Yin – Yang: How Management and Leadership Styles impact Business Innovation

April 2013
Houston, TX

Lin Giralt

Agenda

- Introduction: Our conceptual framework
- Engage: Review of Management Theories and Leadership Styles
- Energize: How Companies Innovate
- Empower: Some Ideas and How to Apply Them

Introduction

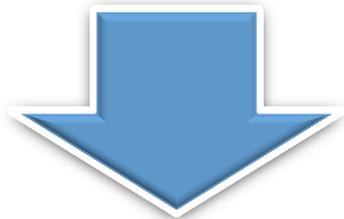## OUR CONCEPTUAL FRAMEWORK

YIN YANG AND TAOIST THOUGHT

Yin – Yang: the concept

- Taoist concept, two complementary forces that make up all aspects and phenomena of life
- Yin is a symbol of earth, femaleness, darkness, passivity/reflection and absorption
- Yang is conceived of as heaven, maleness, light, activity, and penetration
- There are a series of five elements that form the cosmos according to Taoist philosophy

http://www.britannica.com/EBchecked/topic/653297/yinyang

Yin – Yang: the concept … Applied to Business Innovation

- Business Cycle – Dynamic Situation – Innovation is key to survival and growth

- Complementary properties are important in evaluating innovations

- Competition – Checks and Balances; new products vs. old

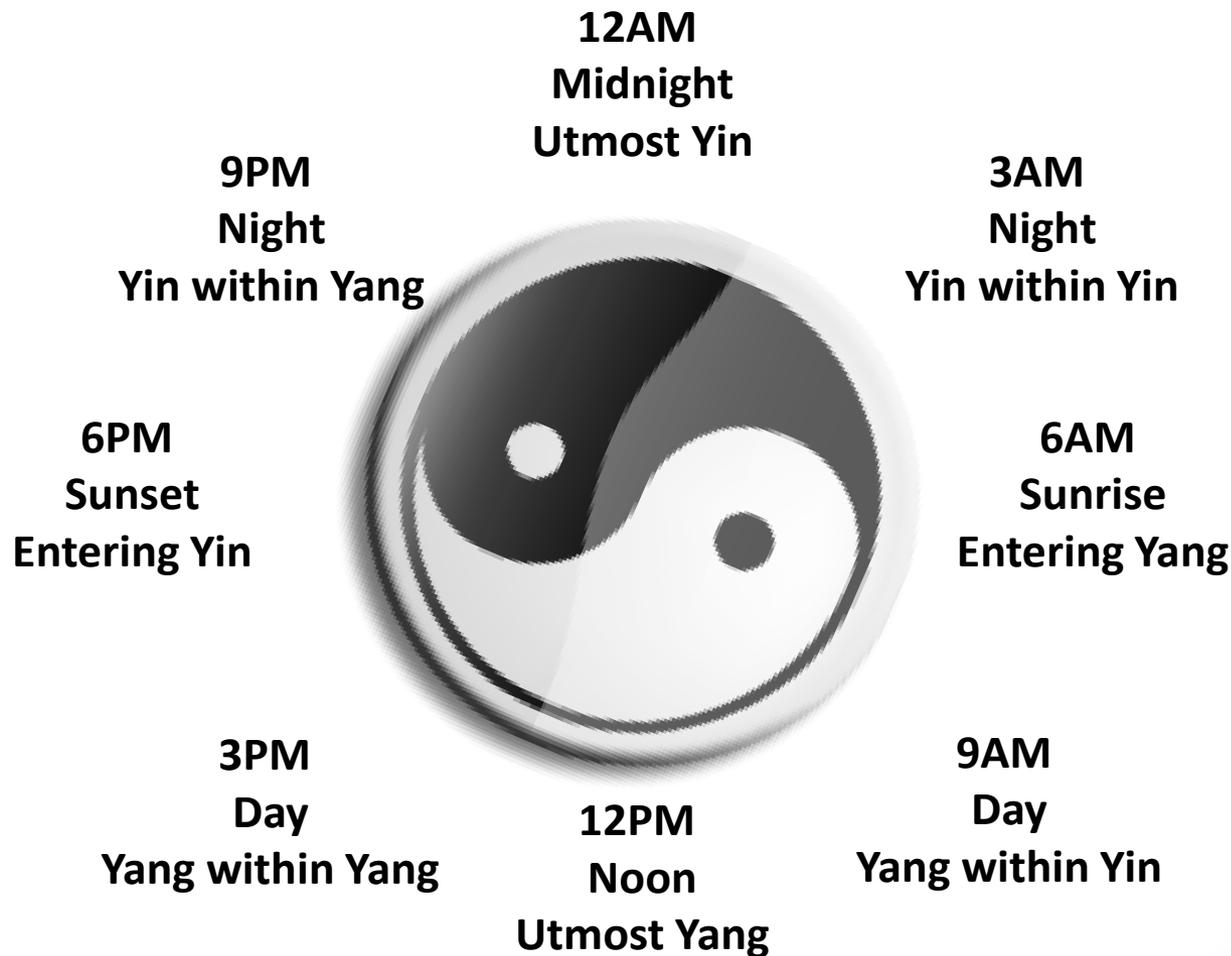- Broad spectrum of competing alternatives when selecting candidates for Innovation

