Enterprise Business Models

Chap.6. The Innovative Organization: Structures and Systems

1. What Makes an Organization Innovative?

Creative ideas are what turn ordinary companies into **innovative** market leaders. These companies see the end result first and then build a path to achieve those results.
A safety zone needs to be established. Often, failure is punished but success is not rewarded. We must remember that failure is the second cousin to success. We learn from our mistakes.

Creativity and innovation are key elements that propel businesses to the top. Without either, your company comes in second at best, and no one remembers No. 2.

While being No. 1 certainly doesn't guarantee continued success, it is definitely better than being forgotten!
Here are some ways to keep your company at the top:

1. Foster a business climate that's open to innovation and creativity.
Innovation is the ability to come up with ideas and solutions to pressing problems.

It is the process of producing something that has value and did not exist before. Creativity is the ability to take that new idea and make it valuable in your customers' eyes.

Realize that every problem has a solution, although the solution may not be in plain sight.

2. Become No. 1 with your clients.
The more satisfied your clients are, the more business you'll have in the future.

Realize that the only commodity your clients know is you. Since you are the catalyst providing the solution to their problem, you are accountable for fulfilling their needs.

As a result, you need to invest time in keeping the channels of communication open.

3. Create a partnership with clients.

Clients recognize partnerships when the companies they work with function as problem solvers.

Remember, value is something you produce by the acceptance clients place on what you do for them.

4. Create a partnership with employees.

Asking people to be innovative and then shooting down their ideas creates a rift in your organization. Instead, show people that bringing their imagination on the journey is welcome.

Information wealth flows directly from innovation, not optimization.

5. Implement next-generation approaches.

Replacing "rules" with "roles" will free your employees from the "we have always done it this way" syndrome.

The secret is not knowing the formula; it is applying information in a way that works for your employees and benefits your clients.

The Seven Essential Characteristics of Innovative Companies

What makes a company innovative? Innovation is nothing more than a tool that enables companies to achieve unique, strategic goals. It should not simply be a slogan, nor an end unto itself, argues Jeffrey Baumgartner. To be truly innovative, an organization should have seven essential characteristics.

What makes for an innovative company? An innovation initiative is not enough. Having the word "innovation" in your company slogan or all over your web site is not enough. Indeed, I would argue that any kind of focus on innovation as an end is detrimental to innovation. Innovation is nothing more than a tool that enables companies to achieve unique, strategic goals. Here are seven essential characteristics of innovative companies. How well does your organization do?

1. Unique and Relevant Strategy

Arguably, the most defining characteristic of a truly innovative company is having a unique and relevant strategy. We all know what companies like Apple, Facebook and Google do. That's because they make their strategies clear and relentless follow them. An innovative smaller player may not be recognised globally, but its leaders, employees, business partners and customers all will have a clear idea of the company's strategy. If a business does not have definable, unique strategy, it will not be innovative. Bland strategies, such as "to be the best", do not provide a path to innovation in the same way clearer strategies, such as "to be on the cutting edge of mobile communications technology," "to build the world's safest cars"or "to deliver anything anywhere" do. If your strategy is vague or fails to differentiate your company from the competition, you should change this situation as quickly as possible!

2. Innovation Is a Means to Achieve Strategic Goals

Highly innovative companies do not see innovation as an end, but rather as a means to achieving strategic goals. Just as a good camera is an essential tool that enables the photographer to take professional images and the saw is an essential tool for the carpenter, innovation is an essential tool for visionary companies intent on achieving their strategic goals. Indeed, if you look at the web sites of the world's most innovative companies, they tend not to trumpet innovation, but rather corporate vision.

3. Innovators Are Leaders

The one thing innovation provides more than anything else is market leadership. When companies use innovation to achieve strategic goals, they inevitably take the lead in their markets. Unfortunately, this does not always translate to being the most successful or profitable. Amazon has been an innovator from the beginning, setting many of the standards for e-commerce. Nevertheless, it took some years for the company to become profitable. Cord was one of the world's most innovative car companies, launching cutting edge innovations such as front wheel drive and pop-up headlights – in the 1920s and 30s. However the company was never very successful financially and went out of business in 1938. On the other hand, innovators like Apple and Google have been financially successful as a result of their innovation. In short, innovators are leaders, but not always profitable leaders!

