

The image features a hand holding a smartphone in the foreground. Above the phone is a large, colorful, low-poly sphere composed of various triangles in shades of orange, yellow, green, and blue. The sphere is surrounded by a network of lines and smaller, similar geometric shapes, suggesting a digital or technological theme. The background is a blurred image of a modern building with a grid-like facade, overlaid with a faint network diagram. The text "DRIVING INNOVATION WITH CONNECTION" is centered over the image in a bold, white, sans-serif font. The word "WITH" is enclosed in a blue rectangular box.

# **DRIVING INNOVATION WITH CONNECTION**

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# CHAPTER 1

## THE TIMES THEY ARE A-CHANGIN

We live in a fast-paced world – one marked by unprecedented levels of technology disruption and change, not to mention volatility. Organizations stay competitive in such an environment through creativity and innovation. Innovation and discussions about innovating are ubiquitous and for good reason. Innovation is a matter of survival. The velocity of technological change is dizzying. Products, processes, and technologies are often obsolete upon launch or implementation. It is alarmingly clear - businesses must innovate or die. Table one illustrates this in stark detail. Only about 25% of the 1988 Fortune 500 list is reflected in the 2017 list.

A common denominator among successful innovators is an awareness of, and focus on, their greatest, and in many cases, their only asset – people. Many organizations still have an industrial age mentality, but the reality is the vast majority of their capital walks out of the door and goes home each day.

*Table 1. Fortune 500 by Revenue 1988 vs 2017*

1988 Fortune 500	Revenue (\$M)	2017 Fortune 500	Revenue (\$M)
General Motors	\$101,782	Walmart	\$485,873
Exxon Mobil	\$76,416	Berkshire Hathaway	\$223,604
Ford Motor	\$71,643	Apple	\$215,639
IBM	\$54,217	Exxon Mobil	\$205,004
Mobil	\$51,223	McKesson	\$192,487
GE	\$39,315	UnitedHealth Group	\$184,840
Texaco	\$34,372	CVS Health	\$177,526
AT&T	\$33,598	General Motors	\$166,380
DuPont	\$30,468	AT&T	\$163,786
Chrysler	\$26,258	Ford Motors	\$151,800

In their book *Collective Genius - The Art and Practice of Leading Innovation*, the authors A. Hill, Greg Brandeau, Emily Truelove, and Kent Lineback state:

*"Instead of trying to come up with a vision and make innovation happen themselves, a leader of innovation creates a place—a context, an environment—where people are willing and able to do the hard work that innovative problem solving requires."*

Think about that for a moment. What Hill, et. al., found in their work was that organizations we think of today as innovative, didn't start by building an innovation department or infrastructure, they started with culture.