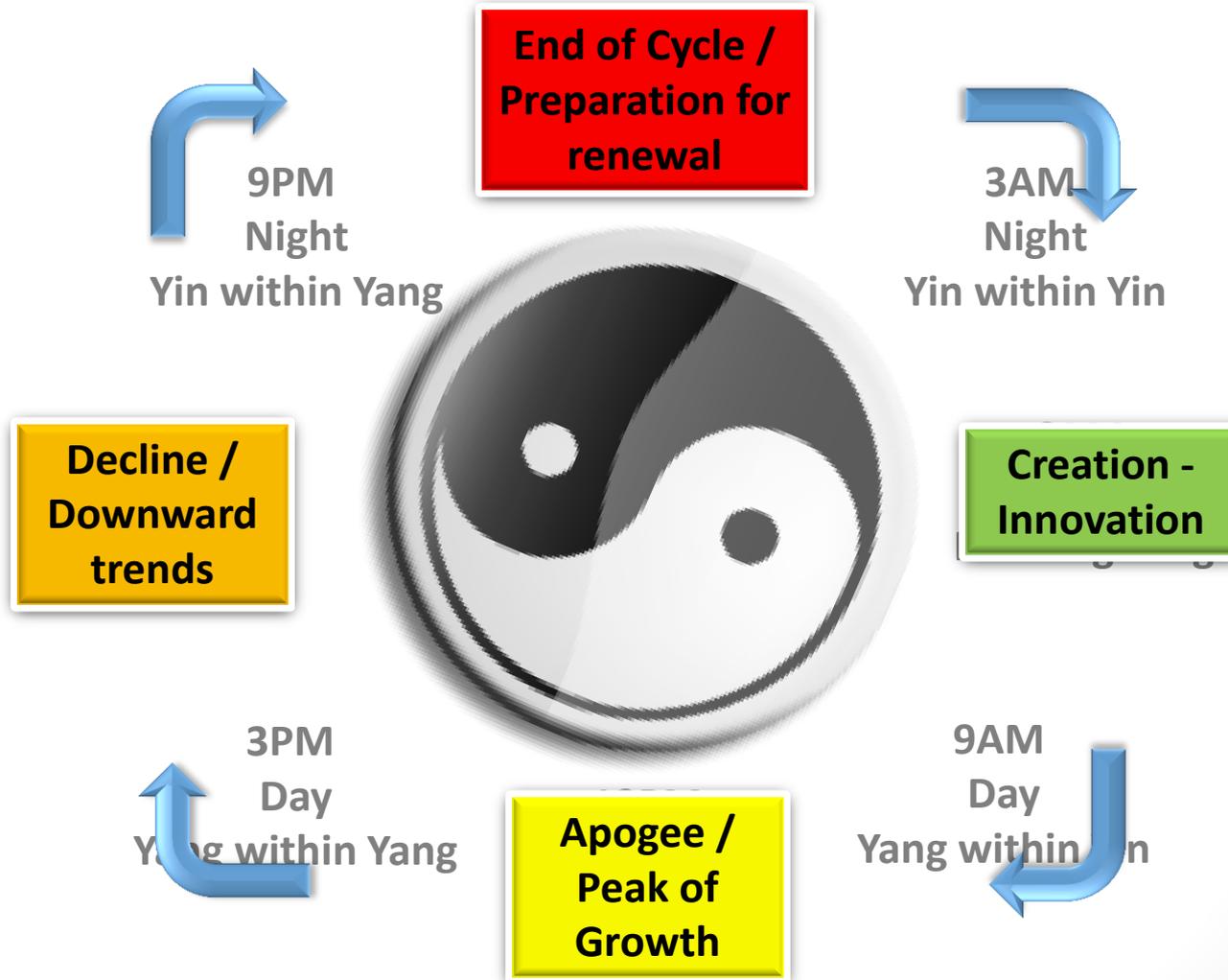- When to be guided by one concept, the other, or integrate both

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Yin – Yang captures the concept of Cycle

12AM
Midnight
Utmost Yin

9PM
Night
Yin within Yang

3AM
Night
Yin within Yin

6PM
Sunset
Entering Yin

6AM
Sunrise
Entering Yang

3PM
Day
Yang within Yang

12PM
Noon
Utmost Yang

9AM
Day
Yang within Yin

Cycles form the core of business

End of Cycle / Preparation for renewal

9PM
Night
Yin within Yang

3AM
Night
Yin within Yin

Decline / Downward trends

Creation - Innovation

3PM
Day
Yang within Yang

9AM
Day
Yang within Yin

Apogee / Peak of Growth

Five 'elements' form the basis of Growth in the Taoist Model with Checks and Balances among them

