Utah CEO
forward thinking

Leading Edge of Leadership

Innovative managers rely on a broad array of resources, last of all their own perceived omniscience.

By Brad Plothow

Here's a challenge: define "innovative leadership." If that term seems perfectly ubiquitous, then break it up into its two parts and try again. Still seem like you're sorting through two of the most overused terms in a business vernacular rife with overused terms? Well, you are.

In the 21st-century business climate, innovative leaders are more necessary than ever because the climate changes at a breakneck pace. The irony, then, is that the definition of an innovative leader is in the eye of the beholder because innovation also happens at warp speed these days.

"Historically, the search for the best leadership style has been a vain quest," says Bill Hesterly, associate dean of faculty and research at the University of Utah. "Leadership is defined by what the followers do."

Though it may be difficult to arrive at a shared definition of innovative leadership, it is helpful to observe the common traits of leaders whose styles are considered innovative. With that in mind, consider three leadership imperatives understood by many managers and executives who are consistently ahead of the curve: shared governance, discipline and curiosity.

Shared governance

The notion of the CEO as a benevolent dictator may have never been the most effective form of management, but it is certainly less so today than in the past.

"It used to be, 'Well I'm the decision-maker,' but current innovative leaders understand that leadership isn't a position, but rather it exists within the organization," says Vicki Whiting, associate professor of management at Westminster College.

One trait consistent among innovative managers is that they don't presume to be omniscient. They acknowledge that finding the right path in an increasingly complex environment requires lots of listening. That doesn't relinquish managers from being accountable for decisions, but it does imply that everyone in the organization offers a bit of context to assist in those decisions. It also suggests that CEOs, in particular, need to be very good hirers in order to surround themselves with competent advisors.

Shared governance may take myriad shapes depending on the organization, but whatever form it takes managers need good information to perform their duties as sense-makers and facilitators of success. The key, of course, is emphasizing the need to provide honest feedback, which is difficult. As Hesterly notes, even the famed California design firm IDEO, which placed extreme value on brainstorming, had difficulty getting the best thoughts from its employees. There's a natural tendency to hold back in groups, which also has the effect of holding back innovation. If you can elicit candid feedback from customers, direct reports and front-line workers, however, innovative thought thrives.

"Most people want to do a good job or tell you how your company is doing," says Susan Opp, president and general manager of L3 Communications, Communications Systems West. "If you listen to them, they're usually right."

Of course, speed to market is one consideration — listening and implementing change by committee can slow things down. But an innovative leader will feel the pulse to determine the right amount of deliberation needed.

Discipline

The term "innovation" tends to conjure images of frenetic work environments, where rejected ideas are crumpled and piled near a wastebasket and idea-smiths offer a dozen lurching misses for every proverbial "better mousetrap." In fact,

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however, many of the most innovative leaders are also the most deliberate and disciplined.

Ragula Bhaskar, CEO of Utah-based FatPipe Networks, offers the example of Theodore Leavitt, who in the 1970s wrote an article for Harvard Business Review that represents, in Bhaskar's mind, "the worst example of corporate strategy."

"He generally advocated that oil companies were not in the oil business but in the energy business, and that airline companies were not in the airline business but in the transportation business. Many companies followed his advice blindly. Oil companies acquired coal companies which have a different cost and investment-return structure that oil companies were not used to. … Airlines bought transportation businesses and lost money on them. That is because the cost and returns structure with the trucking business is very different from the airline business," Bhaskar says. "In contrast, look at Steve Jobs, who brilliantly engineers products like the iPod that killed Sony's Walkman, and the iPhone that is killing Nokia, Ericsson and Motorola. A traditional management guru would have told Apple to make better computers, laptops and mainframes because it was in the computing businesses and stick close to its knitting."

Most would agree that Jobs is an innovative leader at the helm of one of the world's most innovative firms. But that innovation is nurtured within a culture of discipline where every action is deliberate and calculated. Obviously, Jobs has developed a healthy tolerance for failure — leaders who can't endure experimentation tend to squash innovation — but he has also established a framework that optimizes the tinkering process.

On a micro level, this applies to how leaders manage their own time and priorities, as well. "You have to know the difference between what's urgent and what's important," Whiting says. "CEOs have more demands on their time now, and people have 24/7 access to them via mobile devices." In keeping with a growing trend, Whiting recommends that CEOs check e-mail no more than twice a day and, as author Jim Collins suggests, make a "stop doing" list.

Curiosity

As the globally interdependent business web grows more and more complex, it behooves managers to become voracious consumers of information. This trait involves more than simply reviewing dashboards and reading trade journals; rather, the most innovative leaders draw inspiration from a variety of sources.

"Innovators listen to and read about material that has nothing to do with their industries," Bhaskar says. "They watch TV programs that have nothing to do with their businesses. They like to meet all kinds of people, not just other CEOs. Learning to relate to all types of people is important because it can help cultivate ideas and help you think 'out of the box.'"

In the past executives may have been expected to know everything already. That presumption was certainly erroneous, but it was better suited for a day when information didn't travel at broadband speed 24 hours a day. Today, managers fuel innovation through "knowing where to turn and being curious thinkers," Whiting says. "Develop a network of mentors, read and make connections."

If this process is critical for the CEO, it is equally so for others who would lead. One can make a solid argument that although more information is available today, it takes more effort to sift through the junk and find what's relevant and useful. For that reason, organizations with a culture of curious learning are more likely to base their decisions on what L3's Opp calls "honest business-case analysis," a key precursor to innovation.

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Sidebar: At a glance

Reassessing the Good to Great organizational model
In his now-famous case study Good to Great, author Jim Collins offers what he believes is the optimal model for organizational success and, specifically, cultivating innovation. The model's panacea is where a high level of entrepreneurism meets a high level of accountability. That model, however, is unrealistic, according to Bill Hesterly, associate dean of faculty and research at the University of Utah.

"I don't know of anyone who has achieved that balance," he says.

As a more practical alternative to creating an organization geared toward innovation, Hesterly offers the notion of "competing on the edge of chaos," a concept propagated principally by Stanford professor Kathy Eisenhardt. He also points to the maxim of operating in an "efficiently fickle" manner, authored by researcher Todd Zenger. Firms such as Hewlett-Packard and Johnson & Johnson practice a real-world adaptation of Collins' model, Hesterly says, but it looks more like a game of darts than something as precise as brain surgery.

"The best organizations never seem to find the optimal point," Hesterly says. "Instead, they vacillate between loosening the reins and reinstating more discipline."