4. Innovators Implement

Most businesses have a lot of creative employees with a lot of ideas. Some of those ideas are even relevant to companies' needs. However, one thing that differentiates innovators from wannabe innovators is that innovators implement ideas. Less innovative companies talk more about ideas than implementing them!

5. Failure Is an Option

I would argue the the most critical element of business culture, for an innovative company, is giving employees freedom and encouragement to fail. If employees know that they can fail without endangering their careers, they are more willing to take on risky, innovative projects that offer huge potential rewards to their companies. On the other hand, if employees believe that being part of a failed project will have professional consequences, they will avoid risk – and hence innovation – like the plague. More importantly, if senior managers reward early failure, employees are far more likely to evaluate projects regularly and kill those projects that are failing — before that failure becomes too expensive. This frees up resources and budget for new innovative endeavours. However, in businesses where failure is not an option, employees will often stick with failing projects, investing ever more resources in hopes that the project will eventually succeed. When it does not, losses are greater and reputations are ruined. As a result, companies that reward failure often fail less than those that discourage it.

6. Environment of Trust

The Innovative company provides its employees with an environment of trust. There is a lot of risk involved in innovation. Highly creative ideas often initially sound stupid. If employees fear ridicule for sharing outrageous ideas, they will not share such ideas. Likewise, if employees fear reprimand for participating in unsuccessful projects, they will not participate (see item 5 above). If employees do not trust each other, they will be watching their backs all the time. If they fear managers will steal their ideas and claim them as their own, employees will not share ideas. On the other hand, if employees know they can take reasonable risks without fear, if they know outrageous ideas are welcome, if they know that their managers will champion their ideas and credit them for those ideas, these employees can be creative, implement ideas and drive the company's innovation. In short, creativity and innovation thrive when people in an organization trust each other and their organization.

7. Autonomy

Along with trust, individual and team autonomy is a key component of innovation. If you give individuals and teams clear goals together with the freedom to find their own paths for achieving those goals, you create fertile ground for innovation. But, if managers watch over their subordinates' shoulders, micro-managing their every move, you stifle the creativity and individual thought that is necessary for innovation. Of course giving employees autonomy means they may make mistakes. They may choose inefficient routes to achieving goals. But at worst, they will learn from their mistakes and inefficiencies. At best, they will discover new and better ways of accomplishing objectives. Most importantly, if you hire intelligent, capable, creative people and give them the freedom to solve problems, they will do so. And, in so doing, they well help innovation to thrive throughout the company.

What Do You Think?

There you have it, the seven essential characteristics of a creative company. What do you think? How well does your company fit? Have I missed an essential characteristic? I'd love to know your thoughts.

2. Balanced Scorecard

The balanced scorecard is a strategic planning and management systemthat is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by Drs. Robert Kaplan (Harvard Business School) and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance. While the phrase *balanced scorecard* was coined in the early 1990s, the roots of the this type of approach are deep, and include the pioneering work of General Electric on performance measurement reporting in the 1950's and the work of French process engineers (who created the *Tableau de Bord* – literally, a "dashboard" of performance measures) in the early part of the 20th century.

Gartner Group suggests that over 50% of large US firms have adopted the BSC. More than half of major companies in the US, Europe and Asia are using balanced scorecard approaches, with use growing in those areas as well as in the Middle East and Africa. A recent global study by Bain & Co listed balanced scorecard fifth on its top ten most widely used management tools around the world, a list that includes closely-related strategic planning at number one. Balanced scorecard has also been selected by the editors of Harvard Business Review as one of the most influential business ideas of the past 75 years.

The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system. The "new" balanced scorecard transforms an organization's strategic plan from an attractive but passive document into the "marching orders" for the organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured. It enables executives to truly execute their strategies.

This new approach to strategic management was first detailed in a series of articles and books by Drs. Kaplan and Norton. Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective. The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise.

Kaplan and Norton describe the innovation of the balanced scorecard as follows:

"The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation."

Adapted from Robert S. Kaplan and David P. Norton, "Using the Balanced Scorecard as a Strategic Management System," Harvard Business Review (January-February 1996): 76.