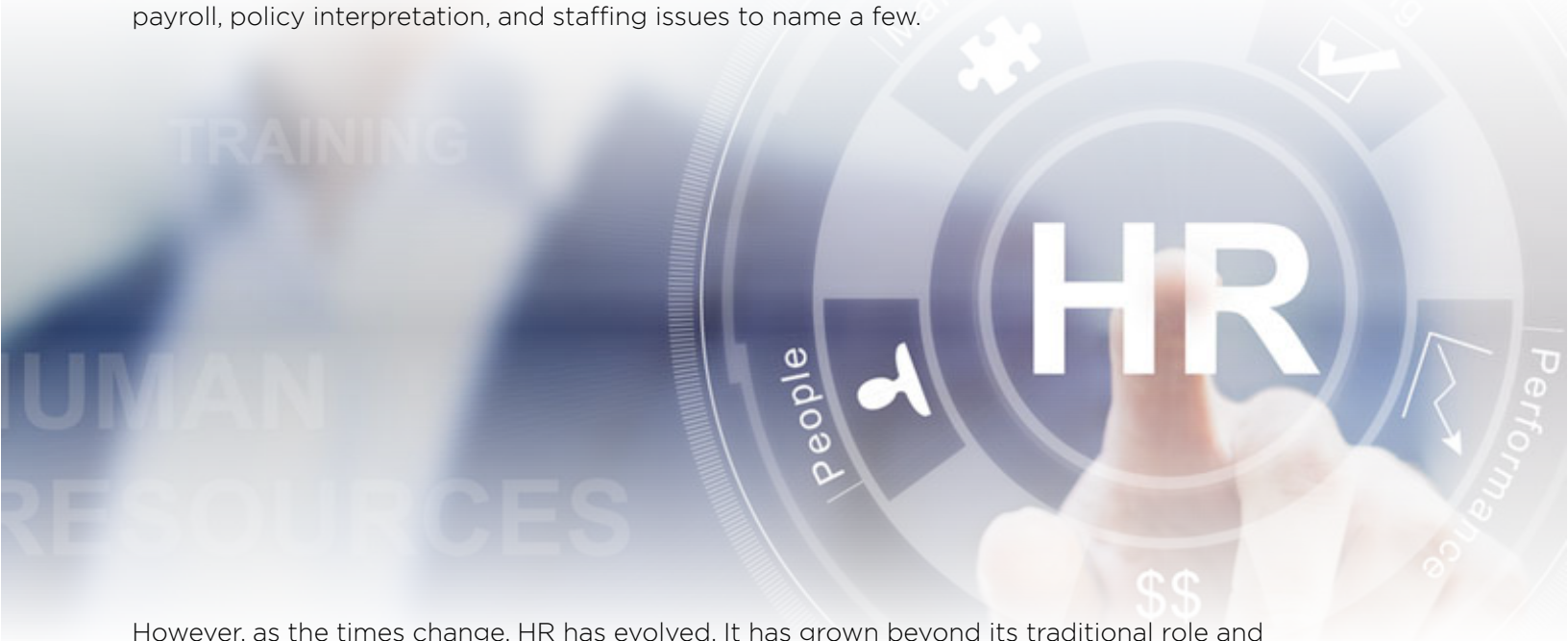
There is only one department perfectly positioned to drive this kind of organizational change; your Human Resources (HR) department. It's essential that HR plays a key leadership role in creating an environment or culture of innovation. However, many organizations fail to leverage their internal HR team to drive the type of culture necessary for innovation. In many organizations, HR remains confined to the role of support. This is primarily because most organizations, and HR professionals themselves, fail to realize that HR is simply not living up to its full potential.

As a result, both the organizations and their HR departments remain stuck in second gear. So, what is the secret to getting HR to grow to its full potential? First, let's explore the current role of HR.



## TRADITIONAL HR FALLS SHORT

Traditionally, HR has been considered an overhead function with little capacity for direct impact on organizational profit or productivity. The majority of its tasks have been administrative in nature. HR professionals coordinate and schedule processes that support people management policies, such as data entry, form processing, recruitment, onboarding, job-specific training, performance management, payroll, policy interpretation, and staffing issues to name a few.



However, as the times change, HR has evolved. It has grown beyond its traditional role and expectations and takes the lead in designing and leading cultural change. Understandably, it is not possible or practical to cast a wide net over HR as a function. The corporate uses for HR are myriad in number and it can be challenging to find the perfect formula to fit each organization. Rather than call for yet another 'reinvention' of HR, it is more practical to focus on a revitalized HR – one that fulfills its potential by driving value through innovation.

## NEW HR

The very essence of HR is to drive and lead organizational change through innovation. One way it can manage this is to help organizations maintain pace with change. The plethora of social and technological changes occurring today are disorienting to organizations and staff. HR must come forward to help organizations successfully adapt and thrive in today's era of continual change. This is best done through a consultative approach that models and leads dialogue-based innovation.

In order to fulfill these responsibilities, HR will have to adopt different roles and become flexible in an ever-changing organizational environment. For those organizations serious about innovation, the following responsibilities should be considered as primary roles for HR:

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## HR IS THE PERFORMANCE AND PRODUCTIVITY CHAMPION

HR champions the cause of both employees and the organization. It communicates employee concerns to senior management to quickly alleviate problems and minimize time to productivity. At the same time, it ensures employees remain committed to the organization's values by enforcing performance-centric measures. HR shifts resources away from low-performing employees or low-return processes and moves them towards high-performing employees and processes, thereby positively influencing the performance of the company at all levels.



## HR/TALENT ACQUISITION IS A DRIVER FOR INNOVATION

Finally, HR is the commissioner of continuous development and innovation. It drives timely strategic and technological transformations. It also lays out strategies, shapes processes, and creates a culture that boosts organizational flexibility and capacity for change.



