THE BRIGHT HUMAN SPIRIT

Rediscovering Ancient Wisdom about Innovation

by Allegra Jordan, Paresh Shah and David Dodson, 2012

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INTRODUCTION

Today's organizations confront two important trends:

1. *A complex and competitive business landscape* that requires teams make cognitive leaps at astounding rates, and

2. *The search for meaning.* After all, if we have to give up that much of ourselves to a task, it had better be worth it.

These trends collide in innovation work. By innovation, we mean the process of meeting a need in a creative, helpful way. When our teams face new challenges, our groups must answer, "What are we committed to becoming?"

Consultants and scholars have mapped out the innovation process in detail for the past quarter century. The goal: move beyond a group that creates just a one-hit wonder, and create a dependable innovation pipeline.

If innovation came about by following a process, we would all be innovative. Here is the process:

THE INNOVATION PROCESS:	Become aware of the need to change	Set new goals	Establish the foundation for change	Internal idea generation	External idea generation	Evaluate ideas	Implement the idea

Many teams have been trained in this process, and are still not innovative. Perhaps it's because we did not have data? No. We know that we can have access to terabytes of data and still not innovate. Data and processes are important, but neither is the root cause of innovation. What is missing?

HUMANS ARE THE ROOT CAUSE OF INNOVATION. Team innovation is cognitively, emotionally, and relationally difficult. It requires a team, over time, to envision a new future and make that future a reality amidst a competitive reality. We humans, with all of our potential and all of our frailties, make innovation necessary, possible, and problematic.

Our goal with this paper series is to provide leaders with confidence to help make meaning *and* engage with complexity. We seek to connect the mundane, and sometimes forgotten, ways the human spirit renews itself in daily activities with the innovation process. These ancient "practices" unleash the human spirit. They are rooted in ancient wisdom, and are used by important organizations around the world in ways that make more of everyone.

This white paper series has three parts. **Part I** shows "how we got here," with four major innovation movements in the past 30 years, and how teams have adapted. There are two trends merging: the need for new ways to address complex problems and the search for meaning. Both impact innovation.

Part II outlines ancient practices we have found are being used by leading groups to innovate. We drill down on three of the most helpful: awareness, the worthy goal, and setting the foundation. We illustrate these with examples from global business experience in the for- and non-profit worlds, the latest empirical business studies, neuropsychology, and the aspirations of the best teams today.

THESE THREE ANCIENT PRACTICES ARE OFTEN MISSING IN TODAY'S INNOVATION DISCUSSIONS.

SEVEN ANCIENT PRACTICES:	Awareness	Set worthy goals	Set the foundation	Pilgrimage	Hospitality	Practice practical wisdom	Practice perseverance
THE INNOVATION PROCESS:	Become aware of the need to change	Set new goals	Establish the foundation for change	Internal idea generation	External idea generation	Evaluate ideas	Implement the idea

Part III outlines ancient practices we have found are being used by leading groups to innovate. These practices are often obscured by jargon. We seek to use everyday language to show how we can flourish in innovation through intentionally practicing old-fashioned habits that many spiritual traditions already recommend for renewing the spirit, as well as the community.

THESE FOUR ANCIENT PRACTICES ARE REPRESENTED IN TODAY'S INNOVATION DISCUSSIONS, BUT WE SEEK TO TIE THEM TO ANCIENT WISDOM ABOUT HOW HUMANS WORK.

SEVEN ANCIENT PRACTICES:	Awareness	Set worthy goals	Set the foundation	Pilgrimage	Hospitality	Practice practical wisdom	Practice perseverance
THE INNOVATION PROCESS:	Become aware of the need to change	Set new goals	Establish the foundation for change	Internal idea generation	External idea generation	Evaluate ideas	Implement the idea

Innovation is the response of humanity struggling to renew in the middle of a competitive and dysfunctional world where there are amazing things yet to be discovered. By integrating the current research of today with time-tested wisdom about how humans work, we will have a deeper vision of what innovation is and how it can help us take practical, concrete steps into an unknown, and potentially beautiful, unbounded future.

We welcome your comments, suggestions, and ideas about the material found on the following pages. To send feedback, please email Allegra Jordan: ajordan@innovationabbey.org.