Perspectives

The balanced scorecard suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives:

The Learning & Growth Perspective

This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge-worker organization, people -- the only repository of knowledge -- are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization.

Kaplan and Norton emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed. It also includes technological tools; what the Baldrige criteria call "high performance work systems."

The Business Process Perspective

This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants.

The Customer Perspective

Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good.

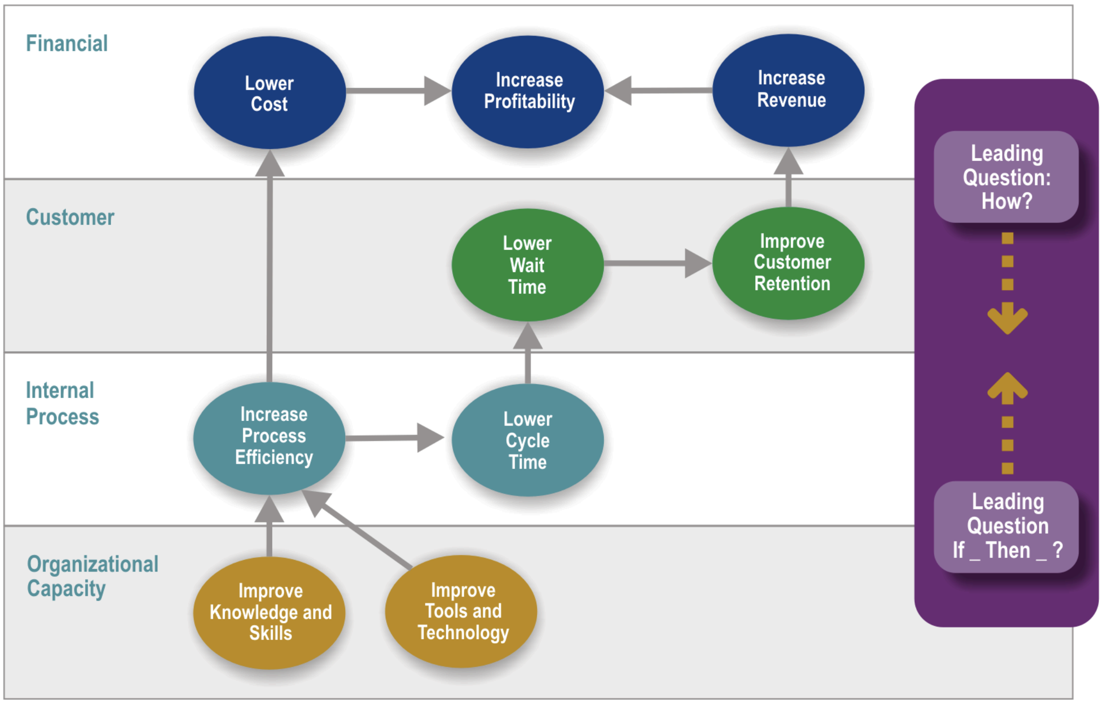
In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups.

The Financial Perspective

Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. But the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data, in this category.

Strategy Mapping

Strategy maps are communication tools used to tell a story of how value is created for the organization. They show a logical, step-by-step connection between strategic objectives (shown as ovals on the map) in the form of a cause-and-effect chain. Generally speaking, improving performance in the objectives found in the Learning & Growth perspective (the bottom row) enables the organization to improve its Internal Process perspective Objectives (the next row up), which in turn enables the organization to create desirable results in the Customer and Financial perspectives (the top two rows).



Reference: The Institute Way: Simplify Strategic Planning & Management with the Balanced Scorecard.

3. People Leadership

The most successful leaders are those with the best people skills, especially during the most difficult circumstances. Poor communication and interpersonal relationships routinely thwart leaders who are otherwise technically competent. In order to succeed, leaders must be fully engaged with the individuals who make up their organization. Focusing skill-by-skill on P.E.O.P.L.E. (Professionalism, Empathy, Optimism, Partnering, Loyalty and Empowering) this seminar can help anyone in a position of leadership to better demonstrate caring as well as courage, and to use a P.E.O.P.L.E. approach to achieve maximum results.

