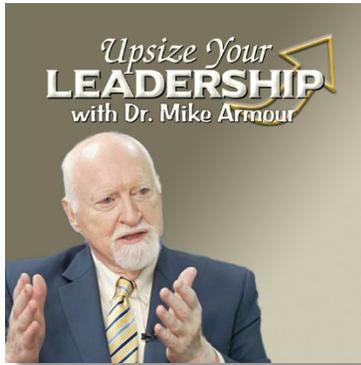


# Eight Characteristic Traits of Innovative Corporate Culture

Hosted by Dr. Mike Armour

## Episode UYL2322

Podcast Date: September 14, 2022]



In the previous episode, I distinguished between innovation and simple ingenuity or inventiveness. I began that podcast by noting that four companies out of every five list innovation as one of their core values.

Yet, based on personal observation, I questioned whether many of these companies understand the true meaning of innovation. I then devoted the balance of the program to distinguishing between innovation and other forms of inventiveness such as ingenuity or continuous improvement.

My point was to warn against using the word “innovation” lightly. Innovation represents major change. In the last episode I used the word “disruptive” to describe that change. True innovation disrupts the status quo – either the status quo in general or the status quo within an organization which adopts it. Innovation is a game-changer.

But not everyone wants the game to change. As a result, innovation triggers resistance. Therefore, those thousands of companies who identify innovation as a core value have their work cut out for them. To honor that value, they must purposefully and tirelessly promote a culture which is friendly toward innovation.

How to develop that culture is my topic today. If you recognize the value of thoughtful and proactive change management or if you want to see innovation flourish in your organization, the next fifteen minutes will arm you with perspectives which will Upsize Your Leadership.

Innovation always entails the robust implementation of a novel idea which sets aside some aspect of conventionality to provide an unprecedented value, breakthrough, or benefit. And don't ignore that phrase "robust implementation." Just because an idea proves itself to be feasible does not mean that it constitutes an innovation.

I've consulted more than one enthusiastic entrepreneur who had what sounded like a breakthrough idea. But as the old saying goes, "The devil is in the details." In the course of implementing their idea, we ran into unforeseen – and often unforeseeable issues – that defied resolution. As a result, robust implementation of their concept never occurred.

Their idea may have been highly imaginative. It may have held out promise of an amazing benefit. But because it could not be translated into a robust implementation, it did not truly deserve the title "innovation."

What this adds up to is that innovation is never a sure thing. It advances by means of frequent false starts, experimental failures, and occasional heart-breaking setbacks. It calls for determination, resolve, and persistence.

As a result, for a company to be genuinely innovative, it must cultivate a collective mindset and foster a corporate culture where innovation can flourish. To accomplish this task, leaders must work constantly to ingrain eight qualities in their organizational culture. Time won't permit me to delve into the mechanics of carrying out these eight undertakings. But at least I can offer a broad overview of how best to proceed.

First and foremost, leaders must infuse their organizational culture with an openness to change. That almost goes without saying. Innovation, after all, inevitably necessitates change. And the larger the innovation, the more sweeping the change. Therefore, innovation cannot put down roots in a culture which only grudgingly accepts change.

Leaders must therefore practice what I call "proactive change management." That is, they must constantly nurture open-mindedness toward change, even when no notable change is pending. The goal in proactive change management is to neutralize resistance to change, not to make every worker enthusiastic about it. Some people, by nature, have a deep desire for stability and predictability. We cannot realistically expect them ever to be excited about embracing change.

So, leadership should not set out to convert them into change enthusiasts. Instead, the goal is to minimize their reluctance to accept change. To bring them to a point that they will give change a try, even though their preference is stability and predictability.

Second, an innovation-friendly culture is one where curiosity abounds. Innovation always starts with curiosity, with someone asking the question, “What if . . . ?” Often the precursor to this question is a musing observation, itself spawned by curiosity. We can summarize it as, “I wonder why . . . .”

Interestingly, curiosity is not always seen as a good thing. In English, we have the proverb, “Curiosity killed the cat,” an obvious warning against being overly curious. And then there’s the popular children’s book character, Curious George – a mischievous monkey whose curiosity gets him into all sorts of serious predicaments.

On the other hand, we admire a famous quote from Albert Einstein, who said, “I have no special talent. I am only passionately curious.” A culture conducive to innovation is one which celebrates passionate curiosity.

Third, innovation thrives in a corporate culture which promotes unbridled freedom to offer ideas. Curiosity is not restricted to one pay-grade or to one level on the organization chart. Neither are the ideas which curiosity and creativity evoke.

A notable hallmark of all innovative environments is the free flow of ideas. Only a tiny portion of these ideas may be acted on. But none are treated dismissively.

One of my most treasured mentors understood this concept immensely. For nearly 30 years he had been perhaps the most respected leader in his church. It was a very forward-looking, pioneering congregation, made up of highly talented people. One day he told me that he was stepping down from his position of leadership. Given his effectiveness, I immediately asked, “Why?”

His response demonstrated a level of humility and self-awareness which are rare. “I’ve been at this so many years,” he said, “that I’ve heard hundreds of ideas about what we should do. But I find that I’m not giving ideas a proper hearing any longer. When one of our bright young men or women offers an idea, my initial inner response is frequently, ‘We tried

something like that before and it didn't work out very well.' Then I tune out the rest of what they say. I don't listen well enough to determine whether they are proposing an approach to the idea that might avoid the problems which we had before."