# INNOVATION



# CHAPTER 2

## WHAT MAKES HR BEST SUITED TO HANDLE THE RESPONSIBILITY OF INNOVATION

The consensus among many leaders is that core departments such as research and development, or even a brand-new department should be put in charge of innovation. Certainly, all employees have a role to play in corporate innovation, but out of all the departments and functions within an organization, HR is the most important driver of innovation.

Our colleagues in the workplace are social beings. Our desire to connect with other people is part of our DNA. Relationship building is so innate to us that we are hardwired to be powered by dialogue: we want to hear other people's stories, share experiences, collaborate together, and connect.

In *Humans Are Underrated - What High Achievers Know That Brilliant Machines Never Will*, Geoff Colvin drives home the fact that each of us possesses a collective and collaborative nature that drives progress:

*"The number one factor in making a group effective is skill at deep human interaction. Everyone seems to think that other factors - leadership, mix of technical skills, vision, motivation- are more important. They matter, but not nearly as much as social skills."*

This is precisely what places HR at the forefront of driving innovation and makes it ideal for organization-wide transformation. Before delving into the details, let's see what 'innovation' actually means.







## THE MANY FACETS OF INNOVATION

Innovation is a key driver of profitability and sustainability in today's world and comes in many forms. Product innovation is the most commonly seen innovation, yet this is only one type of innovation. An organization does not need to create the next smartphone, smart-watch, or some other never-before-seen technology to be innovative.

Any change, which is new for the company and helps it to grow or become more productive, is an innovation. For example, experimenting or piloting a new organizational process or a new marketing technique can be innovative.

There is widespread agreement that innovation can be divided into at least two broad categories; radical and incremental. Radical innovation is the creation of something new for the first time. Incremental innovation is about continuous improvement through reinventing methods, processes, and even leadership. The ultimate goal here is to make things better, faster, safer, or cheaper than before. Radical innovation, which is essentially disruptive innovation, is less frequent and riskier. It demands more time, energy, and resources. While the payoffs of a successful disruptive innovation can be huge, the chances of success are low.

Incremental innovation, on the other hand, is more frequent and often more economically predictable than radical innovation. Most organizational growth is indeed achieved through regular incremental innovation. Studies suggest that incremental innovation is more common in organizations that have systems in place to ensure interdepartmental communications. This makes perfect sense, especially in light of the way most businesses run today. Typical business processes involve different organizational units and, unless everyone involved is on the same page, innovating is difficult.



## THE HR ROLE

HR can create, improve, and sustain systems (formal, informal, and social networks) that facilitate and boost effective communication between different units, divisions, and departments. HR teams and managers have a variety of tools at their disposal to 1) create, improve and sustain different network systems within an organization, 2) facilitate and boost effective communication between different units, divisions, and departments, and 3) foster innovation both directly (e.g., hiring of innovative employees or leaders) and indirectly (e.g., boosting communication and motivation).

Culture is a vital factor that boosts innovation within an organization. Culture is essential because it creates an environment where employees are not afraid to challenge norms, take risks, ask questions, find answers, and make continuous changes. HR functioning at full potential has everything needed to drive organizational change towards an innovation-friendly culture.

Here are some examples of the levers that HR can use to facilitate innovation in the workplace:

- HR can leverage performance management to create and sustain a culture of innovation. They can make room for features related to, and supportive of, innovation to be included in performance evaluation metrics, the appraisal process, and management 'check-ins'.
- HR teams can optimize organizational rewards and recognition to drive home the importance of innovative thinking, activity, and outcomes. They can leverage recognition systems to inspire employees in innovative thinking and sharing (even if ideas fail). They can leverage reward systems to honor employees who create successful outcomes.
- The HR talent team can develop content-valid competencies around innovation and the organization can use those competencies to evaluate candidates during the interview process.
- HR can optimize organizational structures to be more fluid and facilitate the flow of ideas across departments and functions. Through appropriate organizational design, they can streamline communication and make it easier for employees to exchange ideas.
- HR fosters innovation by championing career learning and development activities that enhance soft skills, such as empathy and listening. This will bring meaning to work, facilitate creativity, and drive innovation within the workforce.