4 WAYS TO BECOME A LEADER PEOPLE WANT TO FOLLOW

We've all had bosses we were proud to follow. People we'd do anything for. Even run through brick walls.

On the other hand, most of us have also had bosses we follow only because, well, they're the boss. So what separates the leaders we *want* to follow from the leaders we *have* to follow?

Photo courtesy of ©iStockphoto.com/danwilton

The answer lies in the four Cs of effective leadership. These are all verbs, indicating actions you can take today to become a leader people want to follow:

1. **Care:** People follow people who genuinely care about others. It sounds simple, yet this is an area where so many leaders fall short.

- Take a true interest in the people who work for you.
- Learn about their hobbies, goals, and dreams.
- Take time to get to know names of team members' spouses, kids, and pets.
- Remember birthdays, anniversaries, and other important dates.

These things make a difference.

Here's a personal example. I once worked at a place where birthdays were recognized with large gatherings. The entire staff would huddle around the birthday person and pray for their upcoming year. Typically, that person's boss led the prayer.

As my boss prayed for me on my birthday, he did not say the names of my wife and kids. He did not say them because in two years he never took the time to learn them. I never felt less cared for.

There's no better way to lose employees than by being indifferent to the things that matter most to them. Great leadership begins with caring about the people you lead. As Margaret Mead once said: "Never believe that a few caring people cannot change the world. For, indeed, that is all who ever have."

2. **Celebrate:** Appreciation is motivation and inspiration. Don't leave employees in the dark. Show them you appreciate their achievements. Celebrate their successes. This not only lets the individual know you appreciate their work, it encourages all your employees. When a team member exceeds and reaches a goal, go out of your way to celebrate them both publicly and privately.

Here are some easy ways to celebrate employees:

- Send a weekly email to the entire organization recognizing a team member's success.
- Take an employee who achieves a goal out to lunch.
- Thank employees for great work on your company Facebook page.
- Give an employee a gift card to their favorite cafe.
- Post blurbs about employee achievements on Twitter.

3. **Correct:** Corrective criticism is necessary to be a leader people want to follow. Employees appreciate direction that helps them grow and improve.

- Don't just scold employees for doing something wrong.
- Show them the right way.
- Put them on the path to success.
- Take the time to regularly and thoroughly evaluate all your team members.
- Provide goals and resources for team members to develop their skills.

Remember, the development and success of your employees is a direct result of your leadership. Make this quote from Orlando Battista your mantra or screensaver: "An error doesn't become a mistake until you refuse to correct it."

4. **Compensate:** This one is kind of a no-brainer. Still, many leaders underestimate the importance of compensation to employees. Don't make that mistake. It's important. Very important.

If you have an excellent team member, see they are compensated fairly. Fight for them if you have to. Employees have more respect for and loyalty to leaders who recognize the value of their hard work and dedication.

Effective leaders are not born. They are built. Ultimately, you control what kind of leader you want to be. Take action to become a leader people want to follow. The results you'll see from your team will be well worth the effort.

Team Dynamics: Basic Nature of Groups and How They Develop

Do Your Gathering a Group or a Team?

This might seem like a silly question, but it is not. Gatherings of less than 10-12 people are considered by organizational development consultants to be a small group. Information in this section is most useful for forming and facilitating small groups of 10-12 people or less.

Groups that are larger than that range tend to have another level of complexity not apparent in small groups. For example, the nature and needs of larger groups are often similar to those of entire ongoing organizations. They have their own various subcultures, distinct subsystems (or cliques), diversity of leadership styles and levels of communication. While certain structures are often useful in small groups, they are absolutely necessary on an ongoing basis in larger groups. For example, larger groups should have a clearly established purpose that is continually communicated, and formal plans and policies about ongoing leadership, decision making, problem solving and communication.

Life Stages of a Team

When developing a team, it helps a great deal to have some basic sense of the stages that a typical team moves through when evolving into a high-performing team. Awareness of each stage helps leaders to understand the reasons for members' behavior during that stage, and to guide members to behavior required to evolve the team into the next stage.

1. Forming

Members first get together during this stage. Individually, they are considering questions like, "What am I here for?", "Who else is here?" and "Who am I comfortable with?" It is important for members to get involved with each other, including introducing themselves to each other. Clear and strong leadership is required from the team leader during this stage to ensure the group members feel the clarity and comfort required to evolve to the next stage.