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PART I ❖ THE NEWEST PHASE OF INNOVATION

A WHITE PAPER SERIES IN THREE PARTS:

PART I ❖ THE NEWEST PHASE OF INNOVATION

PART II ❖ MAKING MEANING

PART III ❖ PRACTICING LIFE AND INNOVATION

by Allegra Jordan, Paresh Shah and David Dodson, 2012

THE NEWEST PHASE OF INNOVATION

Teams relying on process and data are not well-equipped for today's innovation

Innovation comes from the Latin word *innovare* which means "to make new." It is about seeing clearly what's going on and addressing the issues in creative, helpful ways. Innovation, in its deepest sense, is the project of our age, as it has been the project of every age. It's about meeting a world that can be better, *and* seeing ourselves as part of the solution.

As innovation initiatives enter a new level of maturity, we can now see the exaggerated promises of the earlier days. Consider your own experience with failed innovation initiatives. Here are some things we found went wrong. Check the ones that you have, in your own experience, found also to be true.

❏ *Innovation theory was worshipped: people wanted to talk endlessly about innovation theory, rather than doing the hard work of innovation.*

❏ *Innovation initiatives were separated from core work, leading to "innovation wars" between teams fighting over scarce resources.*

❏ *"We've tried that before," mentality halted progress.*

❏ *One person put the "I" in "Team." They did all the work and built no chemistry with anyone else, burning themselves out and boring everyone else.*

❏ *Feeble goals were set.*

❏ *Limited external environmental scans were pawned off as strong insight, and teams accepted these poor scans and strategy due to their belief that this person was an "expert."*

❏ *Compromises were made on critical issues.*

❏ *People casually imported assumptions about "how things work" to their new tasks.*[1]

❏ *People idolized the "next new thing" without good judgment about what should be noticed and what is not useful.*

❏ *The lack of passion for the new idea led to its failure.*

❏ *Unresolved conflicts derailed new plans.*

❏ *A few people declared "this is easy" when organizational change never is.*

❏ *Fear prevented progress.*

❏ *Perfection prevented progress.*

❏ *Corruption prevented progress.*

❏ *Poor values prevented progress.*

❏ *Past failures justified inaction.*

❏ *People insisted on using the wrong measurement tools.*

❏ *The perception that "nothing was broken" could not be overcome until the layoffs hit.*

❏ *The team's mission was put second to personal ambition and personal domain expertise.*

❏ *Personal identity was tied inappropriately to projects.*

❏ *Courage was shown primarily when the CEO was outside of the room.*

❏ *People were asked to be creative only during parts of their day.*

❏ *There was often a deep belief, based on past corporate behavior, that innovation was a "phase" a team could wait out.*

❏ *A few people convinced the team that "nothing ever gets done," and as a result the team didn't do anything!*

We acknowledge that innovation is very hard. We also have evidence that it can be done well. So what is going on?

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INNOVATION TRENDS

During the Great Depression, humorist P. G. Wodehouse wrote, "Life for the American business-man is a series of shocks from the New Deal punctuated by cups of coffee." Fast forward today, and we empathize. Today's economic shocks are fueled by double espresso laced with Red Bull.

We offer a sketch of four modern phases of innovation. They are:[2]

1. **GO DEEP** [APPROX. 1985–1995]: Firms worked to establish core competencies to provide a sustainable advantage against competition. Innovation was important but not critical to survival.

2. **SCRAMBLE** [APPROX. 1995–2003]: Vast sums of money funded a revolution that transformed industies, but in the process many teams forgot the discipline that served them well in phase 1.

3. **SURVIVE** [APPROX. 2004–2011]: Innovation efforts focused on ways to keep firms afloat (with the exceptions of real estate and banking sectors which did not collapse until 2008). Survivors try to merge the depth of phase 1 with the rapidity of phase 2. Innovation is everyone's job, but the information overload is too much.

4. **INTEGRATE** [APPROX. 2012–]: We are in a new phase of innovation that seeks to combine "making meaning" with the challenges of complexity. Now we seek to engage the full human spirit into the innovation scene and to bring calm to the chaos of information overload. The best firms address their knowledge workers as full humans: mind, body, spirit. These firms contribute to a positive sense of team members' identity and community in our "always on" world. They attract strong, ethical talent, ensuring they have the creative resources to challenge the world's toughest problems.

THERE ARE TWO STRANDS ABOUT TO UNFOLD: When reading, keep a close eye on two important drivers:

1. Teams adapting to complexity and competition

2. People searching for meaning

These drivers signal phase changes. Why? When we pair tough external challenges (such as a loss of cash, loss of competitive advantage, or lack of a new, easy competitive advantage) with an incomplete and distorted view of how humans act and work, a project cannot be sustained. Any company or society that systematically wastes or under deploys resources will eventually encounter a group that does not. It may take time, but it happens.