Metal

Water

Checks and Balances

Earth

Wood

Fire

Growth / Evolution
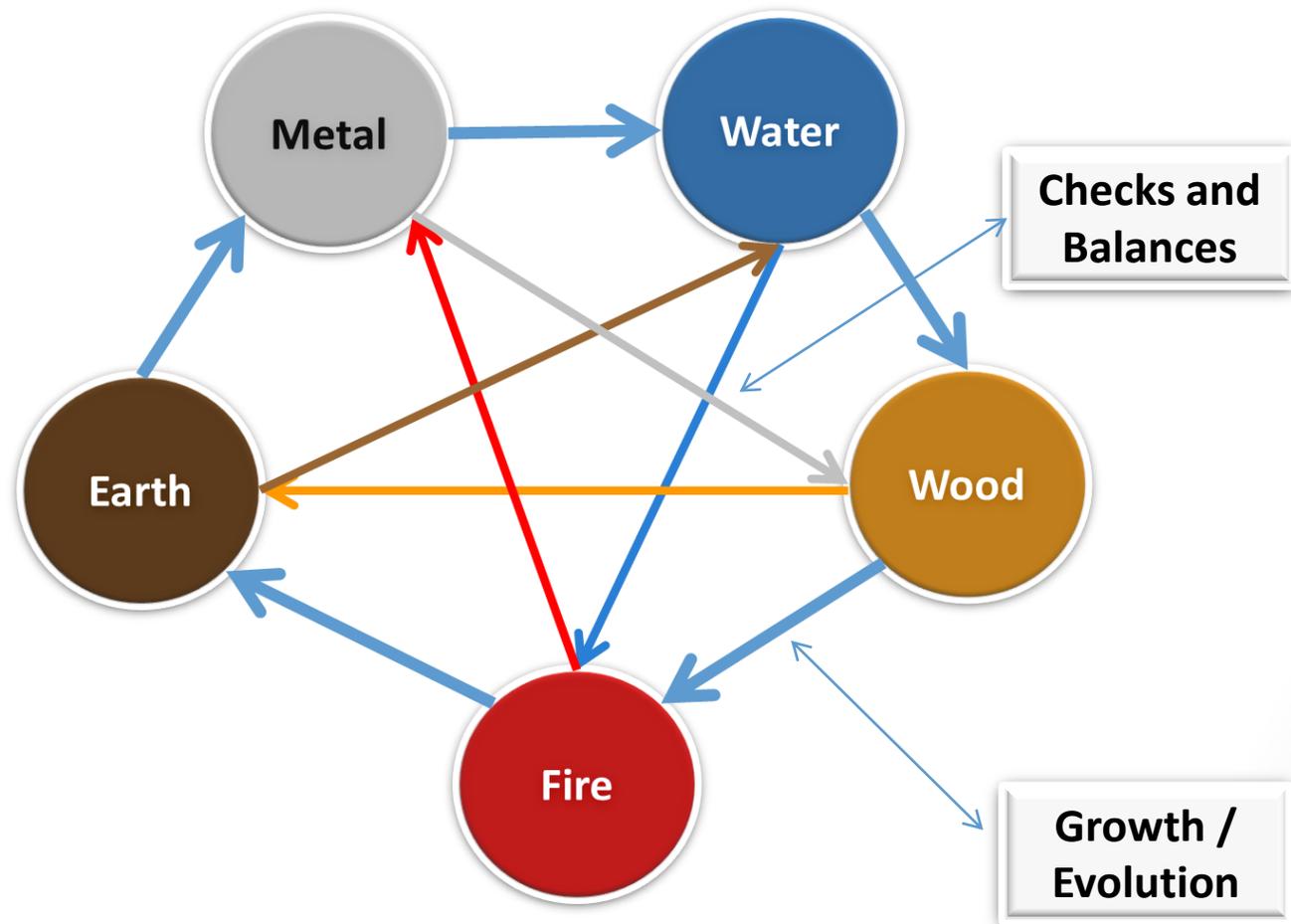
Certain properties are ascribed to these elements

Metal
Inspiration
Respect
Endurance
Self Esteem
Confidence

Water
Will Power
Actualization
Faith
Capacity
Wisdom

Earth
Security
Stability
Empathy
Nourishment
Contentment

Wood
Transformation and change
Vision, coordination, planning, creativity

Fire
Self Expression
Passion
Enthusiasm, Joy
Relationship
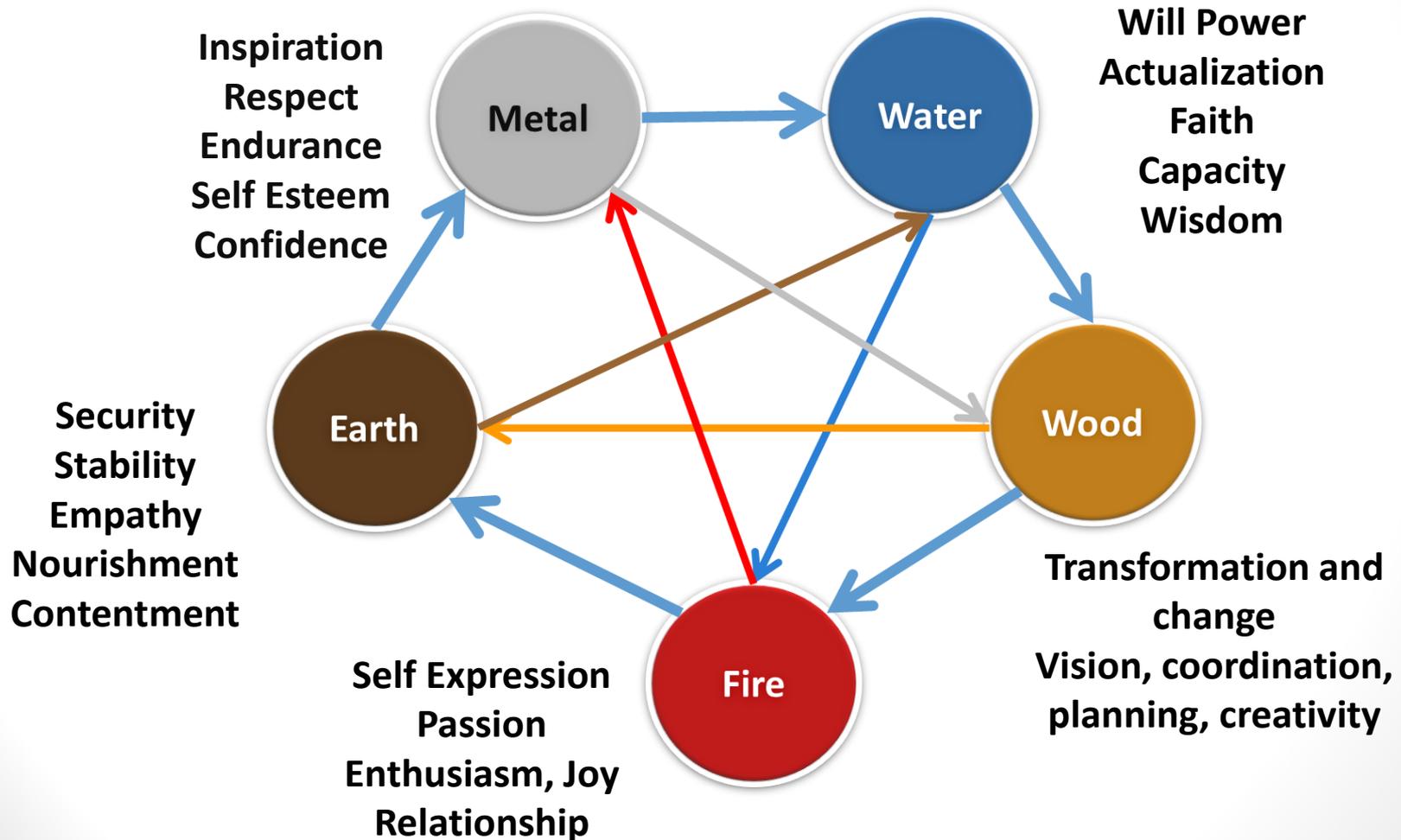
Business functions including Innovation align with these properties