2. Storming

During this stage, members are beginning to voice their individual differences, join with others who share the same beliefs, and jockey for position in the group. Therefore, it is important for members to continue to be highly involved with each other, including to voice any concerns in order to feel represented and understood. The team leader should help members to voice their views, and to achieve consensus (or commonality of views) about their purpose and priorities.

3. Norming

In this stage, members are beginning to share a common commitment to the purpose of the group, including to its overall goals and how each of the goals can be achieved. The team leader should focus on continuing to clarify the roles of each member, and a clear and workable structure and process for the group to achieve its goals.

4. Performing

In this stage, the team is working effectively and efficiently toward achieving its goals. During this stage, the style of leadership becomes more indirect as members take on stronger participation and involvement in the group process. Ideally, the style includes helping members to reflect on their experiences and to learn from them.

5. Closing and Celebration

At this stage, it is clear to members and their organization that the team has achieved its goals (or a major milestone along the way toward the goal). It is critical to acknowledge this point in the life of the team, lest members feel unfulfilled and skeptical about future team efforts

Types of Teams

There are many types of teams you could use in the workplace. The type you choose depends very much on the nature of the results that the team is to accomplish.

1. Formal and informal teams

These are usually small groups of employees who come together to address some specific goal or need. Management appoints formal teams, that is, teams that are intentionally organized and resourced to address a specific and important goal or need. Informal teams are usually loosely organized groups of people who come together to address a non-critical, short-term purpose.

2. Committees

Committees are organized to address, major ongoing functions or tasks in an organization, and the membership of the committees often is based on the official position of each of the members, for example, committees in Boards of Directors.

3. Problem-solving teams

These teams are formed to address a particular, major problem currently faced by the organization. Often, their overall goal is to provide a written report that includes recommendations for solving the problem. Membership often is comprised of people who perceive and/or experience the problem, as well as those who can do something about it.

4. Self-directed and self-managed teams

These types of teams are increasingly used where a) team members are working to address a complex challenge in a rapidly changing environment, and b) the strong ownership and participation of members are extremely important. These types provide great latitude in how members achieve the overall results to be achieved by the teams. The role of leader in a team might change during the team activities depending on where the team is in its stage of development (see below) and/or achieving is results.

What are Communication Strategies? - Definition, Types & Examples

What Are Communication Strategies?

Communication is the exchange of information between a sender and a receiver. It used to be that you only had to worry about the way you communicated face-to-face or on paper. Technology has changed this completely. It is important for people to take into account every aspect of how they are relaying information. This is where communication strategies come into play. **Communication strategies** are the blueprints for how this information will be exchanged.

Types of Communication Strategies

Communication strategies can be verbal, nonverbal or visual. Integrating all the strategies together will allow you to see the most success. This allows a business to meet employee needs and increase workplace knowledge.

Verbal communication strategies can be broken down into two categories: written and oral. Written strategies consist of avenues such as e-mail, text and chat. Examples that fall into the oral category are phone, video chat and face-to-face.

Writing professional, considerate emails is essential in business communication

Nonverbal communication strategies consist of mostly visual cues. These could be body language, facial expressions, physical distance between communicators or the tone of your voice. These cues are typically not intended. However, it is important to realize the message you are sending. Otherwise, you may be saying one thing, yet the receiver is hearing another.

Visual communication strategies can be seen through signs, webpages and illustrations. These strategies are used in the workplace to draw attention and provide documentation. Human Resources is required to post certain visuals throughout the workplace to comply with safety laws.

Examples of Communication Strategies

E-mail - Imagine you are trying to ask your co-worker for help with a project. You send an e-mail that looks like this: 'I NEED YOU TO FINISH THE PRESENTATION FOR THE MEETING **RIGHT NOW**! IT IS IMPORTANT AND CANNOT BE LATE.' In your mind, you just sent out a cry for help. The recipient of this e-mail thinks you are yelling at them. Why the miscommunication? It is the capital and bold letters, as well as the demanding tone. When using written communication it is difficult to express yourself. People feel like the use of capital and bold letters is equivalent to yelling. Instead, take the time to use proper capital and lower case letters. Also, explain yourself well: ask for help, and use more gracious words like 'please' and 'I would appreciate your help'. It is more professional and will help ease tension that is unnecessary.