THESE ARE MESSY TRENDS. We honor that culture is powerful, it changes at different rates, and each firm's innovation is not of the same quality or type.[3] The trends outlined here are messy given the independent nature of organizations and the influence of culture. You may be currently stuck with 1980s-style management (sorry). And today, this is where the trends point, regardless of where any group stands today. (**APPENDIX 1** provides definitions and source materials.)

Why? We believe what Martin Luther King, Jr. said: "The arc of the moral universe is long but it bends towards justice." The human spirit must be accounted for and those who account for it have a chance at attracting more talented people to do better work over the long haul.

INNOVATION FROM A WORKER'S PERSPECTIVE

GO DEEP est. 1985–1995	SCRAMBLE est. 1995–2003	SURVIVE est. 2004–2011	INTEGRATE est. 2012–
Management-directed; longer time-frames; reasonable job stability.	Workers needed to become "Self, Inc." with less job security, more competition, more information.	Don't make waves; survive; do more with less using processes and data.	Talented workers seek firms that affirm their basic human needs and community values.

PHASE I: GO DEEP
{est. 1985-1995}

SUMMARY: *Innovation focused on serving customers better than competitors with existing organizational capabilities. Innovation was important but not as critical to the survival of a company.*

INNOVATION ENVIRONMENT Long-time horizons; inherited competitive advantages; fewer competitors; stable workforce; information flow was slow; often expert knowledge workers could not articulate what they knew; primacy of stable, advantaged, "home" business environment vs. complex, dynamic global context; often innovation was done by specialists; competitive advantage was enhanced by reduced costs (such as from supply chain management changes) or improved productivity (such as computers replacing typewriters). Evidence of innovation could be the existence of a research & development team, a product development team, or statements like, "we earn x% of our profit from products/services that did not exist five years ago."

MAJOR AREAS OF INNOVATION

1. Provide high quality at low prices
2. Supply chain distribution innovation: Outsourcing, Offshoring, Supply-chain integration
3. Customer service innovation (such as loyalty programs)

INNOVATION MANAGEMENT

1. *Re-engineering* to help teams learn from other divisions in the firm. The goal was to establish high performance organizations. We involved teams in decision making; strove for better communication and decision-making, set clear goals with defined roles and responsibilities, valued diversity of experience and background, and actively managed conflict to build trust.

2. *Excellence:* How do we reduce system costs through better understanding our customers?

3. *Leadership vs. Management:* Stretching management, which often focused on efficiency, to address leadership challenges (what direction do I go in?)

4. *Cost & quality competition:* Distribution systems fragment due to innovations like "just-in-time" supply systems

5. *Proliferation of distribution outlets:* Many more products are now available due to new distribution outlets like Staples, Sam's Club, Wal-Mart (which grew from 276 outlets in 1979 to more than 2000 by 1995)

END OF PHASE I: The Internet arrives

CHAMPIONS OF PHASE I FEDEX, WalMart, Toyota, Aravind Eye Clinic, Intel, Southwest Airlines, DuPont, Microsoft, Monsanto, Motorola, Sony, AT&T, IBM, Reebok, USA TODAY, ESPN, CNN, Coca-cola and Pepsi, Willow Creek Church, Lexus, Acura, Virgin, 3M, Becton Dickenson, Motorola, BMW, American Airlines, Staples, Hewlett-Packard, Johnson & Johnson, Cleveland Clinic, Walt Disney, General Electric, ABB, the Ashoka Foundation, Levis, Kohlberg Kravis Roberts (KKR), Drexel Burnham Lambert.

INFLUENTIAL THEORIES

PHASE 1 INNOVATION THEORIES FOCUSED ON "HOW" WE IMPROVE

❖ C.K. Prahalad & Gary Hamel: building strategic core competencies ("What do you want to do?" "What do you have to work with?")

❖ Tom Peters: *In Search of Excellence*

❖ Peter Senge: *The Fifth Discipline*

❖ Michael Hammer & James Champy: *Reengineering the Corporation*

❖ Michael Porter: *Competitive Strategy*

❖ Dorothy Leonard: *Wellsprings of Knowledge*

❖ Heskett & Sasser: Service breakthroughs

❖ The Deming management method

ALSO IMPORTANT:

❖ Peter Drucker: *The Effective Executive*

❖ Kouzes & Posner: *The Leadership Challenge*

❖ Robert Kaplan & David Norton: *The Balanced Scorecard*

❖ Stephen Covey: *The 7 Habits of Highly Effective People*

❖ Richard Bolles: *What Color is my Parachute?*

❖ James Redfield: *The Celestine Prophecy*

❖ Bryan Burrough & John Helyar: *Barbarians at the Gate: The Fall of RJR Nabisco*

