



BY KEVIN O'DONNELL

INNOVATION QUEST: CATALYTIC LEADERS SET THE PACE

INNOVATION APPEARS TO be the holy grail of our times: Miraculous things will be wrought when you find it, from an expanding cadre of continuously delighted loyal customers to a powerful, valuable brand, to sustained and healthy growth.

But the innovation quest is long, laborious and not for the faint of heart. And success requires strong leadership setting the pace: a catalyst and change agent who has the vision, desire and ability to enlist and inspire others to the cause.

In short, world-class innovators have someone who “lives it” and does what it takes to make sure others do, too. Procter & Gamble’s A.G. Lafley has been known to epitomize this thrust by actually going into customers’ homes and undertaking his own ethnographic research to ensure that cus-

as the most critical driver of business growth, and two-thirds of them have created a proactive and ongoing innovation strategy that has been broadly communicated and, more importantly, absorbed throughout the entire organization.

The catalytic leaders do more than serve as role models, although that’s a critical characteristic. They also enable others to participate and succeed at innovation. This takes the form of processes, policies and incentive systems put into place to encourage wholesale contribution by people at all levels in the organization. It’s the nucleus of a fully charged network that, at the most successful innovator companies, includes customers, suppliers and academia, among other sectors.

on a broader basis, it finds peer recognition a more powerful motivator than money; and indeed, it continues to see an increase each year in innovative ideas from a workforce that initially bought into the thrust far more enthusiastically than senior management.

Finally, innovation catalysts also have the mindset it takes to see the course through. They are brave enough to look beyond the tenuousness of the short-term successes. They understand the need for continuous improvement and embrace change. In fact, these are smart risk-takers who understand that the risk with the greatest downside lies in standing still.

As Virgin’s Branson, a quintessential risk-taker, told one interviewer, a business risk is unafford-

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tomers’ needs and wants are understood and anticipated—the better to innovate successfully around them. And “living it” (along with “working it”) has become part of the innovation way at P&G, with employees living with low-income employees and working behind the counters in small shops to sharpen their customer insights.

Having someone at the helm who understands the power of the “do as I say and do” mantra is a hallmark of what can be considered a “model” innovator, according to Prophet’s 2008 Best Practices Study, “The Making of World Class Innovators.” Our research with senior strategists, innovators and senior marketers with Fortune 500 businesses found that those who have achieved the most success at innovation uniformly have a catalytic leader setting the bar for thinking, performance and, ultimately, consistent success over time.

Such model innovators, we found, are three times more likely than others to identify innovation

Some have ensured those processes and policies are more formally spelled out. Consider Google, which famously stipulates the “20% time” policy allowing engineers the freedom to pursue their passions, and from which sprang such search breakthroughs as Google News, Google Suggest and AdSense for Content. Others are more like the free-wheeling Richard Branson of Virgin, who has an open-door policy that gives employees easy access to managers—himself included—to suggest new ideas, concerns or suggestions. A young employee frustrated over her own wedding went directly to Branson with the idea for a one-stop wedding shop, and Virgin Brides was born.

Whatever form the policies and procedures take, however, the catalytic leaders also understand the power of incentives—and not merely the financial ones. Whirlpool, for one, ties fully one-third of senior managers’ pay directly to what comes out of the innovation pipeline. But

able if it will knock him out or be catastrophic to his business. That makes everything else fair game. And it has led to a vast Virgin empire marked by highly original approaches to everything from air travel to record labels to comic books.

Any organization looks to its leaders to set the pace and tone. At model innovators, there are catalysts leading the way with confidence, paying more than lip service and actually walking the innovation talk. These are the leaders that employees will want to emulate—and help to put that holy grail of innovation excellence and success within easy reach. **m**



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