Face-to-Face - Your boss just called you into his office. Oh no! What did you do? Is this the first thought every time your boss wants to speak face-to-face? I hope not. If so, the boss may want to work on communicating with the employees face-to-face on a regular basis. That way it won't be so scary when he wants to talk.

6. Intellectual Property Management

Intellectual property (**IP**) is a term referring to creations of the intellect for which a monopoly is assigned to designated owners by law.[1]Some common types of intellectual property rights (IPR) are trademarks, copyright, patents, industrial design rights, and in some jurisdictions trade secrets: all these cover music, literature, and other artistic works; discoveries and inventions; and words, phrases, symbols, and designs.

Intellectual property rights

Intellectual property rights include patents, copyright, industrial design rights, trademarks, plant variety rights, trade dress, and in some jurisdictions trade secrets. There are also more specialized or derived varieties of *sui generis* exclusive rights, such as circuit design rights (called mask work rights in the US) and supplementary protection certificates for pharmaceutical products (after expiry of a patent protecting them) and database rights (in European law).

Patents

A patent is a form of right granted by the government to an inventor, giving the owner the right to exclude others from making, using, selling, offering to sell, and importing an invention for a limited period of time, in exchange for the public disclosure of the invention. An invention is a solution to a specific technological problem, which may be a product or a process and generally has to fulfill three main requirements: it has to be new, not obvious and there needs to be an industrial applicability.

Copyright

A copyright gives the creator of an original work exclusive rights to it, usually for a limited time. Copyright may apply to a wide range of creative, intellectual, or artistic forms, or "works". Copyright does not cover ideas and information themselves, only the form or manner in which they are expressed.

Industrial design rights

An industrial design right (sometimes called "design right") protects the visual design of objects that are not purely utilitarian. An industrial design consists of the creation of a shape, configuration or composition of pattern or color, or combination of pattern and color in three-dimensional form containing aesthetic value. An industrial design can be a two- or three-dimensional pattern used to produce a product, industrial commodity or handicraft.

Plant varieties

Plant breeders' rights or plant variety rights are the rights to commercially use a new variety of a plant. The variety must amongst others be novel and distinct and for registration the evaluation of propagating material of the variety is examined.

Trademarks

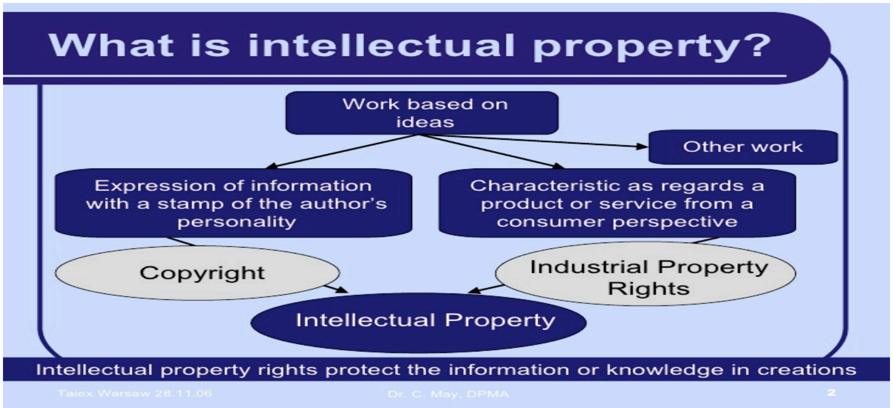
A trademark is a recognizable sign, design or expression which distinguishes products or services of a particular trader from the similar products or services of other traders.

Trade dress

Trade dress is a legal term of art that generally refers to characteristics of the visual appearance of a product or its packaging (or even the design of a building) that signify the source of the product to consumers.

Trade secrets

A trade secret is a formula, practice, process, design, instrument, pattern, or compilation of information which is not generally known or reasonably ascertainable, by which a business can obtain an economic advantage over competitors or customers.



In today's highly competitive IP environment, making sure your business and IP strategies are aligned puts increasing pressure on your time and resources. That's why the world's leading organizations rely on that.