❖ Michael Lewis: *Liar's Poker*

PHASE 2: SCRAMBLE
{ EST. 1995–2003 }

SUMMARY: *Innovation was often approached with a "land grab" mindset: massive information, opportunity & competition fueled by a torrent of cash. Organizations forgot the discipline that served them well in Phase 1.*

INNOVATION ENVIRONMENT Invent; create new channels and "cut out the middleman"; create new business models; go global; massive amounts of information available; cash is cheap; intense competitive pressures; people are "always on/all the time"; government funding of huge initiatives in HIV/AIDS & housing.

MAJOR AREAS OF INNOVATION

1. Business model innovations
2. Communications innovations
3. Distribution innovations
4. Intellectual property
5. Analytics
6. Creative culture

INNOVATION MANAGEMENT

1. *Grab land first, figure out sustainable strategic advantage later.* Internet companies with little sustainable advantage were routinely more highly valued than companies with proven profit streams. A cash advantage came from two sources: cheap capital from investors and abundant advertising revenue. Such cash allowed Internet companies to have a influence in asset purchases (such as AOL buying Time Warner) and in recruiting top talent.

2. *Competition.* Global competition drove prices down, because now prices could be found through a radically simple search process. Companies selling online took far to much time to figure out how to differentiate themselves in ways other than price. This led to service innovations and innovations around "stickiness." The Internet bubble eventually burst due to companies not achieving this objective.

3. *Intellectual property became a perceived source of competitive advantage.* A rush to file patents in this new space flooded the U.S. Patent Office, and the U.S. Supreme courts validated business method patents in 1998. IBM's patent licensing revenue becomes a coveted source of income.

4. *Which rules to break?* Confusion arose regarding what business fundamentals remained valid or had become obsolete. Billions were lost through intimidation by the "smartest people in the room" who created smokescreens of complexity, and by regulators and board members unwilling or unable to understand what was happening. Billions were made by a smart understanding of what worked going forward.

5. *Business model innovation* occurred during this time of rapid prototyping and low-cost feedback mechanisms. Releasing unfinished products as "beta" tests were preferred to waiting in this hyper-competitive environment.

6. *Direct access to a more informed consumer* leads to different sales processes.

7. *"Be paranoid":* Andy Grove of Intel urges people to be aware of competition from multiple directions.

8. *Creative culture was different:* ping pong tables, dogs in offices, ties in drawers.

9. *It's tough to predict the demand for a product.* Audiences were congregating in new places, but few could predict where they were, what they would be doing, and how to support them. The telecom industry overbuilt because it believed that data demand would double every year. This was true at first but was not sustained.

10. *Analytics.* Data-mining emerged as a strategy for navigating complexity.

11. *Talent wars:* Good people left once the company went public or company's products/service struggled for traction. How to attract, engage, motivate, and keep the best talent.

12. *Cash with few constraints:* With venture funds at their peak, cash funded experimentation. Those without access to cheap cash had fewer resources with which to innovate.

END OF PHASE 2: The 2001 crash of the Internet bubble and the 9/11 attacks. The impact was not fully felt until the end of 2003.

CHAMPIONS OF PHASE 2 Intel, Sun Microsystems, Oracle, General Electric, eBay, Family Health International, AMD, IKEA, IBM, WorldCom, Tyco, Napster, Apple, CNN, WebMD, Wal-Mart, ENRON, Arthur Anderson, Yahoo!, Netscape, Microsoft, AOL, DuPont, Motorola, Siemens, IDEO, Pixar, Bear Sterns, Lehman Bros, Goldman Sachs, Intuit, Circuit City, Fry's, Amazon, Bernie Madoff, Kleiner Perkins Caufield Byers, Sequoia Capital

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INFLUENTIAL THEORIES

PHASE 2 INNOVATION THEORIES CONFRONTED CONFUSION ABOUT NEW OPPORTUNITIES AMIDST COMPLEXITY AND COMPETITION. SOME "WHOLE PERSON" DIALOG ENSUES, TYPICALLY OUT OF WORK SETTINGS.