He then concluded, "I'm not doing what's best for our next generation of leaders if I'm not encouraging them to come forward with new ideas." Once he made that statement, I understood fully why, under his leadership, the congregation had been such a pace-setter for decades.

Fourth, not only does an innovative culture promote unbridled freedom to offer ideas, it provides diverse channels for inputting them. Some of my older listeners may remember a day when every organization had a suggestion box prominently displayed at one or more places on their premises. Usually, they sat empty for weeks on end, except for an occasional disgruntled complaint. Ultimately, suggestion boxes disappeared because they were ineffective.

As the suggestion box debacle illustrates, people do not typically take the initiative in offering their ideas. Recently I asked a very creative admin assistant whether she had ever shared any of her truly insightful ideas with upper management. She answered immediately, "Do I have any reason to believe that they would listen?"

In her mind, the company's leaders had signaled that neither the freedom to offer ideas nor the channels for doing so were in abundant supply. In my business consulting, I find this often to be the case. On the other hand, in truly innovative cultures, leaders are routinely asking people individually and in groups, "What are your thoughts on how we could improve X?" Fill in the "X" with whatever you wish. This process. This product line. This system. This decision-making approach. This set of tools. This work setting.

At the risk of overusing the word "proactive" in this program, here again leaders must be proactive in surfacing ideas from their people and doing so in a variety of venues. One-on-one conversations. Group meetings. Planning sessions. Progress reviews. In short, leaders should look for opportunities to harvest ideas in every interactive setting with their people.

Fifth, once an idea is put into action, innovative cultures rely on collaboration to move it forward. Collaboration helps flesh out the idea. It

unveils fresh thoughts related to the idea. It makes for more robust implementation. And most of all, it expands ownership and advocacy for the idea.

In all likelihood, the idea itself traces back to one individual. That person is identified with it. As collaboration moves the idea forward, it transforms from being “his idea” or “her idea” and becomes “our idea.” Acceptance is therefore amplified.

Sixth, an innovative culture is one in which there is freedom for an idea or an implementation to flop. Innovation progresses through an endless process of trial and error. To set the stage for innovation, a culture must bring this same trial-and-error mindset to the implementation of all ideas. Trial and error must become a routine way of doing business.

Why this approach? Because one of the ironies of human existence is that we tend to learn more from failure than from success. When we succeed – especially if we succeed spectacularly – we conclude that we fully understand what needs to be done to perpetuate this success in the future. We quit learning. We quit trying new things.

Conversely, when we fail, we always have the option to simply quit and give up. The far wiser choice, however, is to conduct a lessons-learned exercise on the failure, analyze how to avoid or work around whatever contributed to the failure, then try again, armed with this new insight.

In fact, innovative cultures are known for celebrating failure. It’s not failure per se that they celebrate, but what they learned from the experience. When people know that it’s okay to fail, they more readily experiment with ideas that are outside the norm, that violate some aspect of conventional thinking. And that is precisely what innovation does. It sets aside at least one element of conventionality. Innovation thus finds its most promising soil in a culture where freedom to fail is taken for granted.

Seventh, an innovative culture must have sufficient resources for adequately testing ideas. I’ve worked with more than one startup which had a truly promising, innovative idea. A potential game changer. But they lacked either the talent, the tools, or the financial wherewithal to bring the idea to robust implementation. Commercially, therefore, their brilliant idea never saw the light of day.

Most often, the primary culprit in this regard is inadequate funding. People who are excited about a new idea tend to be overly optimistic about how fast or how smoothly it can be brought to fruition. As a consequence, they do not prepare adequately for the cost of perfecting their idea so that it has a receptive market. Moving forward through trial and error is a costly process in terms of time, manpower, and most of all, money. Finances, indeed, will dictate how much time and manpower we can devote to an idea.

Companies that historically underfund research and development or other internal mechanisms for testing fresh ideas are unlikely to produce innovative breakthroughs. Innovation is not a “quick results” game. It’s a resource-intensive one.

Eighth, innovation tends to prosper most in settings where its fruits are urgently needed to meet a pressing challenge. You don’t have to be a war-monger to acknowledge that major wars spin off vast innovation. World War II alone gave us radar, sonar, nuclear power, mainframe computers, and the technology which eventually translated into the cell phone. In times of war, government funding is plentiful to underwrite research and the stakes are so high that innovative breakthroughs take on special urgency.

The same dynamic holds for implementing novel ideas which may not be game-changing innovations, but which nonetheless hold great promise. Finding ways to position exploration of an idea within the framework of a pressing challenge serves to enlarge imaginative thinking. When it is done repeatedly, the encouragement of imagination becomes anchored in the culture. And an organizational culture replete with imagination is fertile soil for innovation.

And speaking of imagination, very little of it is required to add other considerations to the eight principles which I’ve described. I don’t consider this list exhaustive, at all. But it is illustrative of the types of attitudes, outlooks, and mindsets which must prevail within a culture for innovation to flourish.

Let me close, then, by listing all eight one more time. For innovation to prosper, we need

- a culture open to change
- a culture in which curiosity abounds

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- a culture with unbridled freedom to offer ideas
  - a culture with diverse channels for inputting ideas
  - a culture in which collaboration is the vehicle for moving ideas forward
  - a culture in which there is freedom to flop
  - a culture which provides sufficient resources to adequately test ideas
  - a culture which senses a pressing challenge that must be met

That's a pretty tall order for leaders to live up to. But not an impossible one. Innovation is hard work. And the first phase of this hard work is creating a culture that is conducive to innovation.

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