# CHAPTER 3

## INNOVATING BY BRINGING DIALOGUE TO SCALE

### CREATIVE HOT SPOTS

'Hot spots' is a term popularized by noted organizational theorist, consultant, and author Lynda Gratton in her 2007 book *Hot Spots: Why Some Companies Buzz with Energy and Innovation – and Others Don't*. A professor of management practice at the London Business School, Gratton is also the founder of the Hot Spots Movement, which focuses on building new team structures and working behaviors within organizations to increase productivity and foster innovation.

In her book, Gratton details how some of the companies she studied became master innovators by leveraging 'creative hot spots' – magnets of creativity where employees, managers, and leaders came together to create new, innovative advances. According to her research, such hot spots are driven by three key factors:



#### A MINDSET OF COOPERATION

Employees, managers, and leaders together sustain a workplace culture that builds trust, cooperation, and collaboration. Everyone is willing to share ideas and information because the culture emphasizes 'we' over 'I'.



#### A STREAMLINED SYSTEM FOR EFFECTIVE COMMUNICATION

Companies complement employees' willingness to share ideas and information by providing ample freedom and opportunities for dialogue and communication. They provide employees, managers, and leaders the ability to share ideas and information across departments, functions, and silos within a typical organization.



#### A SENSE OF PURPOSE

A sense of purpose is the fuel that ignites innovation. Gratton uses the example of Indian car manufacturing giant Tata Motors. Tata is credited with creating the cheapest car in the world. Named Tata Nano, the **\$3,000** car was created in response to the CEO's passion to make a car affordable enough for the growing middle class in India. With incremental innovation, the sense of purpose is the desire to make something smarter, faster, easier, safer, or simply better than before.



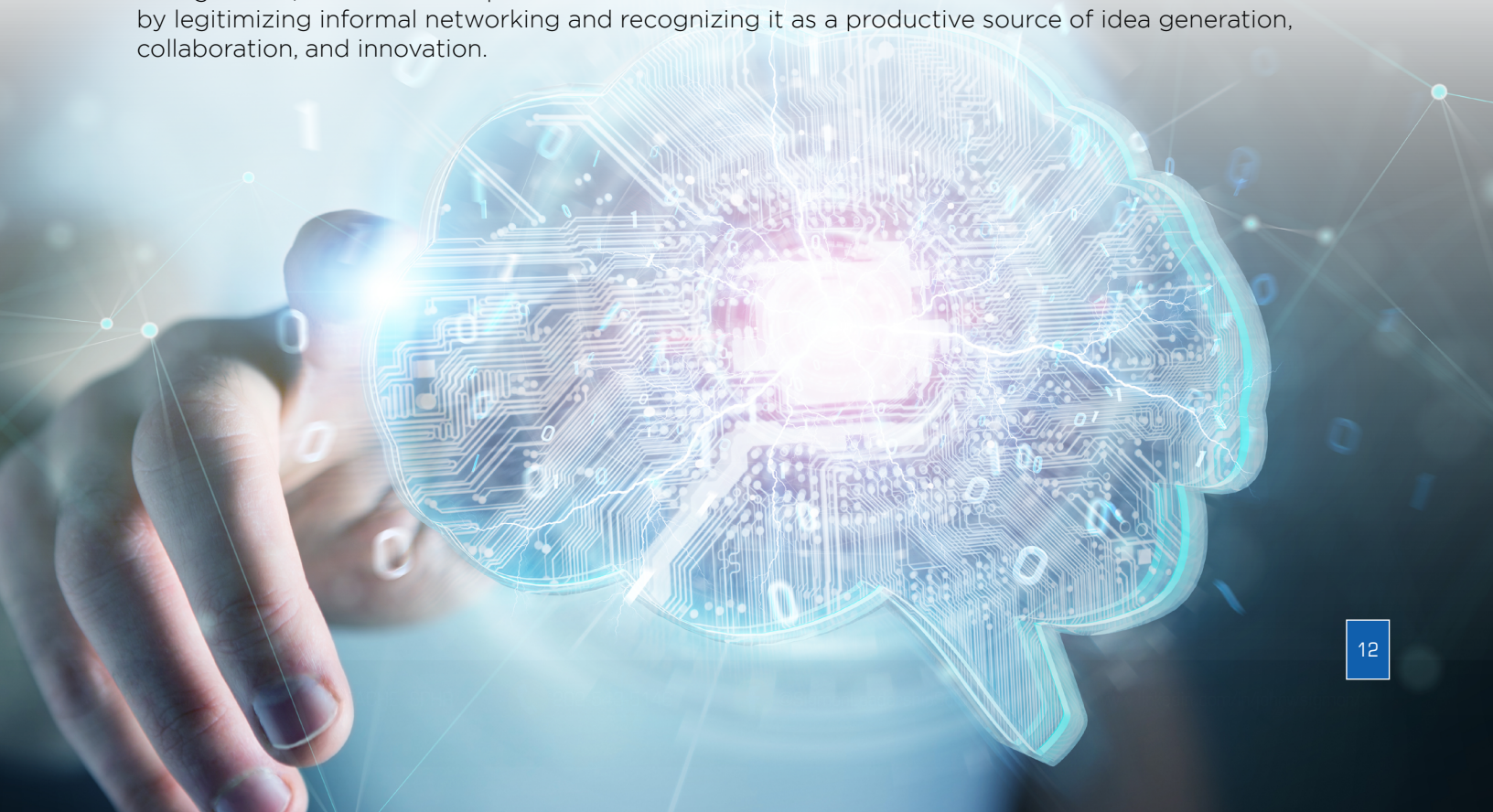
It is possible for creative hot spots to form by themselves (when the conditions are right, of course). However, leading innovators do not wait for such hot spots to happen. With support from HR, they proactively make hot spots happen.