Operations/ HR

Inspiration
Respect
Endurance
Self Esteem
Confidence

Finance/ Accounting/ Treasury

Security
Stability
Empathy
Nourishment
Contentment

Sales/ PR

Self Expression
Passion
Enthusiasm, Joy
Relationship

IT/ CEO

Will Power
Actualization
Faith
Capacity
Wisdom

R&D, O.D., Strategic Planning, Marketing

Innovation

Transformation and change
Vision, coordination, planning, creativity

Metal

Water

Earth

Wood

Fire

As such, implementing Innovation through the Business Cycle also aligns with them

Decay

Metal

Water

Harvest

Birth – Start Up

Earth

Wood

Innovation

Maturity

Growth

Fire
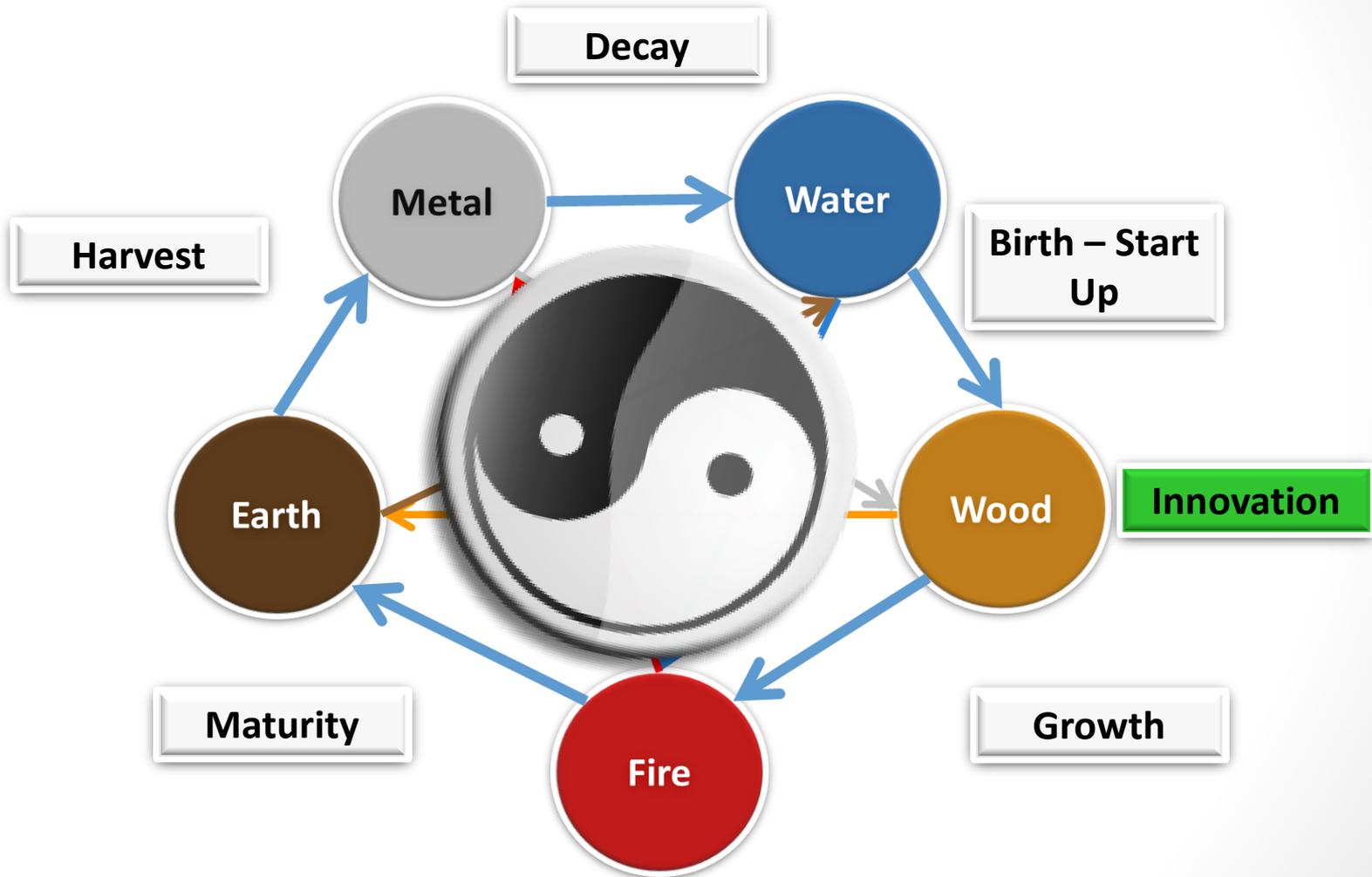
Business decisions have to reconcile Yin and Yang and these five elements

