

# Five Keys to Increase Your Organization's Resilience in the Downturn

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*The test of a first-rate intelligence is the ability to hold two opposing ideas in mind at the same time and still retain the ability to function. One should, for example, be able to see that things are hopeless yet be determined to make them otherwise.*

-- F. Scott Fitzgerald

In an economic downturn as drastic as we are in right now, leaders in every organization need to look for ways to be more productive, which usually means slashing costs while increasing efficiency (i.e., doing more with less). But at the same time, you cannot hide your head in the sand and cease all movement forward. You must also look for ways to invest time, energy, and yes, resources, in innovation initiatives (i.e., doing more for better returns). This article not only addresses the *balance* of productivity and innovation, it also goes into detail on *practical how-to's*: you will learn details on how to embed productivity and innovation into your organization, which will, in turn, increase your resiliency.

## **(I) Recognize the importance of balancing productivity and innovation.**

What does it mean to balance *productivity* efforts with *innovation* initiatives? It means letting go of fear and taking swift and decisive action to right the ship: combing through expenses line-by-line to see what can be eliminated, letting go of non-essential staff and contractors, revamping outdated business processes and management systems, and coaching executives and employees on working more efficiently and productively. At the same time, you need to be careful not to squash a budding culture of creativity and innovation. You need to be doing everything you can to encourage new ideas and inventions from anyone, anywhere. And you need to ensure that you are capturing and turning the best of these ideas into product and process improvements that will save costs, and new products and services that will generate new revenues—for your organization, and/or for your clients.

Why it is so important to push hard to increase productivity AND innovation at the same time, especially now of all times? Your instinctive tendency to pull back, retract, trim down, and slow down is at its strongest right now, in the trough of the recession. Most small business owners and leaders are putting cost-cutting and efficiency measures ahead of any initiatives that may require more resources; but chasing productivity alone can entrap you in a vicious downward cycle. The hard fight for short-term gains—or survival—can easily distract you, your colleagues and your clients from making the changes that will not only help each of you survive the downturn, but position you to succeed once the markets do turn. If you do innovation right, you should be able to bring in revenues that outweigh the initial investments required of trial and error and the cost of bringing new products and services to the market.

## **(2) Overcome fear through discernment, reflection and renewal.**

Fear and risk play a big part in how we make decisions every day, and this dichotomy is especially amplified during the current economic climate because of the constant influx of bad news. Even if you're not a news/media junkie, you will still need to find a way to let the constant barrage of negativity bounce off of you, rather than internalizing it. There is a level of *discernment* needed here like never before: Take the information you need that is most helpful, and let the rest go.

*Reflection* both in the moment and as a way to either be more planful or to debrief a situation is especially helpful right now. Fear causes more stress during times of crisis and leads to knee-jerk reactions to other people's decisions. Asking questions in-the-moment to allow for more group reflection will lead to better overall decision making. Reflection also comes in handy in process planning, especially if you can do it wearing several dual lenses: those of productivity vs. innovation, short- vs. long-term timeframes, and core values vs. survival strategies. At Mariposa Leadership, Inc., we ask these kinds of questions of ourselves at least once per quarter, and we ask them of new and ongoing clients regularly as well. Here are some examples:

- How can you remain true to the core of your business while cutting costs and increasing efficiencies?
- How can you engage in both short and long-term thinking at the same time?
- What fun and pragmatic exercises can you devise to get your team thinking both practically and creatively at the same time?
- How can you prioritize current tasks and initiatives, while at the same time expand those lists with new ideas?
- How can you simplify complex ideas, and at the same time build and manage complexity from simple ideas?
- How can you best communicate the necessity to hold these opposing lenses to your clients?

*Renewal* is another way to combat stress caused by the fear of the unknown. In times of crisis, we must rely on physical renewal to get us out of the "survival" zone and into the "high- performance" zone. Taking little breaks from work such as pausing to take a conscious breath, standing up and stretching after being at the computer for awhile, and/or taking a walk around your building will do more for your resiliency and resourcefulness than another cup of coffee or a Diet Coke. If you can do additional, renewal-type physical activities outside of work (i.e., exercise, yoga, gardening, singing, pilates, meditation, acupuncture, Blackberry-less vacations, etc.), you will be able to access the calm feelings and energy from these de-stressed moments when you need them most at work.

