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Vol. 4, No.7, July/August 2007

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

Diversity is a recognizable source of innovation that can provide a basis for economic growth, increased productivity, and financial gain. Read this month's newsletter to learn more about how to harness the diversity-innovation intersection.

Diversity-Innovation: Harnessing the Intersection

You cannot speak about growth and innovation and being a market leader without speaking about diversity and inclusion.

- Ronald Parker, Pepsi

Diversity and innovation are two fields that tend to be very separate from each other - one is typically housed in HR and driven by legal standards and ethics, the other in product development or marketing and driven by business needs. Forward-thinking companies, such as PepsiCo, Ford, Russell Corporation, General Motors, and Lucent Canada have learned how to harness the diversity-innovation intersection to drive innovation and new business models.

For example, PepsiCo's Frito-Lay executives tapped into its Latino-employee network to create new product ideas. This group provided members of the marketing and development team with insight that led to development of new guacamole-flavored Doritos. This particular product has gone on to be a top seller, with annual U.S. sales of \$1.5 billion. Russell Corporation, an Atlanta-based company that specializes in athletic clothing, Chief Diversity officer, Kevin Clayton, set up his diversity department as a profit center accountable for profits and sales. Clayton's group used its graduates' from historically black colleges and universities, input to create products for the black university market, resulting in an \$8 million-to-\$10 million deal.

The global array of cultures and ethnicities, languages and more can be summed up in a word - diversity. Diversity is about the importance of having many different elements in the mix, many different experiences, many different perspectives, and many different skills - all important ingredients to for innovation to occur. Research shows that diverse teams - people from different fields, cultures, perspectives - are more productive than homogeneous teams. In the first couple of week homogeneous teams may be more productive, but then the diverse teams kick into high gear outperforming homogeneous teams. Diverse teams will see the same thing differently when approaching a problem

together providing a variety of points of view; because of this they are more likely to come up with innovative solutions. Although a diverse group may not always come up with as many ideas as a homogeneous group, their ideas will tend to be more diverse and richer.

On the other hand, without awareness, skills, openness and real competence for maximizing opportunities, culture clashes, inter-group anxiety, goal incongruence, miscommunication and misunderstandings can impede the diversity-innovation intersection. Unfortunately, there is no silver or magic bullet to make the diversity-innovation intersection happen. The larger the organization, particularly if bureaucratic and with many silos, the harder this is to do. Here are some strategies to increase innovation and productivity through diversity:

- ✚ **See Diversity as a Key Ingredient to Innovation** - The importance of diversity is a foundational belief for people working in creativity and innovation, even if it can't be mathematically proven. To stimulate new ideas, facts, experiences, possibilities, insights, perspectives and skill sets need to bump up against each other in new ways. It is almost impossible to have something new come out of the same people thinking in the same ways.
- ✚ **Deliberate Diversity** - The diversity that's truly important for creativity and innovation is not the color of someone's skin or their choice of religion or their gender. The diversity that matters is how the person sees the world, their experiences, the skill sets they bring to the situation, and the way they think. Deliberate diversity involves:
 - **Counteracting the similar attraction effect.** Purposefully bring people with diverse perspectives together; shaking up groups that are homogeneous. For example, every time a division opens up focus on innovation immediately by staffing for diversity.
 - **Force interaction by creating connections.** For example, some companies, such as Proctor & Gamble, have created internal "communities of practice" - groups of people representing different business units and backgrounds that get together to discuss specific topics and problems. Others, such as Best Buy, are utilizing collaborative technologies such as Wikis to harness the diversity-innovation intersection.
 - **Create an environment where diversity and innovation can flourish.** For example, expose fast track people to diversity and the value of it as soon as possible. Develop managers to embrace experimentation, allowing people to fail; talking about their failures and the risk of not stepping into the intersection. Rosabeth Moss Kanter, in her book *The Change Masters*, specifically noted that companies high on innovation had done a better job than most in eradicating, racism, sexism, and classism in the work environment and tended to employ more women and non-white men than less innovative companies.
- ✚ **Develop Diversity-Innovation IQ** - In order to get the benefits the diversity-innovation intersection, people need training in: how to value diversity, how to deal with the higher level of conflict (nothing is as conflict-free as groups that are so aligned that they think in perfect groupthink, but these groups seldom create breakthroughs), how to work together effectively, specifically how to navigate through conflict that is inevitable with diverse groups, and innovation tools such as assumption reversal and association techniques, i.e. forced connections.
- ✚ **Adopt the Five Innoiversity Drivers** - Suzanne Justesen, of Innoiversity.org, has identified the five aspects of diversity that actively contribute to and drive innovative practice within organizations. These include:
 - **Absorptive capacity.** The ability to recognize the value of new, external information, assimilate it, and apply it to drive innovation and new business models. To do this,

organizations need to promote curiosity, intrigue and teamwork.

- **Requisite variety.** The importance of internal variety - concerns the availability of resources within an organization suitable for dealing with whatever may happen in the environment, and react on it immediately - without having to pull in external resources. Promoting variety of technical and cognition diversity can have a positive influence on problem solving and decision making.
- **Network variety.** The importance of external variety - organizational diversity allows for increased access to outside knowledge, due to the access to a wider variety of network connections. Organizations must find ways to leverage the network connections of their diverse employees.
- **Creative destruction.** The importance of destruction, which is often necessary before construction can take place, i.e. being willing to destroy the old is the heart of innovation and means to enormous profits. Diversity drives creative destruction by providing for diverging perspectives, which fosters questioning and reflection.
- **Problem solving.** Emphasis on the importance of shared problem solving - where diversity of perspectives is argued to enhance problem solving routines and processes.

What's the Bottom line

With awareness, skills, openness, and a real competence for maximizing opportunities, diversity becomes the fuel to drive innovation.



Please feel free to pass this newsletter on to others.

If you would like more information about the ideas and topics listed in this issue, contact Judy Laws, Ph.D. at jlaws@foursightconsulting.com.

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