#### **Creative Conditions for Innovation**

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Technology and Innovation Exchange

BASF

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Graduate Studies Program College for Creative Studies Detroit

MFA Transportation Design MFA Color + Materials Design MFA Integrated Design MFA Interaction Design

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#### Faces of CCS MFA



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## INNOVATION

why is it so elusive?

and what is it, anyway?

what strategies might work?

how should we distribute resources?

how can we lower risk?

how can we increase the likelihood?

## INNOVATION

### Harvard Business Review

www.hbr.org

SPOTLIGHT ON THE EFFECTIVE ORGANIZATION

Tensions between your innovation team and core operations can derail your company's growth initiatives. Here's how to end those battles.

## Stop the Innovation Wars

by Vijay Govindarajan and Chris Trimble

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#### **community**

A community is a system of people who interact within an agreed set of rules-conventions

Typically, members of a community share a common location or common interests. They may be related by birth or may come together for social or business reasons. Communities rely on individuals to provide the variety necessary for survivalto share perspective, insight, ideas, and inspiration.

Over time, new members join and existing members depart. These changes can affect the conventions the community keeps.

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#### convention <sub>1</sub>

Every convention exists within a community.

A convention establishes a relation between a a community and its context. It defines a way Ξ the community expects its members to behave in a given situation. It prescribes the tools they can use, even what they can think. Every innovation has a precedent in a previous convention.

#### context<sub>1</sub> (environment)

Every community exists within a context.

Context is the environment in which a community lives. To survive, a community must have a stable relationship with its environment. Maintaining that stable relationship is the purpose of conventions.

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#### pressure (external) decay (internal)

Entropy always increases. Resisting entropy requires energy and variety. Inevitably, both are limited,

inevitably lead

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#### change (disturbance)

Pressure from outside or decay inside changes the relationship between a community and its context. That relationship-formalized as a convention-is no longer comfortable, no longer a fit.

A disturbance upsets an existing convention This is a root cause of innovation

A disturbance has variety of its own. Unless a community has corresponding variety to cancel it, the variety in a disturbance will overwhelm the community. Variety cancels variety.

#### misfit (pain)

A misfit arises when a convention no longer maintains a desired relation between a community and its context.

Misfit manifests itself as pain. It exacts a costphysical, mental, social, or financial-on members of the community

#### recognition (definition)

Recognition of misfit comes from observation and experience.

#### a model of innovation

Innovation is a holy grail of contemporary society, and especially business. A flood of books and magazines promote it. Design firms promise it. Customers demand it. Survival, we're told, depends on it.

#### But what is it? And how do we get it?

We used to ask the same questions about quality. Then Walter Shewhart and Edward Deming answered. Today, statistical process control, total quality management (TQM), kaizen, and six-sigma management are fundamental tools in business

Organizations have become much better at managing quality. Quality has become a commodity, or at least "table stakes," necessary but not sufficient. Now, innovation matters morebecause you can't compete on quality alone, whether as a business, a community, or a society. The next arena of global competition is innovation, but the practice of innovation remains stuck some 40 years behind the practice of quality.

Quality is largely about improving efficiency, whereas innovation is largely about improving effectiveness. Improving quality is decreasing defects. It's about measuring. It's making processes more efficient. It works within an existing paradigm.

Business Week design editor Bruce Nussbaum has suggested you can't measure your way to innovation-measurement being the hallmark of quality processes. And though some six-sigma advocates disagree, Nussbaum is pointing out a fundamental difference between managing guality and managing innovation. Innovation is creating a new paradigm. It's not getting better at playing the same game; it's changing the rules and changing the game. Innovation is not working harder; it's working smarter.

This poster proposes a model for innovation. It takes the form of a concept map, a series of terms and links forming propositions.

The model is built on the idea that innovation is about changing paradigms. The model situates innovation between two conven tions. Innovation transforms old into new. It is a processa process in which insight inspires change and creates value.

The process begins when external pressure or internal decay disturbs the relation between a community and its context, a relation maintained by a convention.

The existing convention no longer "fits." Perhaps the context changed. Or the community. Or even the convention. Someone notices the misfit. It causes stress. It creates enough friction, enough pain, to jump into people's consciousness. Perception of misfit almost simultaneously gives rise to proposals for change, for reframing. These proposals compete for attention. Most fail to inspire, are ignored, and fade away.

The changes that survive are by definition those a community finds effective. They spread because they increase fit (gain) and lower pain or cost (delivering value).

We rarely recognize innovation while it's happening. Instead, innovation is often a label applied after the fact, when its value is clear and a new convention has become established.

Ethnography and other research techniques may help identify opportunities for innovation. Design methods may increase the speed of generating and testing new ideas. But new ideas are still subject to natural selection (or natural destruction) in the political process or the marketplace.

Innovation remains messy. Even dangerous. Luck and chance, being at the right place at the right time, still play a role, But heightened sensitivity and persistent alertness may increase luck.