- Authority/Independence
- Organization / Individual
- Producer/Client
- Qualitative/Quantitative
- Change/Continuity
- Innovation/Stability
- Long term/Short term
- Invest in Growth vs. Harvest Dividends

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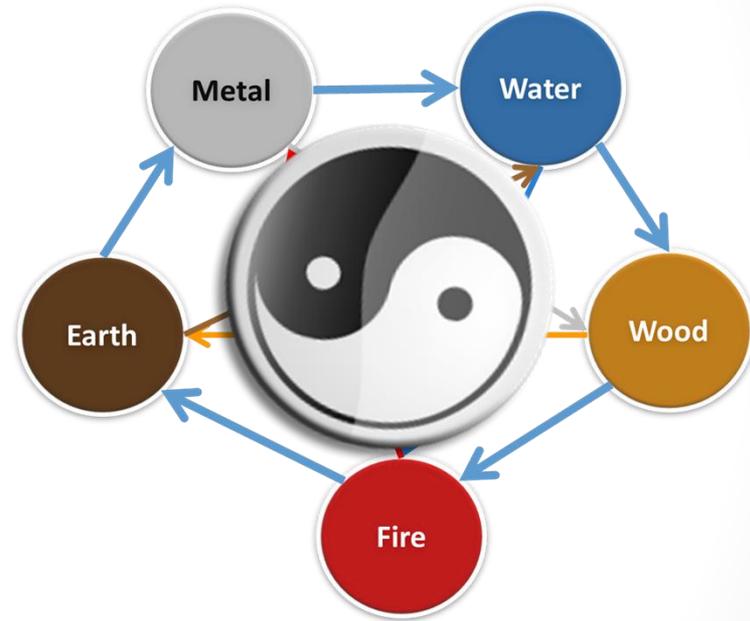
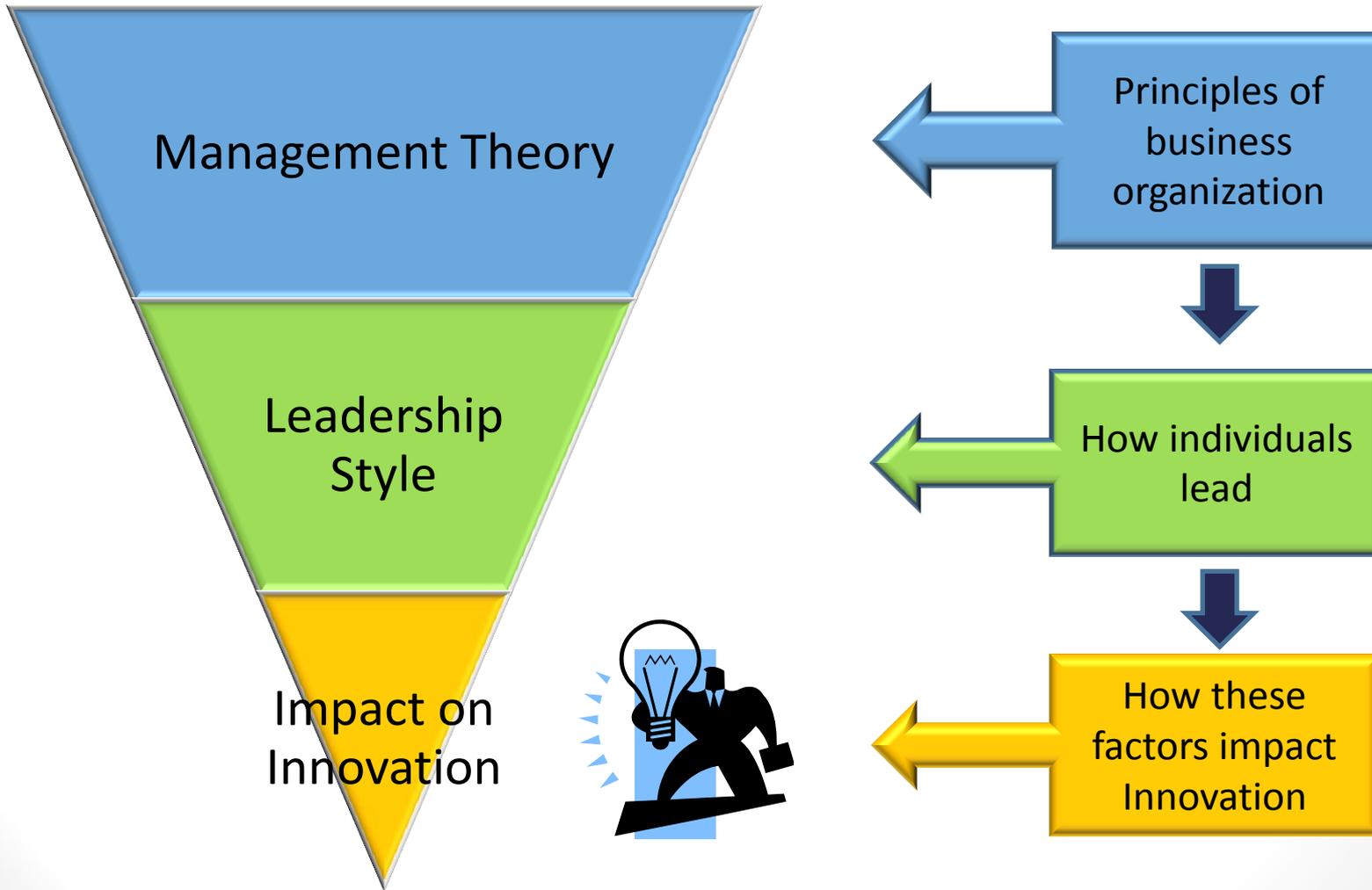# Yin Yang provides a new framework to evaluate decisions and progress towards Innovation