## THE ROLE OF HR IN CREATING INNOVATION HOT SPOTS

HR can engineer the creation of hot spots by leveraging the internal networks and communities within the organization. Such networks always exist, albeit informally, in every organization. This again goes back to people being hardwired to look for and benefit from social connections. This genetic hardwiring leads us to develop friendships at the workplace, share interests, and work together, even when not required to do so.

Whether in, or outside the office people who work at the same place will eventually get together and are going to talk about their experiences: what they're doing, what they wish they could be doing, what they think the organization will benefit from, and more. All of this happens informally and organically without HR intervention.

By taking a more formal and disciplined approach towards creating and encouraging dialogue, HR can discover the true gold mine of ideas created by informal dialogues. To boost innovation, HR should consciously look for ways and methods to maximize the effectiveness of these networks and communities. They can design structures and processes to allow people with different ideas, backgrounds, and areas of expertise to interact with each other. HR can even take it to the next level by legitimizing informal networking and recognizing it as a productive source of idea generation, collaboration, and innovation.





## BOOSTING INNOVATION THROUGH TECHNOLOGY AND SOCIAL MEDIA

You already know that of all the elements that support the goal of innovation and creativity, none is as necessary as communication. Leaders also know that of all the elements that affect the quality of that vital communication, none is as important as listening. In fact, listening is one of the most powerful forces that drive innovation.

We all feel valued and appreciated when others listen to us. Listening improves engagement and increases the connection employees feel with the organization. But, if employees are not heard, then that connection is lost. An unheard idea is a missed opportunity.

'Listen at scale' is a term popularized by Charlene Li, CEO of the Altimeter Group, and author of the best-selling management book, *The Engaged Leader*. Listening at scale is when leaders use technology and social media to track and 'listen' to what their employees, customers, and competitors want or care about. It has never been easier than today for leaders to 'listen' to so many voices so efficiently.

You can design and implement both online and offline methods to improve organizational listening. This can be done through existing outward-facing channels. Your organization has ways to capture customer feedback and shareholder concerns. You can leverage those same vehicles (apps, email, and social media) to capture feedback from across your organization. For example, your organization may capture data and use market analytics to drive product development and distribution. Use these same tools to capture data and ideas from your employees.

HR can also drive innovation by using social media to bring dialogue to scale. HR can create and run dedicated social media profiles or online portals, focusing on in-house clients i.e., employees, temps, and contractors. Platforms such as Twitter, LinkedIn, Yammer, Facebook and Google Plus can be used to scale communication, dialogue, and listening.

### To boost innovation, HR can:



Create a social page exclusively for staff to connect with each other and share ideas or information.