## **(3) Strategize to increase productivity and efficiency.**

The open-ended questions above should help reset your thinking, and that of your colleagues and clients, away from frantic day-to-day tasks and into a more introspective, thoughtful consideration of how the organization can move beyond mere survival to position itself for greater returns down the road. Gaining this perspective will allow you the time and space to plan and strategize for both increased productivity and innovation, a necessary step before you dive in with brainstorming and new ideas. Here are some suggestions for increasing productivity and efficiency:

- Go through expenses line-by-line to see what you can cut. At Mariposa Leadership, Inc., we've cut telephone, marketing, and conferencing expenses, as well as fees paid to our core coaches for attending meetings. We are also examining any new proposed expenditures with a hard eye for value and return on investment (ROI).
- Start each meeting and daily, weekly or monthly task with a quick review of priorities. At Mariposa, we continually ask ourselves, what is most important to our core business? What tasks are the most urgent AND important, rather than just urgent? How does each item on each

employee or client's to-do list measure up in light of the organization's initial vision, core values and short and long-term goals?

- Strive for over-communication. As with many of our clients, our first instinct is to protect our employees, colleagues and clients from bad news. But keeping quiet can serve to worsen their fears and counteract their efforts towards more productivity or innovation. When talking to our employees, coaches and partners, we make sure that we are telling things like they are, and that we are clearly calling for more efficiency and creative ideas. We also make sure to make clear requests, with specific tasks, owners and end dates.

#### **(4) Embed a formal innovation process into your organization.**

We have found that companies we work for or talk to that successfully innovates with regularity and consistency over time operates with a structured innovation process or system. These processes and systems naturally vary from company to company as sizes, cultures and need differ. At Mariposa Leadership, Inc., we operate with a core staff of three: A CEO, a VP of Sales and Services, and an Operations Manager. We also have a core group of 12 coaches who contract with us regularly, and a wider group of partners across the Bay Area and other US and International regions. Traditionally, our core staff and coaches have been great at coming up with new ideas for product and process improvements; we brainstorm well together and often. Upon further reflection, we found that we were dropping the ball when it came to following and executing on all many of the ideas. When we broke down our process—with the help and knowledge of innovation experts such as Nancy Tennant Snyder of Whirlpool, Lois Peters of the Lally School of Management and Technology at RPI, and Jennifer Rusek Liebermann of the Garfield Innovation Center at Kaiser Permanente—we discovered that innovation encompasses not just one, but four distinct phases after an initial planning period.

##### **Initial Planning**

First, you need to determine a direction for your innovation efforts: your innovation vision, short and long-term goals, and acceptable levels of risk. At Mariposa, we sat down at the beginning of the year and made a conscious decision to make room for more innovative thinking, building in time for brainstorming and inventing into every staff meeting. We also learned about the distinction between invention and innovation. Invention is the constant and consistent generating of new ideas; innovation is an idea that “goes to market” and solves a need/problem for an organization or customer.

Larger organizations need more involved planning processes. Snyder, Peters and Liebermann stress that in large corporations, innovation should be a separate department or structure on a par with existing product development and marketing, and that innovation processes should also be embedded across all divisions and departments. Not only should ideas come from anyone, anywhere, anytime, but there have to be management systems in place to capture and nurture them throughout the innovation pipeline.

Embedded innovation is infused into a company's DNA and culture, these experts say. It takes years of steady and tenacious effort to change the nature of any large organization, and it requires two seemingly contradictory approaches: clear top-down direction and ownership, and systems for bottom-up, grassroots innovation. Embedded innovation requires changing deeply ingrained business systems to allow everyone to innovate; and, at the same time, it requires the top leaders' involvement, commitment, and dedication for the long haul.