This model is not a recipe. At best it suggests ways to increase the probability of innovation. Our goal is for it to spur discussion. Our hope is that increased understanding will spur innovation and increase the greater good.

In a stable environment, increasing efficiency makes sense. Do what you've been doing, but do it better and at a lower cost.

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That means narrowing language-decreasing variety. In an unstable environment, pursuing efficiency may actually be dangerous. You may get better at doing the vyrong thing—at doing something that no longer matters. The key is to make sure what you produce is valuable, before you worry about making it more efficiently. Increasing effectiveness calls for increasing variety-changing perspective, bringing new

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variety

(experiences)

Variety describes a system's potential to respond to

W. Ross Ashby describes variety as a measure of information.

range of cultural tools-they can bring to bear on problems.

disturbances-the options it has available. Applied to communities,

variety describes the experiences-the richness of language and

people, new experience, and new language into the conversation

and expanding the field of action.

#### recognition (definition)

Recognition of misfit comes from observation and experience. Research methods-such as ethnography-help.

But identifying a problem requires definition. Definitions are constructed—agreed to. They have constituencies. Thus, definition is a political act, an exercise of power.

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calls for increasing variety-changing perspective, bringing new people, new experience, and new language into the conversation and expanding the field of action.

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#### (a bit of luck) preparation aids (immersion)

Some organizations have processes by which their members build (or buy) new ideas at a small scale. The organizations vet (or select or destroy) ideas, moving a few to the next stage. They "incubate" new ideas in "hothouses" long enough to launch them into the world. Examples include (perhaps most notably) Royal Dutch Shell, some religions (such as Catholicism), venture capital firms, and technology companies such as Google.

Some communities (some ecologies) seem to have the variety and structures needed to raise the probability of innovation (within certain domains). For example, Silicon Valley, Route 128 around Boston, Austin, Research Triangle, and Seattle all currently enjoy this advantage.

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innovation

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Each innovation is a link between two conventions:

An innovation is a pivot; it transforms one period into the next.

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Of course, the convention resulting from a successful innovation differs from the convention that preceded it. Likewise, the community that exists after an innovation is likely to have change

### insight (seeing opportunity)

improve

helps

Insight begins a process of restoring fit. Insight remains the most mysterious part of the innovation process. It may be irreducible, but it can be aided. Immersion within the context is almost always essential. Experience with other domains helps (by increasing variety). For example, applying patterns from other domains can help solve new problems. This is the promise of Genrich Altshuller's system known as TRIZ.

Insight is a type of hypothesis, a form of abduction. Insight may come from juxtaposition and pattern matching.

György Polya suggests asking: What is the unknown? What are the data? What is the condition? (What are the constraints?) What is the connection between data and unknown? What is a related problem? How could you restate the problem? What could you draw to represent the problem?

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articulation (prototyping)
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articulated-given form. must be proved through It might be a Hypothesis Model or diagram Outline Script or story Sketch Mock-up

Prototype

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For insight to matter, it must be

demonstration (testing)

No innovation arises fully formed. Articulation provides a means of sharing an insight.

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Individuals who are prepared to innovate possess: benefit Optimism Belief they can improve the world Openness to change Confidence to make it so Tenacity, persistence to see it through Passion, desire, even obsession fro Variety З Experience, skill, and talent (increa Domain expertise Knowledge of other domains Understanding of the process Methods and techniques Management, rhetorical, and political skills Practice (Doing it a few times helps.) S

They also know what is not known but necessary for progress; they understand how to find it; and they recognize who can provide that knowledge

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### NOTES ON THE ROLE OF LEADERSHIP & LANGUAGE IN REGENERATING ORGANIZATIONS (

### **Your organization** is a living system of conversations.

Like any organization, your organization is a set of conversations among people.

Like any organization, your organization needs to change to meet the needs of a changing market.

Your organization seeks to build on previous successes but these successes emerged from internal conversations that may no longer be as productive as they once were.

For your organization to evolve effectively, it must understand the ways its customers, developers, and competitors are evolving. It can understand this evolution

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# An organization is its **language**.

Ultimately, an organization consists of conversations: who talks to whom, about what.

Each conversation is recognized, selected, and amplified (or ignored) by the system. Decisions, actions, and a sense of valid purpose grow out of these conversations.

Conversation leads to agreement. Agreement leads to transaction.

Therefore, an organization's language is critically important. It becomes more than simply a means for communication. It becomes a field for action, and a way of constructing truth.

# Narrowing **language** increases efficiency.

Organizations create their own internal language to solve specific problems.

This language serves as a kind of shorthand: Managers use it every day, knowing they will be clearly understood.

This internal language is designed to address the needs of the present-day business. It helps the organization's managers answer familiar questions and thus increases efficiencies.

Over time, this internal language grows increasingly specialized—and narrow.