❖ Clayton Christensen: *Disruptive innovation*
❖ Andy Grove: *Only the Paranoid Survive*
❖ Henry Chesbrough: *Open innovation*
❖ Geoffrey Moore: *Crossing the chasm*
❖ James Katzenbach & Douglas Smith: *The Wisdom of Teams*
❖ Richard Florida: *The Rise of the Creative Class*
❖ Daniel Goleman: *Emotional intelligence*
❖ Lynn Sharp Paine: *Value Shift*
❖ Malcolm Gladwell: *The Tipping Point*

ALSO IMPORTANT:
❖ Jack Welch: *Straight from the Gut*
❖ John Kotter: *Leading Change*
❖ Spencer Johnson: *Who moved my cheese?*
❖ Jim Collins: *Good to Great*
❖ Robert Putnam: *Bowling Alone*
❖ Rick Warren: *The Purpose-Driven Life*
❖ Po Bronson: *What should I do with my life?*
❖ Michael Lewis: *The New New Thing*

PHASE 3: SURVIVE

{ est. 2003-2011 }

SUMMARY: *Fix the holes in your boat with less cash*

INNOVATION ENVIRONMENT Reduced cash, new attention on profitability; accountability changes, such as the Sarbanes-Oxley law, when accountability measures fail to control the excesses of WorldCom, Enron, etc.; brand image influenced by bloggers, tweets; technology enables low cost product/service development (open-source software, low cost bandwidth and hosting, etc.); complexity increases; international competition increases; millenials and veterans attracted to values-driven companies; triple-bottom line emerges (people, planet, profit).

MAJOR AREAS OF INNOVATION

1. The innovation value chain process
2. Innovation becomes a core value for most organizations
3. Values
4. Implementation
5. The bottom billion

INNOVATION MANAGEMENT

1. *Fragile Commodities:* Virtually all traditional sources of competitive advantage (IP, cash, brand, infrastructure, talent, brand, etc.) become commodity-like, yet also fragile. Key strategy question: What can be our strategic advantage and how can we sustain it?

2. *Process emerges then falters as a way to drive innovation into organizations:* Limits of techniques and data become apparent in knowledge work as competition increases and cash remains limited. Important books spell out how to "do" innovation and yet innovation remains elusive for most teams.

3. *Triple-bottom line:* Excellence emphasizing people, planet, and profit. An "excellent company" with only financial excellence and without excellent regard for all stakeholders, becomes an oxymoron. Important firms that have been excellent in all areas except ethics begin to falter (e.g. Goldman Sachs).

4. *Identities of individuals and firms begin to change due to a personal quest for meaning and the "always on" nature of work.* There becomes even less of a distinction between a person's personal and corporate life due to the need for meaningful work and the nature of thinking work. Great firms become places to nurture a person's identity and meaningful life. Life "silos" begin to break down. Organizations begin to borrow practices from spiritual realms to help people cope with "always on" nature of information, increased workplace competition, stress, and keen recognition of limits.

5. *Problems of complexity:* Analysis paralysis, massively complex challenges; stakeholders perplexed and overloaded.

6. *Complexity turns on itself* in banking and real estate, destroying the firms it helped build and many others.

END OF PHASE 3: The Arab Spring & the emerging "flourishing" movements assert more control over individuals' lives. People realize that the "always-on" hyper-information environment that we have been living in for the past 12 years is exhausting and not fulfilling. Having this information didn't prevent the real estate, banking, nor Internet markets from crashing, nor prevent fraud in our markets. We further realized the empty promises of Phases 2 & 3: that we do not sequence our lives to get rich and then find fulfillment. Our manifesto for Phase 4 is that people now seek success and fulfillment, and find one impossible to achieve without the other.
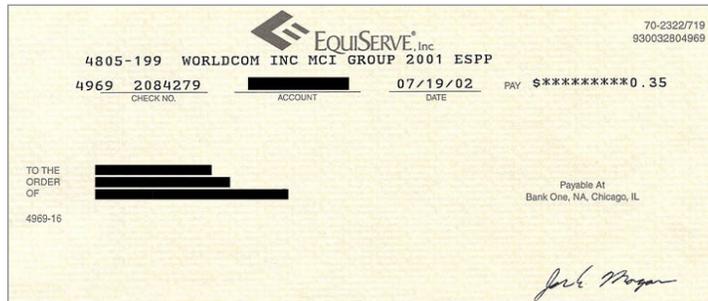
Sequencing a life to get rich and then find fulfillment is a risky way to live. At left, once valuable WorldCom shares sold on the day before its bankruptcy.