For example, beginning in early 2000, Whirlpool recruited, created and trained a team of innovation experts, or “I-mentors,” from a pool of volunteers across all divisions of the company. Over years of planning and trial and error, the I-mentors developed a clear innovation process, supported by management systems, that covers the four phases of successful innovation: collecting insights, idea generating and screening, converting ideas to innovations, and providing unique solutions. All four of these phases are supported by embedded management systems that Snyder and her co-author refer to

collectively as “The Innovation Machine.” They urge readers to think of the innovation machine, or pipeline, as an end-to-end process rather than focusing on the end results of any one phase.

In another example, Lieberman was instrumental in planning and developing an entirely new and separate business structure and organization at Kaiser: an innovation lab. In their planning process, they learned not to hard debate points with naysayers. Instead they focused on the people who really understood the need for innovation and had the vision and passion, until they could show some measurable results. Once they were able to do show results, the people with objections started coming around. “When there’s a shared mission and goal and alignment, you can build trust, but you have to work it,” she told us. “You can really impact large-scale change in that way.”

### **Phase 1: Expand thinking by collecting insights and generating ideas**

At Mariposa, we kicked off our innovation efforts this year with a day-long workshop filled with brainstorming and open-space style exercises. Afterwards, we followed up with each of our staff and core coaches with 1:1 phone calls that lasted anywhere from 30 minutes to two hours. During these conversations, we let our ideas riff off of each other without placing judgment or listing downsides, saving any evaluation on the basis of merit or potential returns for later. We captured all of the new ideas in one long list.

Snyder at Whirlpool urges leaders in large organizations to think of the innovation pipeline as an end-to-end process rather than focusing on the end results of any one phase. Of course you will want revenue-enhancing innovations to appear right away, but it may take some time. Focus on building your machine for a continuous flow of innovation for years to come. Successful pipelines have common underlying principles: finding ideas, testing them, funding and building prototypes, experimenting and getting market feedback.

The basic processes are straightforward enough, but there are critical elements that have to be carefully aligned and structured to ensure that the machine works well and produces real results, Snyder cautions in her book. Don’t do what Whirlpool did at first, she says, which was to spend most of its focus and resources on creating the innovations and moving them through the pipeline, only to lose track of them once they hit the marketplace in favor of the next generation of ideas.

Here are some suggestions implementing the idea expansion phase in your own organizations:

- Create a mechanism or model for collecting ideas – without judgment.
- Hold internal brainstorming sessions.
- Interview end users and customers, and/or directly observe them using your products or services.
- Create an ongoing innovation pipeline.

### **Phase 2: Screening ideas**

Whereas Phase 1’s goal is to be as expansive as possible with wild ideas, the goal in Phase 2 is cull the ideas into a form so themes can emerge. Here’s where you start making sense of the all the data you have collected and generated. Some times it works best for one person to tackle the data; other times, you can cull the ideas with a group. Either way, one suggestion is: let some of the ideas go; not all the ideas can fit into the themes you deem to be most important.

At Mariposa, one person distilled all the new ideas we collected into general themes based on our overall business objectives as well as our 2009 strategies. Examples of themes are: “vastly expand lead sources,” “create even more value for customers,” and “increase use of cutting-edge technology.”

At Kaiser’s innovation lab, careful attention is paid to end users of their health care services: nurses, doctors, and patients. They are brought into prototyped scenarios and carefully observed and listened to. Ideas that seemed great on the drawing board are carefully and objectively evaluated for their merits and

value as well as potential costs savings and future revenue returns. In more than one occasion, Kaiser shelved ideas that their competitors who also came up with and then jumped on without prototyping or testing, to an eventual losses of thousands of dollars.

### **Phase 3: Converting Ideas to Innovations**

Like many business functions, if everyone “owns” innovation, no one does. As stated earlier, we have found that small to medium-sized businesses do best with either one “innovation czar” or a small team of “innovation mentors,” while large corporations do best when they have a dedicated department for innovation on a par with that of marketing or product production. It is here in this phase that the innovation mentors make recommendations for what should be nurtured and implemented and who should own what.