Moderate closed platforms such as LinkedIn Groups, Facebook Pages, and Google Plus Circles where innovation is the only agenda. All employees, managers, and leaders can be added to these groups and encouraged to talk, hear, ask, and answer.



Undertake social media-based reward and recognition initiatives aimed at improving teamwork and influencing a cultural change. A simple idea would be to ask employees to 'vote' and choose an 'innovative idea of the week/month'. The reward for the winning idea could be a one-on-one communication session between the employee and senior executives.

While technology and social media are important, HR should be careful not to ignore the offline aspect of employee connection and dialogue. Regular meetings, reviews, and feedback sessions should be used to foster dialogue between different employees and between employees and leaders.

# CHAPTER 4

## THREE HR KEYS TO FOSTERING INNOVATION

HR teams can foster innovation in their organization by hiring for innovation, developing a culture of innovation, and rewarding and recognizing innovation.

### HIRING FOR INNOVATION

Making changes in the talent acquisition process will deliver long-term innovation results. Developing specific competencies and tailoring interviews to those competencies can help identify quality candidates. By focusing on recruiting candidates who have high aptitude for innovation, HR can boost the total innovation quotient of the organization.

In addition, HR should focus on attracting innovation talent from graduate schools and colleges. Successful corporate innovators use creative internship programs to source the brightest, most talented minds from top universities and attract them early before graduation. HR can create campus ambassadorship programs, where the company's best employees return to their alma maters to attract top talent.



### DEVELOPING A CULTURE OF INNOVATION

One of the biggest hurdles to innovation is an unsupportive culture and it's not difficult to see why. There's not much an innovative employee can do if the corporate culture doesn't support innovation.

HR cultivates, grows, and protects a culture that supports innovation. It is the duty of HR to spread the responsibility of innovation to everyone. Every manager, employee, and department (including HR) should be held accountable for driving innovation in his or her own capacity.



To develop a culture of innovation and sustain it, HR teams should:



### **Promote innovation as an organizational value**

Defining key organizational values (such as mission and vision) will make it clear that innovation is important to the organization. Communicating these values clearly and promoting them throughout the organization also removes any misgivings employees may have about taking risks associated with innovation.



### **Optimize talent management for individuals, teams, and leadership**

HR should ensure all employees and managers are clear about the organization's innovation expectations. Again, this boils down to using dialogue effectively. The career development goals of each employee should be aligned with innovation expectations and they must understand the skills and behaviors needed to innovate in their role. HR should also break down internal silos between teams to facilitate idea sharing across organizational divisions.



### **Sponsor, organize, and boost innovation-centric activities, resources, and opportunities**

By organizing projects, activities, and collaboration that boost innovation, HR can drive an innovative culture.

Organizations should sponsor what I like to call “snackified opportunities” for innovation thinking. These are brief, drop-in sessions for employees to come together over tea, coffee, or snacks to socialize and collaborate. These “bite-sized” sessions can be fun, interactive, and effective at the same time. You can boost participation by giving the sessions a snappy name, something like The Collaborative Coffee Break (you can see why I am not in marketing!). Have your best creative minds come up with a better name for the event. Have members of your HR team invite their respective client groups and ask them to participate themselves as well. These opportunities can also help shape the “creative hot spots” we discussed earlier.

Another way you can integrate innovation is by creating a digital channel. The concept of “the collaborative coffee break” can be taken online with closed LinkedIn, Facebook, or Google Plus groups. A closed group creates an allure of exclusivity, which will work to your advantage in encouraging participation and sharing of thoughts and ideas.

Boost innovation by providing small, innovation-centric resources that clients can literally fit into their pockets. These can include bookmarks, card stock with ideas and resources, printed sticky logos for coffee mugs or note pads, and so on. Reserve a corner of your office space or a section of your closed social media group to provide innovation-centric tools and templates for your guests. Give them free access to these resources to ensure maximum participation. It is also the responsibility of HR to leverage modern technology for encouraging organization-wide dialogue, networking, and collaboration.