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Over time, this internal language grows increasingly specialized—and narrow.

# Narrowing **language** also increases ignorance.

The organization's internal language is designed to help managers facilitate present-day business—not look beyond it.

Using the internal language, managers increase efficiencies, but cannot recognize new fields of research, new discoveries, new approaches.

#### Like all of us,

they cannot recognize their own limitations. Constrained by the previously successful language, we do not know that we do not know. Consequently, we think we know and thus cannot learn.

Developed as a tool to increase efficiencies, the organization's language, paradoxically, becomes a trap.

### Expanding **language** increases opportunity.

The conversations necessary for creating fundamental change do not come naturally. They pose questions that cannot be understood in the organization's present language.

The conversations necessary for generating new opportunities come from outside the system. Their language has a different history. It is often technically and intellectually demanding. Consequently, it is often dismissed.

For an organization to survive, it must be able to acquire new, relevant language domains.

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### To regenerate, an organization creates a new **language**.

To support an organization's future viability, effective decision makers actively introduce change into the system.

They do so by generating new language that appropriate groups in the organization come to understand and embrace.

This new language does not overtly challenge the pre-existing, efficient system, but rather creates new distinctions and supportive relationships.

In this way, decision makers act as interlocutors and incubators of systemic change.

### Your organization

### must create new language.

Like any organization, your organization has its own internal language. Like any language, it is a field for action, a way of constructing truth, a basis for transaction and business.

To regenerate itself, your organization must first recognize the limitations inherent in its current language. Then it must seek out new language domains, and translate them into conversations that the organization may understand and embrace.

When initiated by management, this process is highly specific. It requires a deliberate, organized, dedicated search for new classes of input into the organization's language.

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#### **ON LEADERSHIP**

### **Leadership** is a condition of an organization.

Leadership is not a property of a person. Leadership has little to do with personality type.

Leadership is the reduction of uncertainty in an organization. It comes from clear messages, which lead to focused actions that cannot easily be misinterpreted. It comes from developing channels for continuous feedback.

All these characteristics reduce cost and stress to the individual working in the organization.

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### **Leadership** is the reduction of uncertainty.

When clarity and validity of purpose exist within the organization, the feeling of ambiguity decreases. Stress and cost to the system are lowered. Uncertainty is reduced.

Those working in the system perceive an expansion of personal potential and increased security. As they become aware of opportunities for growth, they participate more openly in the system. Feedback increases.

Leaders reduce uncertainty, give clear and meaningful messages, and provide opportunities to act in ways that cannot easily be misinterpreted.

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### Past **language** limits future vision.

Managers understand the organization's past behavior. But this knowledge, and the language that accompanies it, limit their vision of the organization's potential future state.

Using the language of the past, managers may try to provide a vision for the future. But it is an old future a memory of what the future could be.

Managers may strive for fundamental change, but their language prevents them from achieving it.













### Your organization needs

different languages to discuss its present and future business.

Like all organizations, your organization must recognize two businesses: present and future.

Some within your organization are tasked with improving performance of the present-day business. They use the current language to increase efficiencies.

Others are tasked with generating opportunities for your organization's future business. They recognize new domains of invention and translate them into new language that may lead to profitable new endeavors.

For your organization to learn and grow, both kinds of people are necessary.

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Creating "New Language" is the single most important means to innovation that will be:

- transformational
- disruptive
- a generator of value in today's and tomorrow's markets.

#### **ON CHANGE**

### **Creativity =** Recognizing invention. Profiting from discoveries. Developing efficiencies.

Successful organizations support at least three orders of creativity.

They provide resources to recognize invention, which opens up new domains of language. In these new domains, profitable discoveries may be made.

They provide the necessary conditions for discovering and marketing products and services that emerge from these new domains.

Then, they develop more cost-effective ways of producing and delivering these new products and services.

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New Language can aided by:

- isolating conversations for future business from today's business
- resourcing productive, evolving conversations—not all conversations
- designing "focusing problems".

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Then, they develop more cost-effective ways of producing and delivering these new products and services. "Focusing Problems":

- must be consistent with our DNA
- have access to new domains of expertise, beyond the current organization
- engage an initial set of willing individuals
- must teach the business as a whole
- have economic potential
  - must lower uncertainty (risk) in a market, or
  - must lower the effort for a person to reach a goal
- participate in the "new economy" by creating value from networks of information flow rather than materials and products.

## INNOVATION

why is it so elusive?

and what is it, anyway?

what strategies might work?

how should we distribute resources?

how can we lower risk?

how can we increase the likelihood?

### **Creative Conditions for Innovation**

- protect tomorrow's business
   from today's business
- create new language for tomorrow's business
  - separately resource creation of new language
  - design a focusing problem
  - seed team from those who are most eager & capable
  - bring necessary expertise to the team, from outside if necessary.



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Technology and Innovation Exchange

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