. When these rhythms start to change, we tend to work to return to the old state and it may take a long time to recognize and accept the new normalcy. Making matters worse is the ever-accelerating rate of change that neither our culture nor our biology has faced before.
- **We repeat our successes** -- An executive will naturally try the things that worked before and will be most comfortable with the actions that have been rewarded. Changing their worlds with a new idea or approach is immediately suspect. You may recall the adage, "If it isn't broken, don't fix it." Even worse, if the new idea is successful, it's not definite that the executive's talents and skills will continue to be rewarded in the new environment.
- **Failure is punished** -- Carrying the previous point a step further, saying "no" is a lot less risky than saying "yes." An executive who approves a non-conventional idea is very visible and vulnerable. Success of even the best idea depends on many factors, and the likelihood is that the investment of personal capital will be lost or will become the down payment on a reputation for recklessness.
- **Peers are trusted** -- Good ideas often come from others, such as those who work directly with customers or researchers who work in different communities. But these people are less likely to speak the "same language," have the same concerns or be on the same social level as decision makers. Additionally, for all the reasons above, the executive's peers are likely to react badly to any idea that is unfamiliar or truly novel. This can happen even in creative communities. For instance, there are many stories in Hollywood of novel ideas being repackaged in familiar ways to seem less "new."
- **Consensus is comfortable** -- Every new idea diminishes or threatens someone's standing. Even if the threat isn't obvious, we still may need to deal with the objections, anger and resistance of our colleagues and possibly our friends. This possibility of conflict puts a thumb on the "risks" side of the scales for anyone charged to weigh the risks and benefits of an innovation.

Although this list is not complete, the point is that decision makers who crush excellent ideas may be neither uninformed nor venal. They may, in fact, be terrific supporters of ideas that make it through the formal processes. The times that they are wrong, however, can be disproportionately damaging to an organization. Those with novel ideas that truly should be developed need alternatives to bring their ideas to fruition.

In addition to the formal processes of innovation, there are also semiformal and informal processes.

Semiformal processes

Companies may sometimes have less monitored, less risk-averse processes by which projects get a chance to take root. Semiformal projects may be part of building relationships or credibility with outside groups. These projects can even be made part of the reward system. In recognition of past achievements, many firms allow top performers to dedicate some or all of their time to their “pet projects”. Semiformal processes can be a great way to start work on an idea and provide proof points, particularly if goals can be achieved quickly and the innovator has a talent for engaging with the organization in a formal way before the project loses momentum.

Informal processes

There are three basic varieties of informal processes: side projects, those sponsored by communities of interest and ad hoc projects.

- **Side projects** -- Very few projects are completely scoped out, so opportunities arise that can become the basis for further work. For instance, in the early days of corporate intranets, there were few truly interactive elements. But there was a site, called the Electric Origami Shop, that was dedicated to “cool” stuff. A fun addition to the site was a game, that allowed users to record who they were, where they were and what their mood was. This survey was then summed and scored, and the mood of all users that day was identified. The application could have been removed and would never have been missed. However, this humble application needed a legitimate position, and the documentation for this game helped to facilitate the inclusion of many far less trivial programs as the site developed.
- **Communities of interest** -- Java™, which has become a key industry technology, got a grass roots start. Before its full value became clear, people who were interested in this technology, came together and helped each other build capabilities for themselves and their companies. Many of these people already had code, skills, working relationships and credibility when Java became a sanctioned initiative.
- **Ad hoc** -- Individuals and small groups can also accomplish things on their own, outside of any funding or resources. Many of the first sites on the Web were launched by people who put them together on evenings and weekends. These so-called “Webheads” found each other through a variety of means. They eventually formed communities and many of them subsequently found new careers based on their passion for the Web.



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Stealth and trickery

Informal processes do not have rule books for reference, but experiences do give rise to practices worth recommending to those who want to take the informal route:

- **Choose wisely, but don't discard anything** -- Not every idea is worth pursuing, and many innovators work against themselves by taking on too many ideas at once. However, a good idea can often lead to opportunities for expression as part of day-to-day work: invention of a tool, a new proposal, identification of an ally. By collecting and combining these, it may be possible to have a critical mass of components when it's time to launch a new idea.
- **Stay underneath the radar** -- Nothing can extinguish an idea faster than too much exposure too early. It may appear to be a waste of time and resources. It may be placed into the wrong context. It may even be taken for its sizzle alone or diluted by a progression of people who want to participate without fully appreciating the value. Innovators need to choose when to debut their ideas.
- **Be flexible** -- Just as the wrong collaboration can extinguish an idea, the right collaboration can give it fire. Very few ideas come from individuals in complete, full value form. History is full of instances where people came together to turn a marginal idea into a winner.
- **Change the context** -- Many ideas are enhanced simply by moving them into a new "neighborhood." Pattern languages, for instance, started in architecture and have found a home in software development. Moves like this can create new value and new supporters.
- **Understand people, their contexts and their views on change** -- Decision makers need to be engaged eventually, and innovators who understand who they are and what drives them are more likely to see their ideas adopted.
- **Feed the baby** -- Ideas need nurturing if they are to grow and prosper. Ideas that are not consciously developed may grow in fits and starts or may waste away along with the enthusiasm that is so necessary for their existence.
- **Beg, borrow and "requisition"** -- If you love an idea, don't be too proud to beg. Think of ways people can contribute and get something they need. Find allies who will devote time and resources -- then be sure to share any credit.
- **Don't expect credit** -- Formal projects have formal processes for doling out credit, and they still give rise to inequities. Informal projects are even more vulnerable to credit grabbing, and the inventor may even be disparaged along the way. Think about this prime example: who today honors Philo Farnsworth for inventing the television?²
- **Create success; make it a *fait accompli***: -- This is a neat trick if you can do it. Initiatives with thousands of users and supporters are more difficult to destroy.

- **Official support does not mean the job is done** -- Many innovations have faded after they entered the formal system. The dynamics change and -- most critically -- the same level of intensity and enthusiasm may be difficult to maintain. Official support just begins a new level of action with its own challenges.

Disturbing the comfortable

Inevitably, change agents are viewed as troublemakers. This is true for an innovator going the informal route. Informal processes are not for those who have a deep need to be liked, much less appreciated. However, the innovator's demeanor can make things easier.

- **Smile** -- A genuine, friendly smile makes it harder to see you as "the enemy."
- **Introduce in small doses** -- Your idea probably didn't emerge full and complete from your head in one moment. You took time to engage with it, so you need to lead other people into your world a step at a time. Don't forget to connect the dots!
- **Decide when to look smart** -- Educate others, but keep that cascade of answers and the "two-dollar words" to yourself until you know your audience is receptive.
- **Dodge the difficult** -- It's tempting to try and convert everyone to believe in your idea. But don't waste your energy or make enemies. Find a diplomatic way to work around decision makers who don't "get it."
- **Become irresistible** -- Charm is not a bad thing.
- **Leave people hungry for more** -- Keeping people engaged is critical to building support and enlisting volunteers. And a little mystery can keep the idea alive.

Summary

The formal route is preferable when it is possible. Some brilliant people control these processes in big organizations, with plenty of experience on getting full value and integrating the innovation into business as usual. However, not everyone with a good idea is in the right position in a company or politically astute. Through no one's fault, an opportunity might emerge when the budget is already committed or the economy is contracting. The innovator may be in a part of the organization that will not directly realize value or may not have recognized credentials. The idea itself may break taboos or go against conventional wisdom, and thus be difficult to even introduce as a discussion point. In these cases, informal methods may provide a route for those who care to make an important contribution to their company, avoid the innovator's dilemma and achieve or maintain industry leadership.

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About this publication

Executive Tek Report is a monthly publication intended as a heads-up on emerging technologies and business ideas. All the technological initiatives covered in *Executive Tek Report* have been extensively analyzed using a proprietary IBM methodology. This involves not only rating the technologies based on their functions and maturity, but also doing quantitative analysis of the social, user and business factors that are just as important to its ultimate adoption. From these data, the timing and importance of emerging technologies are determined. Barriers to adoption and hidden value are often revealed, and what is learned is viewed within the context of five technical themes that are driving change:

Knowledge Management: Capturing a company's collective expertise wherever it resides – databases, on paper, in people's minds -- and distributing it to where it can yield big payoffs

Pervasive Computing: Combining communications technologies and an array of computing devices (including PDAs, laptops, pagers and servers) to allow users continual access to the data, communications and information services

Realtime: "A sense of ultracompressed time and foreshortened horizons, [a result of technology] compressing to zero the time it takes to get and use information, to learn, to make decisions, to initiate action, to deploy resources, to innovate" (Regis McKenna, *Real Time*, Harvard Business School Publishing, 1997.)

Ease-of-Use: Using user-centric design to make the experience with IT intuitive, less painful and possibly fun

Deep Computing: Using unprecedented processing power, advanced software and sophisticated algorithms to solve problems and derive knowledge from vast amounts of data.

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