### Make room to innovate

Allow for innovation. HR should champion opportunities to boost their creative energies. In 1948 3M launched an initiative called “15% time”. Employees are allowed up to 15% of their work time to incubate pet projects or ideas. While a radical idea at the time many other organizations have followed suit behind the mid-western innovation juggernaut. Allowances of time and resources are integral to a truly supportive culture of innovation.

## SET UP A FORMAL INNOVATION REVIEW PROCESS

Foster innovation by ensuring that all ideas and suggestions made by employees are formally reviewed. Create a structured board or system to review all innovation submissions. This board should focus more on the ‘listening’ part of dialogue for best results. Innovations that pass board review should move swiftly through next steps, such as budget allocation, project commencement, or prototyping.



## SUPPORT THE COURAGE TO INNOVATE

Protect and foster the culture of innovation. This is done by recognizing innovative employees and inspiring a desire to innovate. Ideas and suggestions should be acknowledged, and proprietors encouraged, regardless of the outcome of the innovation.



## REWARDING FOR INNOVATION

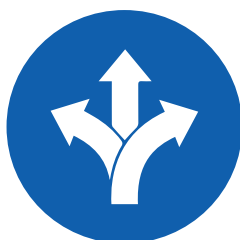
The final step towards fostering innovation is setting up comprehensive and effective reward systems. With the right systems, HR can reinforce employees’ commitment to innovation, boost their motivation to keep innovating, and strengthen the culture of innovation as well.

It’s common for companies to tie individual bonuses and/or salary increments to innovation. While this approach is not wrong in itself, it may end up sending the wrong signals to employees. HR should therefore create a dual reward system, where monetary benefits and non-monetary incentives, such as recognition, are provided.





**What are some unique ways to reward your creative geniuses for innovation? Here are a few ideas:**



#### **Reward with flexibility**

Depending upon the rules or norms of your organization, you can offer flexible work arrangements. Innovation-minded employees are typically well-versed in managing their own time. Offering flexible work arrangements will show that the organization values their contribution and are willing to do whatever it takes to boost their innovative potential.



#### **The red-carpet treatment**

Roll out the red carpet for those who deliver extraordinary results. Give them a gift certificate that complements their favorite hobby. Make an all-expenses-paid dinner reservation for them and their significant other at a premium restaurant. Gift them a one-year membership at a prestigious industry organization or give them some extra time off. Even a day or two of discretionary leave will go miles in making them feel valuable and appreciated. Assign them the best parking spot for a month or quarter as recognition and reward for great outcomes. Send them a bottle of champagne. Throw a party in their honor.

## CONCLUSION

In 1981, when business journalists Robert Levering and Milton Moskowitz rolled out their first list of 100 Best Places to Work, they made an interesting discovery. The duo found that creating a great workplace was not a function of employee benefits, programs, or practices. Rather, it was a matter of building high-quality relationships in the workplace.

More than two decades later, this discovery still holds true. The corporate graveyard is full of organizations that have failed to grasp this simple concept. Don't make the same mistake. This is more important today when the stakes are higher in the face of ever-increasing competition and volatility.

It is time for leaders to retire the old thinking of HR by reinventing it for the new world of business. It is time for leadership to recognize the value HR can offer on a strategic level and not just on the administrative or compliance fronts. And it is time for HR to step up and lead the way in modeling and managing dialogue-based innovation from the grassroots up.

To be truly successful in adding value as the driver of innovation, HR will have to transcend the fundamentals of human resource management. HR will have to strategize to increase communication within the organization and to develop a culture that provides employees the time and freedom they need to innovate. HR will have to shift the entire business model and strategy of organizations, if need be, to ensure that the workplace culture encourages risk-taking; an essential element of innovation.

Lastly, focusing on person-to-person networking and social opportunities will maximize the likelihood your organization will achieve its innovation target.



# ABOUT THE AUTHOR



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John is a visionary human resources and business innovation strategist with successes across for profit, not for profit, and public-sector organizations. John is the Founder and **CEO** of **Sigmon Leadership Solutions**, a boutique consulting and executive coaching practice. He previously served as the Chief Human Resources Officer at AARP.

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John has a B.A. degree from Western Illinois University and a Masters in Health Policy and Administration degree from the University of North Carolina. John is a certified as a Senior Human Resources Professional. He is a Fellow in the American College of Health Care Executives. John lives in New York with his wife Danielle.

