



Managing Innovation Paradoxes to Accelerate Transformative Innovation

Integrating the perspectives of creative thinkers and executors is key to managing the paradoxes that naturally occur in organizations while generating transformative innovation.

Why do some companies have such a difficult time creating a culture of innovation that produces results? Without innovation producing creative ideas and transformative solutions, businesses will eventually stagnate. The answer is that the innovation paradoxes create confusion and inertia at times because people tend to choose "safe" rather than new or unique.

One of the most important roles that senior management plays is change agent, requiring understanding innovation paradoxes like core functions versus transformative strategies and internal innovation versus external innovation. To maximize innovation, companies need to tap into new opportunities while enhancing existing capabilities so carefully developed over time.

Integrative management approaches recognize the paradoxes, balancing long-term innovation planning with short-term success, fostering a culture of innovation while maintaining current operations, and understanding and recognizing contextual variations.

Pursuing Innovation Within the Existing Structure

Developing innovation capabilities is the only way organizations can thrive today, requiring the ability to identify opportunities and ideas likely to lead to new or enhanced products and services.

The organization needs to have a culture where imagination and creativity are fostered in order to create future opportunities, while also taking advantage of current skills, capacity, and capabilities to ensure the company is excelling in the present. Both require a commitment of resources, and that can create tensions unless leadership understands the delicate balancing of pursuing innovation versus excelling within an existing structure.

For example, a project team needs the flexibility to be creative but also needs to work within the formal structure. In another example of tensions rising from paradoxes, one team focuses on incremental innovation of existing products to satisfy the current customer base, but a special product design team is focused on disruptive innovation to create new market segments. The Rockefeller Foundation cofounded the Health Alliance which champions the use of mobile technologies for healthcare activities. It was so successful that a host of new pilot programs emerged to the point where they were difficult to manage. A lot of energy was put into conceptualizing and testing the pilot programs, while execution beyond the pilot stage was not given the appropriate attention. An unexecuted innovation is no innovation.

Creating Context with Organizational Culture



The paradoxes cannot be avoided, so they must be effectively managed and the tensions turned into constructive results in which breakthrough inventions are produced within the status quo. Complicating the issue is the speed of change or the pace at which new opportunities are presented.

Companies must recognize the external opportunities and be able to bring them into an internal system in which execution of the innovation is successful. Integrative thinking recognizes that innovative ideas become successful business economic performers only when ideas are executed by those keeping the status quo going. The organization must efficiently allocate resources between seeking breakthroughs and keeping the company profitable.

Senior leaders must buy-in to innovation, becoming forward thinkers who incorporate that kind of thinking into the business. Leaders must be goal oriented, always challenging the organization to innovate while ensuring the company remains profitable. This can ease some of the tension that innovation paradoxes create because people managing execution contribute to maintaining the alignment of capabilities with goals and understand their contributions to future organizational success.

The organizational culture creates context, influencing people's acceptance of innovation and ability to recognize new opportunities.

Becoming a Market Challenger

In the book "Blue Ocean Strategy," authors W. Chan Kim and Renée Mauborgne propose that companies can succeed by creating "blue oceans" of uncontested market space rather than strategizing based on what competitors are doing.

Organizational leaders cannot simply focus on their existing products, even though they account for current success, and expect to remain successful over the long-term. Innovating companies focus on consumers and develop new ideas that create new market space instead of only building solutions for existing markets.

Integrative thinking considers the boundaries of the current organization and thinks outside those boundaries. For example, Apple introduced the iPhone, and today over 50 percent of the world's population owns one. Consumers did not know they wanted a mobile phone before it was introduced to the market. Instead of focusing on being a market leader, the innovators become market challenger.

Once again, the culture must support the acceptance of new ideas. Focusing on consumers rather than preservation of the current company status in the marketplace in relation to competitors addresses the paradox of transformation versus status quo. Markets are constantly shifting now, largely due to technologies that are constantly disruptive.

Managing the Paradoxes



Specific strategies can vary, depending on the paradox addressed. For example, leaders can manage the adaptability/survival paradox by holding staff meetings to discuss existing competencies and work, and emerging opportunities. Helping employees understand and appreciate the link between creative efforts and the work that keeps the business profitable is important.

The opportunities/constraints paradox is often seen in project work. Creators are focused on emerging technologies and opportunities, while others place constraints based on financial resources, manufacturing limits, distribution systems, and so on. Constraints can be named by organizational members and clients. Achieving synergy requires recognizing some constraints exist while challenging assumptions and presenting new ideas. The paradox is managed by interweaving experimentation within constraints.

Another paradox is diversity/cohesiveness in which diverse people foster creativity and breakthrough approaches, but cohesiveness nurtures mutual understanding and collaboration. A paradox management approach is to define team success in terms of individual performance and individual performance in terms of team performance.

Notice that paradox management in all cases depends on effective communication. The need for communication at all levels of the organization is a foundational principle. Companies in which creators and executors regularly share information are more likely to succeed far into the future.

Innovation also depends on an enabling culture in which people appreciate the need for both creators and executors. In a market where change is standard, everyone agrees it is not easy to innovate, but it is the only way to thrive.