- Yin-Yang enriches our way of working, gives us a new perspective and may drive better, more balanced decisions by encouraging us to consider a holistic and broad set of alternatives before making decisions and charting a path for Innovation

- By presenting the concept of cycle, it makes us aware of the temporal nature of business – be ready for the next Innovation
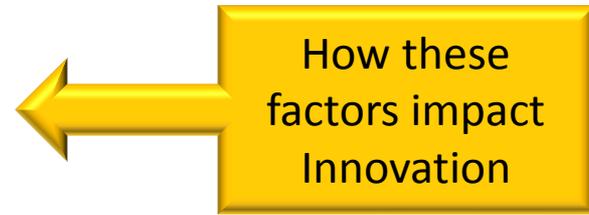
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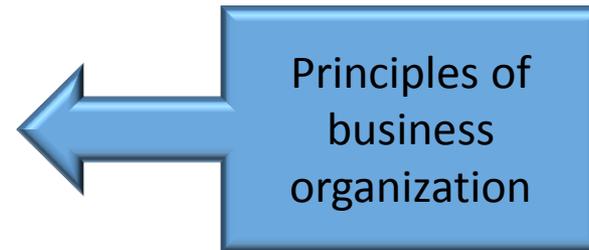# INNOVATION, MANAGEMENT THEORIES AND LEADERSHIP STYLES

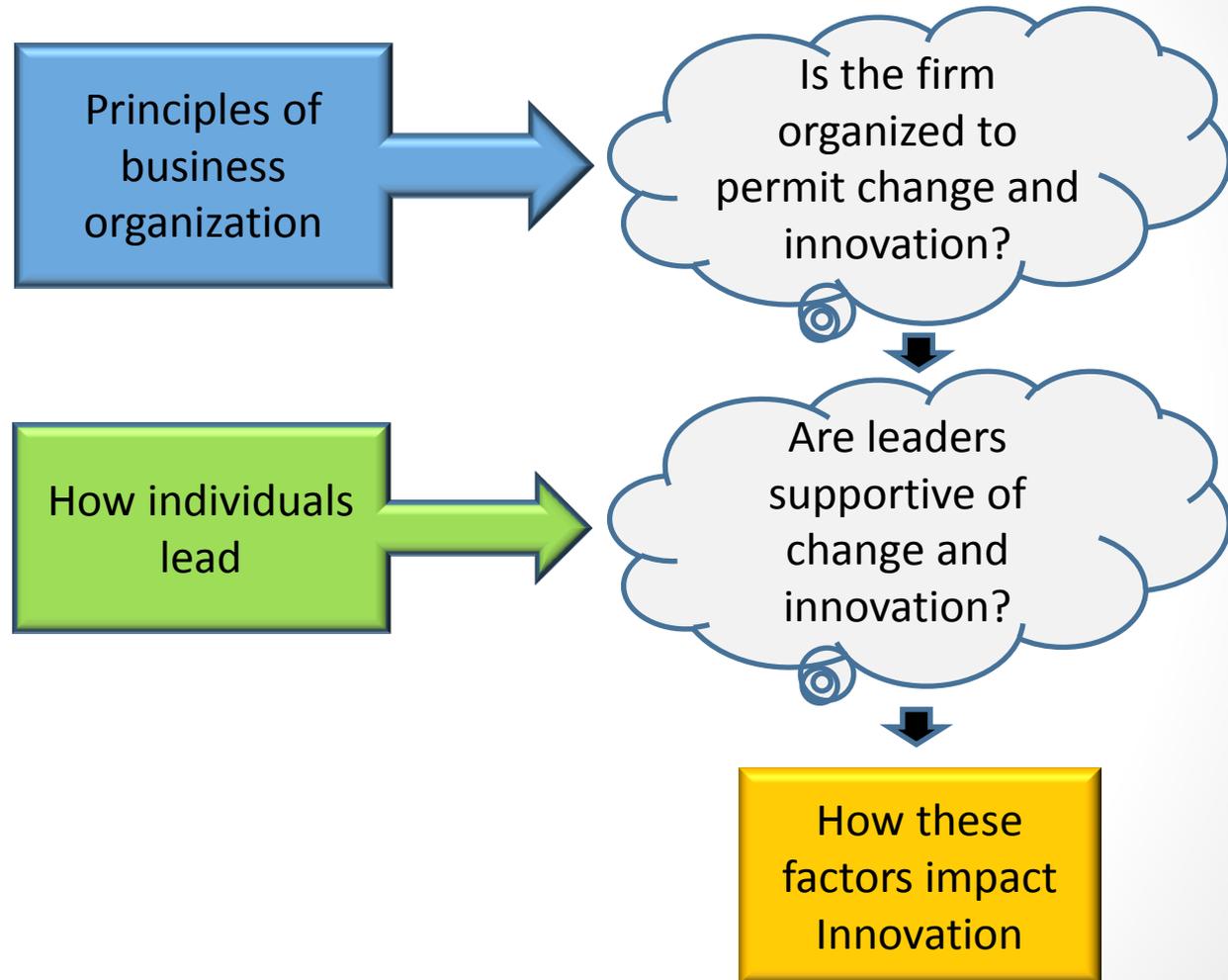# Management Theories and Leadership Styles impact Innovation

Management Theory

Leadership Style

Impact on Innovation

Principles of business organization

How individuals lead

How these factors impact Innovation

Yin-Yang concepts apply to Management Theories and Leadership Styles

YANG	YIN
Top Down	Bottom Up
Standardized	Customized
Authoritarian	Participative
Rational	Emotional-Intuitive
Action oriented	Contemplative
Encourage or Discourage	

← Principles of business organization

← How individuals lead

← How these factors impact Innovation

Yin-Yang concepts impact Innovation in many ways that we will explore

Principles of business organization → Is the firm organized to permit change and innovation?