CHAMPIONS OF PHASE 3 Infosys, U.S. Military, Craigslist, Exxon, Skype, Cisco, Intuit, The Grameen Bank, Teach for America, FannieMae, Apple, Infosys, SAS, Medtronics, IDEO, Amazon, Intel, Google, Facebook, Nike, Herman Miller, Costco, Wal-Mart, Goldman Sachs, Best Buy, Netflix, Procter & Gamble, Zappos, Oprah, the Ashoka Foundation, Pixar

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INFLUENTIAL THEORIES

PHASE 3 FOCUSES ON PROCESS, COMPETETION, DATA, AND THE CHANGING NATURE OF MARKETS

- ❖ Morten Hansen & Julian Birkinshaw: *The Innovation Value Chain*
- ❖ Thomas Davenport & Jeanne Harris: *Competing on Analytics*
- ❖ W. Chan Kim & Renee Mauborgne: *Blue Ocean Strategy*
- ❖ Katsuri Rangan: *Transforming your Go-to-Market-Strategy*
- ❖ Malcolm Gladwell: *Blink* and *Outliers*
- ❖ Keith Ferazzi: *Never Eat Alone*
- ❖ Anil Gupta & Haiyan Wang: *Getting India & China Right*
- ❖ Tarun Khanna & Krishna Palepu: *Winning in Emerging Markets*

ALSO IMPORTANT:

- ❖ David Bornstein: *The Price of a Dream: The story of the Grameen Bank*
- ❖ Thomas Friedman: *The World is Flat*
- ❖ Daniel Gilbert: *Stumbling onto Happiness*
- ❖ Bill George: True North: *Discover your Authentic Leadership*
- ❖ Philip Bobbitt: *Terror and Consent*

PHASE 4: INTEGRATE

{est. 2012-}

SUMMARY: *The best firms acknowledge humans are the root cause of innovation. Firm goals align with those of innovative people who seek meaning, growth, and satisfaction from their work environments.*

INNOVATION ENVIRONMENT Neuropsychology advances focus on the impact of information overload on decision-making; workers struggle with addiction to the "always on" society"; increased social and economic instability; "meaning seekers" and positive impact leaders come out of the closet: more mainstream leaders declare that their purpose is other than—or not just—cash; influx of returning veterans, idealistic millenials and weary career workers, impacts workforce to engage triple bottom line. Innovation work begins to blend with self-improvement texts as the search for meaning merges with the search for answers to complex answers.

MAJOR AREAS OF INNOVATION

1. Identity: Integration of inner core motivation with work life
2. "Mindfulness"
3. Values & ethics
4. Triple bottom line
5. Implementation

INNOVATION MANAGEMENT

1. *Identity issues intensify* between work and private life due to the "always on" nature of information and competition alongside greater demands placed upon our work life to provide meaning, growth and satisfaction.

2. *Firms seek to align with workers' inner core motivation* (as opposed to extrinsic motivation) and creativity.

3. *Greater awareness:* Seeing things fully, clearly, and accurately is recognized as the *sine qua non* of strategy and innovation. "Mindfulness" is brought into corporations as an antidote to "brain freeze" and information overload.

4. *Implementation* requires greater emotional intelligence and awareness.

CHAMPIONS OF PHASE 4 Biocon, Whole Foods, Herman-Miller, Aflac, SAS, Infosys, Apple, Intel, US Military, Zappos, Starbucks, IKEA, Statoil, the Bill & Melinda Gates Foundation, CREE, Vestergaard Frandsen

INFLUENTIAL THEORIES

PHASE 4 THEORIES DEAL WITH HUMANS AS THE ROOT CAUSE OF INNOVATION

❖ Teresa Amabile & Steve Kramer: *The Progress Principle*

❖ Vijay Govindarajan & Chris Trimble: *Reinventing Your Business Model* and *The Other side of Innovation: Solving the Execution Challenge*

❖ Susan Cain: *Quiet: The Power of Introverts in a World that Can't Stop Talking*

❖ N. R. Narayana Murthy: Founder of Infosys and values entrepreneur

❖ Martin E. P. Seligman: *Flourish*

❖ Ikujiro Nanaka & Hirotaka Takeuchi: *"Are You a Wise Leader?"*

❖ Gary Hamel: *What Matters Now*

❖ Stevan Johnson: *Where Good Ideas Come From*

ALSO IMPORTANT:

❖ Nicholas Kristof and Sheryl WuDunn: *Half the Sky:Turning Oppression into Opportunity for Women Worldwide*

INNOVATION IS INCOMPLETE

We have lived in a time when team innovation was conducted in relatively stable markets and management-driven, to a time of vast experimentation, to a time of using innovation to help us muddle through a time of social and economic upheaval. Our visions of innovation have been incomplete and we know it.

