

Innovating within Organizations

- Innovation in the 21st Century
 - Organizational Wherewithal
-

DYNAM 692

October 2010

Innovating within Organizations

- **The Dilemma of Organizational Innovation**
- **Organizations as Political Systems**
- **Issue Selling**
- **Strategic Agenda Setting**
- **Getting Things Done in Organizations**

The Dilemma of Organizational Innovation

- Lone Individual Genius or Social System of Creativity?
- Independent Importance of Organizations and Innovation
- Changing Nature of the Organization

Organizations were established to standardize & control -- to remove “creativity” and variance. Now they must be a medium of innovation and must innovate to survive

The Dilemma of Organizational Innovation

- **Lone Inventor or a Social System of Creativity?**
 - **Cautionary tale: Gladwell (2002) Inventor of Television**
 - **Nearly all innovations are in organizations**
 - **Organizations now depend on innovation**
- **The 21st century creator must not only develop insight, but also:**
 - **Demonstrate the worth of the insight**
 - **Deal with competing co-workers**
 - **Shepherd it through the organizational quagmire**

Independent Increasing Importance of both Organizations and Innovation

■ Why Organizations are Important

- Organization systems for complex society
- Increasingly linked global economy

■ Why Innovation is Important

- Rapid economic change
- Workers themselves press for the change

Organizations Established to Standardize & Control now the Fulcrum of Innovation

Changing Nature of the Organization

■ The Origins of Organizations

- The Military
- The Bureaucracy
- The Corporation

■ The New Economy

- Partly through competition, partly by design, organizations are changing ...

Features of the New Organization

■ Networked

- More Teams and Task Forces
- Direct Communications across Unit Boundaries
- “Strategic Alliances” with Suppliers, Customers, and even Competitors

■ Flat

- Fewer Layers & Visible Status Symbols
- Less “Power Distance” Between Levels

Features of the New Organization

- **Flexible**
 - **Fewer Detailed Rules and Operating Procedures**
 - **Employee Initiative Encouraged**
- **Diverse (a Variety of People, Perspectives and Viewpoints)**
- **Global**

Effective Innovation in Organizations: Strategies for Managing Innovation

“Systems” Approach to Managing Creativity

- Physical Layout
- Culture: Confront, Challenge, Contradict
- Clear Goals and Parameters
- Encourage Employee Initiative

“Genius” Approach : Insulate the Creator

- Build a Fortress around the Creative Team
- “Safeguard the Artistic Process”

Effective Innovation in Organizations: How to Work Through Organizations

- **Organizational Challenges to Innovation are as much Political as “Creative”**
- **Added Complication: Creators’ Lack of Political Skill and Organizational Naiveté**

You don't sell to GM, U Penn or the US Army. You sell to people at GM, U Penn or the US Army

The same for Intrapreneurship or Entrepreneurship. To work with a large organization, you need to understand how the organization works.

Selling an Idea in an Organization

Lightwood: “Ideas sell because the seller knows the political landscape of the organization and works the idea with sensitivity to the organization’s power sources.” (p. 13)

3 ways to think about an organization

- Organization as a Machine
 - Strategic Design Perspective
- Organization as a Community
 - Cultural Perspective
- Organization as a coalition of interest groups
 - Political Perspective

Strategic Design Perspective:

Organizations as systems deliberately constructed to achieve strategic goals

View of the environment: Opportunities & threats

Role of the manager: Organizational architect, strategist

Stimuli for change: Lack of “fit” between environment, organization & strategy

Barriers to change: inadequate analysis

Cultural Perspective:

**Organizations as communities:
Members are bonded through shared
experiences, norms, and values**

View of environment: Social and cultural network

**Role of the manager: Articulating vision, symbol
of culture, fostering values**

**Stimuli for change: Challenges to basic
assumptions, contested interpretations**

Barriers to change: Dominant culture

Political Perspective:

Power is shared in organizations

An organization is composed of multiple stakeholders: individuals and groups that contribute to an organization but also have their own (unique) interests and goals.

Political Perspective

Key concepts: Power & influence, interests, dominant coalition

Key processes: Conflict, negotiation

View of the environment: Stakeholders

Role of the manager: Forging coalitions, identifying and leveraging interests, negotiation

Stimuli for change: Shifts in the dominant coalition, in power of Stakeholders

Barriers to change: entrenched interests

INEX case discussion agenda

Jones has an idea that he believes is important and potentially valuable to the company.

- What does he do?
- How does the president and the organization make decisions?
- How can / should Jones proceed?

INEX Structure

President: Sarah Lightwood

- **Peripherals/ Processors: Smith**
- **CPU Sector: Janet Brown**
- **Storage Devices: Lee Crandall**
- **Small staff divisions:**
 - **Production: Jim Sands**

Timeline

First steps

- Jones – What are his first steps?
- Lightwood – Is she helpful?
 - Is her response realistic?
 - How powerful is a president?
- What is Jones' reaction?

Organizational Decision Making at INEX

**What do you think of the way that
decisions are made in this
organization?**

**What benefits does it bring the
company?**

Are there any drawbacks?

Who are the other interested parties?

- What are their priorities? Why?
- How can Jones persuade them?

How to Analyze Organizational Politics

- Identify and map the relationships among *stakeholders*
- Uncover stakeholders' *interests* and *goals*
- Assess the source and *power* of stakeholders

Interests and Goals

- **Accepting goal conflict**
 - Conflict is *legitimate*
 - Often institutionalized (cross-functional teams, unions)
- **Discovering and surfacing differences**
 - Often unstated
 - Sometimes unknown
 - Individuals have multiple affiliations

Power and Politics

“The ability to get things done when goals conflict” (Dahl, 1957)

But power is not a fixed commodity:

- 1. Realignment of stakeholder interests**
- 2. “Win-win” negotiating.**
- 3. Interests change.**

Bases of Power

- **Technical skills:**
 1. Essential to organizational functioning
 2. Concentrated, limited supply
 3. Non-substitutable
- **Formal power (authority, legitimacy)**
- **Match between situation and personal characteristics.**
- **Networks and access**

Power Dynamics

Crozier: The power of low skilled workers in a Cigarette factory.

Selznick: TVA. How values change. The US South and federal electrification.

Organizational Change ... imply changes in power relations, and motivate “Resistance.”

Effective Politics at INEX

How to mitigate effect on incentive pay of sector managers – involve financing.

Make the scrubbers a revenue generator rather than a cost!

Set up business.

Sell licensing fees for the technology.

Lobby power players: Let others get credit.