How individuals lead → Are leaders supportive of change and innovation?
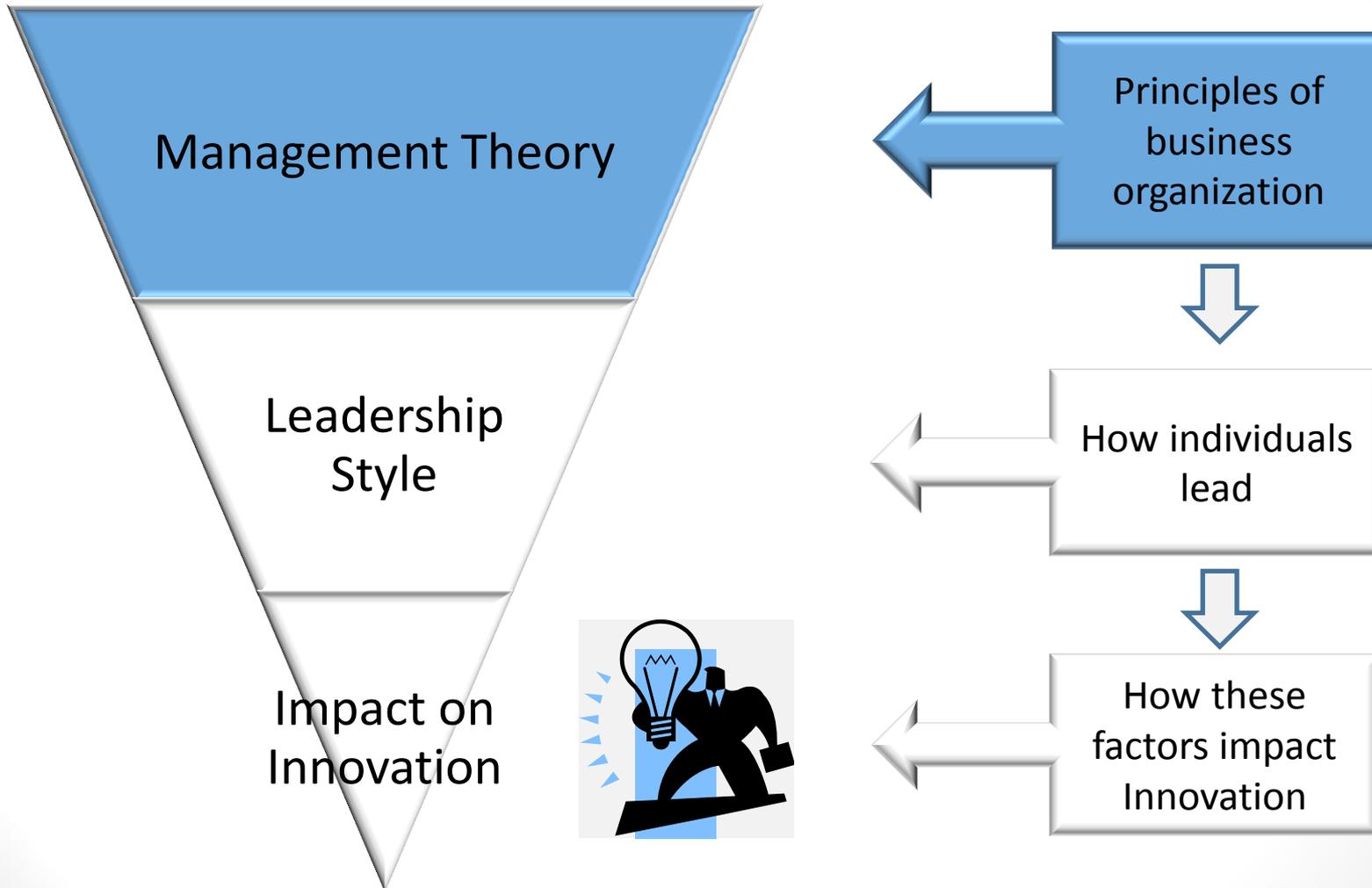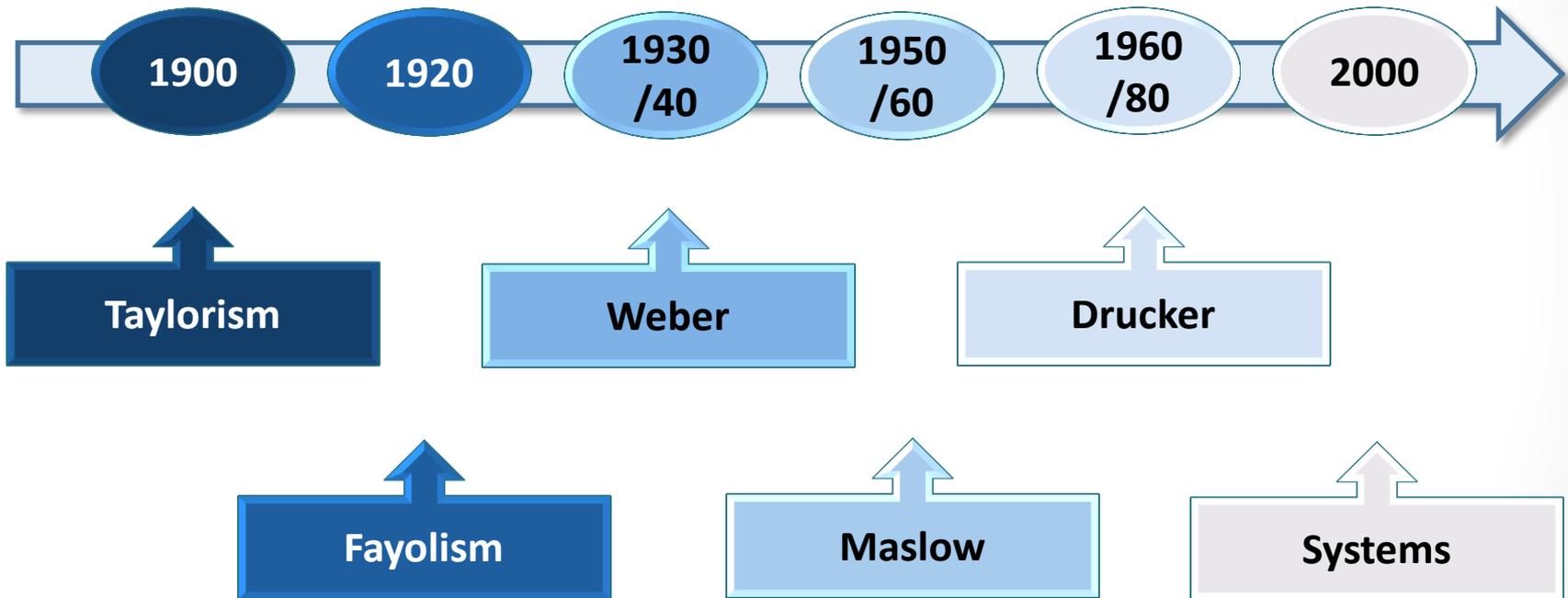
How these factors impact Innovation
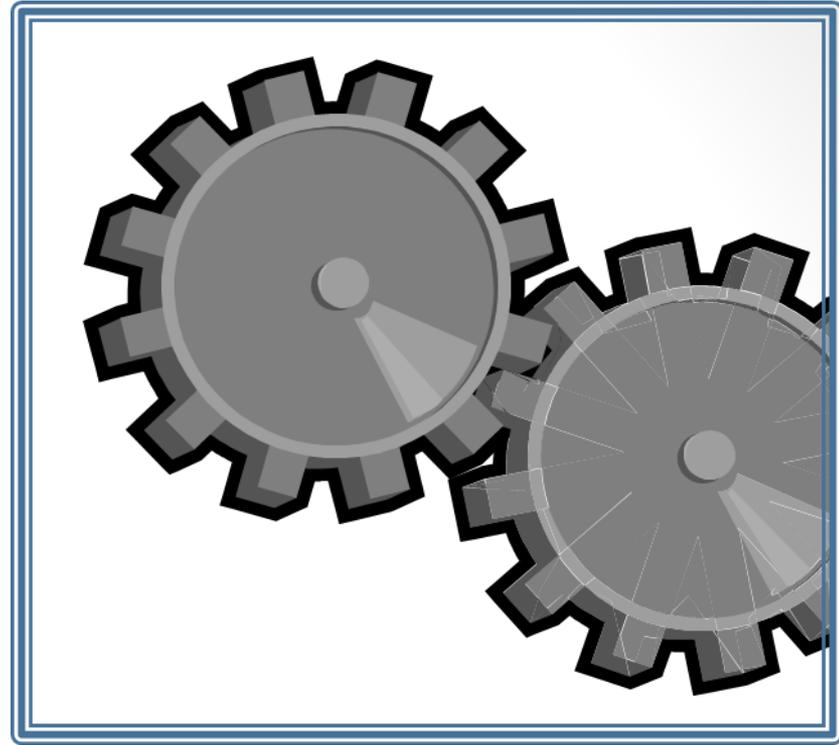
Engage

