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## Focus on Innovation

Focus on Innovation is a monthly electronic newsletter designed to provoke thoughts and ideas on how to bring innovation to life within the organizations in which we work.

### For Those on the Run

Is your organization risk adverse? The reality is that at a time when organizations need to take more risks, many are risk adverse. Innovation and change are inherently risky. Risk taking requires the ability to overcome fear of failure and courage. Good companies embrace a culture of mini-failures and work to build a forgiveness culture, one in which people are not punished to try new things. Successful innovators have the ability to combine analysis and intuition to overcome "fear" and have the courage and wisdom to know when to take risks, what to do, and to take action and just do it.

### Are You Risk Adverse?

When was the last time you took a risk? Is your organization risk adverse? A recent 2004 Global CEO Survey conducted by Pricewaterhouse Coopers revealed only 5 percent of U.S. CEO's, who participated in the survey, said they are significantly more aggressive in their attitudes toward risk-taking, and 25 percent said they are definitely less aggressive citing issues such as terrorism, legislation, currency fluctuations and talent flight as key reasons (for more about this survey see <http://www.pwcglobal.com/extweb/insights.nsf/docid/88C89FB9950B092D80256E21003B4AF3>). This is troublesome given that there are many external factors - globalization, rapid technological changes, the knowledge-based economy, and customer demands for better services at lower costs - that call for innovative behaviour on the part of organizations seeking to remain competitive in today's global economy.

The Webster's Dictionary informs us that "to innovate", means to make changes, to introduce new practices. Innovation and change are inherently risky. Innovative behaviour, therefore, includes the ability to take risks. So, what prevents us from taking risks? Two factors that often are often cited are fear of failure and lack of courage.

The word "fear" on its own can be encoded to mean "False Expectations that Appear Real." Often what gets in the way of risk taking are untested fears, for example, the fear of making a mistake and losing our job, the fear of looking incompetent or stupid or losing competitiveness. Most successful innovators are prudent risk takers; they test their hypotheses and consider alternatives, improvise and persist in the face of often-limited support. They can successfully combine analysis and intuition to overcome their "FEAR."

To innovate we need to push boundaries, which inevitably will lead to failures. Failure is the flip side of risk taking; if we don't risk, odds are we won't succeed. However, for many organizations failure is not an option and those who fail are punished. "Failures should be celebrated to encourage innovation and risk-taking", says Dean Kamen, a widely recognized innovator. Companies that want to encourage innovation have to build a forgiveness culture, one in which people are not punished for trying new things.

Tom Kelley, in his book, *The Art of Innovation: Lessons in Creativity from IDEO, America's Leading Design Firm* (New York: Doubleday, 2001) says, "Good companies embrace a culture of mini-failures." His organization's motto is to "fail early and fail often." The idea of rapid prototyping is to learn by doing, and invariably the early "doing" will be filled with mistakes, however, that is how you learn, and succeed.

Finally, risk taking requires a lot of courage to buck so much conventional wisdom and practice in an organization, regardless of what actual evidence shows. That is why sustainable competitive advantage is so difficult to achieve. Organizations want to earn exceptional returns but do it by doing what everyone else does and in the same way. Successful innovators don't do what everyone else does; they have the courage and wisdom to know when to take risks, and to take action and just do it.

### What's the Bottom line

Innovative organizations create an environment that fosters innovation and judicious risk taking, one where people are allowed to innovate and experiment without undue reins and punishment.



Please feel free to pass this newsletter on to others.

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