At Mariposa, we have assigned one person to lead and track our overall innovation effort, and in Phase 3, individuals have stepped up to own different innovation initiatives, like the “green” initiative, the “cloud” initiative (putting knowledge on the web), and the “LinkedIn” initiative. The owners of the different initiatives are working on the ideas for six months—some for extra compensation, and some in order to gain experience or further their own goals as well as those of the group—and checking in with updates on our weekly calls and in our monthly meetings. At the same time, we make sure we leave some time open in each meeting for the continued gathering of new ideas. Here are some suggestions for this development phase in your own or clients’ organizations:

- Recommend ideas that should be converted to innovations based on core business goals and strategy.
- Assess the concepts for feasibility.
- Develop and test prototypes, trials, models, and betas against end-user expectations via internal and/or external focus groups, quantitative and qualitative feedback, interviews, usability studies, etc.

### **Phase 4: Innovations to Solutions**

Successful Innovation encompasses more than good ideas; these ideas must become cost-savers, productivity boosters or revenue-generators. At Mariposa, we are monitoring the progress of the innovation “initiatives” as they progress through trials and prototypes. Some of the innovations will be implemented as internal process improvements, and others will be incorporated into our existing products and services for our clients and our partners. A few may become brand-new revenue-generating products or services of their own accord. Suggestions for the implementation phase in your own or clients’ organizations:

- Assign project management and marketing roles to protect, incubate, and guide the fledging innovation.
- Be careful not to bury the fledging innovation under existing product metrics and expectations.
- Schedule and rollout an official “launch” of the new process, product or service.
- Support and maintain the innovation until it is fully established.

## **(5) Provide emotional and cultural support for productivity and innovation.**

Processes and systems by themselves are not enough to increase and sustain productivity and innovation, especially in such a draining and exhausting environment as that created by the current recession. In order for the processes and systems to work, we have found that you must also support the people behind them, emotionally and culturally.

As Snyder points out in her book “Unleashing Innovation,” the rational, or process and systems framework, is critical for making innovation possible and for ensuring that it aligns with business goals. “But by itself, the framework does not produce innovation...new ideas and breakthrough results are

created not by frameworks or systems, but by people who dare to dream, learn, and create—which is why the emotional drivers are so important.” She lists those emotional drivers as the need and desire for constant learning, the ability to dream, peoples’ inherent creativity and need to create, emulation through storytelling and the mythology of heroes, and, last but not least, spirit. “Spirit is an output of embedded innovation, and it creates a virtuous cycle,” she says. “The more that innovation is successful, the greater the number of people who want to be a part of it.”

And as Liebermann has said, supporting people emotionally helps ease the transition to new ways of doing things. “When you’re talking about spreading some of these innovations across large systems nationally, internationally, and they require people to make behavioral changes and get out of their comfort zone, you kind of have to approach it as a social movement,” she says. You have to make an emotional connection with people, and tell stories, and engage them, so they can have some empathy for that poor nurse who was interrupted 17 times before she got a non-interruption-wear sash. I have learned that you need metrics, but you also need stories, and emotion appeals to people.”

In conclusion, we leave you with some suggestions on how to support increased productivity, creativity, and innovation in your own organization:

- Take care of yourself and your people. At Mariposa, we do this by helping each other and our clients to manage stress, time and energy, understand the neurobiology of fear, keep communication lines open and transparent, and delineate the relationship between learning and uncertainty.
- Get back to the fundamental basics of leadership. As expressed in our Corporate Sage framework, at Mariposa we continually coach colleagues and clients on five key aspects of leadership: constant learning, building relationships, keeping the vision, going global, and coaching peers and employees.
- Create and foster a culture of creativity. At Mariposa and with our clients, we are constantly looking to hire and/or partner with—and retain—talented people. By holding brainstorming sessions quarterly, building time for idea-generating and innovation updates into every meeting, and be willing to let them make mistakes, we expressly call on our people to be creative. We use peer coaching and mentoring instead of micro-management, constantly challenge our own assumptions, and try, even in the midst of strict cost-cutting, to tie compensation and other rewards to the end results of both productivity and innovation.

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