Incomplete solutions never work. Now, incompleteness refers to not addressing the complete human being: our hearts, minds, bodies and communities. Innovative companies now are envisioning and creating a full anthropological ecology – a complete ecology of the human being as an individual and in community. We are asking questions like:

❖ How can we flourish in a highly complex, diverse, rapidly changing world?

❖ What is fundamental in all of us?

❖ What can and ought we to change?

❖ How can we be true to what is fundamental in us and serve the true needs and wants of others effectively and efficiently?

Only flourishing human communities, including organizations, can answer these questions wisely. The cultivation of these communities is the focus of Part II.

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1 This is a key finding in Vijay Govindarajan and Chris Trimble's work: *The Other side of Innovation: Solving the Execution Challenge,* (Harvard Business School Press: Boston), 2010.

2 Business trends are messy because of the variety of teams across the planet and the time we are discussing. Further, because teams are created and educated at different times, some teams and industries jump ahead or lag behind others. Despite this complexity, we can and should learn from our past.

3 Gary Hamel, *What Matters Now,* (Josey-Bass, San Francisco), 2012, p.45. Hamel distinguishes between corporations that make the "best innovation list."

APPENDIX I: DEFINITIONS & KEY DATA SOURCES

The article refers to the following terms:

NEUROPSYCHOLOGY: How we understand brain tissue and chemical reactions influence our creativity, thoughts and actions. The point of view of this article is that our brain plays a central role, but that we are more than our brain.

INNOVATION: the process of meeting a need in a creative, helpful way. We modify the process of innovation as popularized by Julian Birkinshaw & Morton Hansen and more thoroughly discussed by Clayton Christensen, Henry Chesbrough, Steven Johnson, Dorothy Leonard & Walter Swap, Vijay Govindarajan & Chris Trimble. What emerges from innovation's process may be called invention, innovation, or optimization. There are a number of "trade" names too: disruptive innovation, open innovation, reverse innovation, etc. They all speak to specific thorny problems and potential solutions in the process of innovation.

PROCESSES are ways we agree to work together to achieve a particular outcome.

SPIRITUALITY focuses on the questions we ask ourselves, along with our responses, regarding such issues as why we exist; what our existence means; where we can find transcendence (connectedness and a sense of fullness related to being part of a greater whole); and how this sense of ourselves matures in helpful ways. "Who I am" and "Who am I committed to becoming" are important spiritual questions. In this article spirituality is inclusive and universal. It is distinct from any particular religious tradition.

SOURCES: This article adapts ideas that are useful to humans struggling with the multiple, often conflicting viewpoints on innovation. The article is based on a synthesis of modern innovation literature with twenty years of practical application and innovation research. It incorporates more than 200 hours of interviews with 82 corporate, spiritual, development and public health leaders in the United States, Europe, Africa, and Asia. This work is steeped in a significant neuroscience and corporate social responsibility literature review, including reviewing that core principles of the most innovative companies in the world as ranked by Fortune (2007-2011). The paper would not be possible without the mature insight of Duke University's Theodore Ryan, Ph.D., a professor of ethics and management who worked for 30 years as an executive coach and organizational consultant. Finally, this work has been improved enormously by tennis coaches Rex Miller, Kelly Baker, and the "inner game" books of W. Timothy Gallwey. These coaches, and their philosophies of mindfulness and detachment from outcome, helped make real in short time the lessons it typically takes a lifetime to amass about improving the "inner game."

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INNOVATION ABBEY, an affiliate practice of Forge Advisors, is an advisory network specializing in innovation with great leaders. We engage in custom innovation projects around the world to help people and their enterprises flourish. Our approach pairs the science of innovation with deep wisdom about how people work. We humanize the innovation process with our partners, whether they're youth leaders in East Africa; Austin space-flight cowboys; international bankers; or bishops in far-off places.

We work on a fee basis to develop structures, processes, insights, and behaviors that form a sustainable and credible innovation platform to deliver real results.

The world is not what it should be. Let's make it better.

FORGE ADVISORS, a unique international business consulting firm. We play dual roles of advising clients in improving their businesses performance and, where requested, actively assist in executing critical strategic, financial, and operational initiatives.

WHY FORGE IS DISTINCT: The Forge difference derives from our commitment to ensuring that all of our partners and senior consultants have substantive line management experience combined with blue-chip consulting backgrounds from firms such as McKinsey & Co., Monitor, Bain, and BCG. This enables us to combine systematic consulting methodologies and rigorous analytics with our understanding of the day-to-day challenges faced by senior executives to translate our recommendations into pragmatic and effective business solutions. Ultimately, we must deliver results and value which often requires answering not just "What" to do, but "How" to do it. Often, our clients ask us to help execute. This is the Forge difference.

BUSINESS STRATEGY
Business Planning
Operational Efficiency and Business Process Design
Marketing and Market Research
New Product/Service Development and Launch
Business Incubation

OUR CLIENTS:
Our principals have served global blue chip & high growth clients across various industries achieving measurable impact.

SERVICES WE OFFER TO ENGAGE IN PHASE FOUR INNOVATION

INNOVATION LECTURES, WORKSHOPS & RETREATS
Our teams work both on and off-site to deliver powerful experiences designed to speak to the challenges of Phase Four innovation which require we engage the human spirit as the root cause of innovation.

EXECUTIVE COACHING
Our team members have extensive C-suite coaching experience, some for more than 25 years within Fortune 50 contexts.

CUSTOM INNOVATION PROGRAMS
Our teams provide custom innovation programs to deliver real value. We work with you on developing the right structures, processes, values, and insights for your own cultures. We offer training sessions and facilitation.

STRATEGIC MANAGEMENT CONSULTING
Beyond new product development, our strategic management work helps set and scale business strategies to deliver bottom-line-oriented results.

SOCIAL STRATEGY AND ONLINE VISIBILITY
Our team can help you engage like-minded communities worldwide through our extensive networks, social media, and direct conduits to the media (offline and online) for optimal audience reach.

ABOUT THE AUTHORS

DAVID DODSON is a management consultant who works with clients in the innovative high-tech and new media industries on strategic and operational initiatives. As a partner with Forge Advisors, he has worked with leading Internet media companies to develop growth strategies, create business cases, re-engineer core processes, and cultivate market opportunities. Prior to Forge, he led private equity investments in telecommunications services and equipment providers as a Senior Associate with World-Com Ventures, a corporate venture fund formed after the merger of MCI and WorldCom. The five investments he led, ranging from speech recognition to VOIP, generated a return of over 600%. He joined McKinsey and Company following his MBA from Georgetown University, and he holds a BSFS (Foreign Service) in Non-Western History and Diplomacy magna cum laude from Georgetown University.

ALLEGRA JORDAN cultivates cultures of innovation alongside senior international leaders in secular corporate and non-profit, and faith contexts. These contexts range from the commercialization of sub-orbital space flight to leading marketing efforts at USATODAY.com, where the audience grew from 10,000 people a month to 8 million+ visitors. More recently she has helped craft a culture of innovation across 10 countries in Asia for a major public health and development firm; produced a TEDx conference on "Beloved Community;" and served as an internal consultant for Duke University's Center for Reconciliation which included conceptualizing and launching its globally significant Reconciliation Institute. Ms. Jordan has been named a top executive under 40 in Austin, Texas, and Birmingham, Ala., and by *Time* magazine as a Rising Star. She is an honors graduate of Harvard Business School, where she has also written twelve cases for the innovation, marketing, and foreign investment curricula. In addition to this work, she is an active speaker, facilitator, and board member of influential non-profits such as Africa Rising, the Southern Documentary Fund, and the Harvard Club of the Research Triangle.

PARESH SHAH is a experienced innovator, entrepreneur, executive, business educator/trainer, facilitator, and management consultant. He is founder and managing director of Forge Advisors, a leading strategy and management consultancy. His work helped incubate several companies including a major satellite-based internet and media company which has raised over $130 MM in order to serve rural communities in India for e-learning, telemedicine, societal programs and connectivity to bridge the digital divide. Prior to forming Forge, Mr. Shah was the Senior Vice President of Strategy and New Business Development at Cidera, a broadband wireless content delivery network and the Vice President of Strategy, Marketing and Business Development for Aether Systems (Nasd:AETH). Mr. Shah was a Senior Engagement Manager at Monitor Company, a strategic consultancy. Mr. Shah led teams of management consultants helping Fortune 500 executives, non-profits and leaders of countries with competitive strategy and building high-performance organizations, businesses and products. He helped grow the firm from 150 to 1000 employees worldwide during his tenure. In the course of his career at Monitor, Mr. Shah was selected to design and deliver internal and client training/education curriculum focused on Strategy, Innovation and Marketing. He provided training to over 40 client firms worldwide, over 250 internal consultants and facilitated over 50 strategic offsites and critical meetings for clients. Mr. Shah received his MBA from the Harvard Graduate School of Business Administration (HBS). While working with Professor Rangan, Mr. Shah published three HBS business case studies. Mr. Shah graduated 1st in his engineering class with a Bachelor of Science degree from the University of Maryland in Mechanical Engineering and Product Design.