REVIEW OF MANAGEMENT THEORIES AND LEADERSHIP STYLES

First let's look at Management Theories

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Management Theory has progressed in one hundred years

Timeline:

| 1900 | 1920 | 1930/40 | 1950/60 | 1960/80 | 2000 |

- Taylorism (1900)
- Fayolism (1920)
- Weber (1930/40)
- Maslow (1950/60)
- Drucker (1960/80)
- Systems (2000)

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Taylorism: Scientific Management (1900)

- Decision-making under top management.

- Standard method to perform each job – stopwatch analysis.

- Select and train workers with appropriate abilities

- Increased output is rewarded with a wage incentive, or bonus.

http://www.buzzle.com/articles/management-styles-list-of-different-types-of-management-styles.html

Fayolism: Process Approach (1920)

- Analyzed processes used in manufacturing and service industries

- Consultative and coordinated decision making delegated to the appropriate level

- Incorporated systems to correct faults – a 'learning organization'

- Incorporated Quality Control

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http://www.buzzle.com/articles/management-styles-list-of-different-types-of-management-styles.html
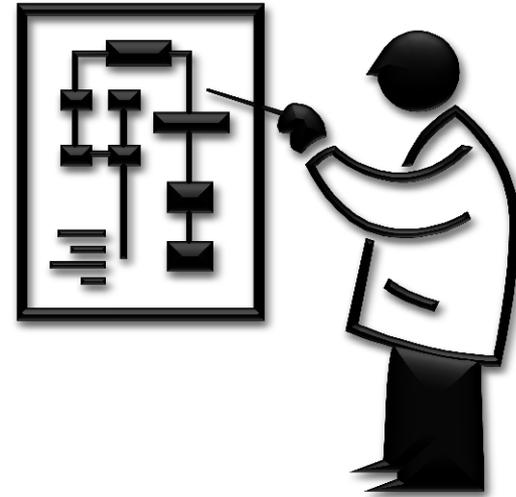
Weber: Organizational Hierarchy (1930/40)

- Divided organizations into hierarchies

- Recommended strong lines of authority and control.

- Suggested organizations develop comprehensive and detailed standard operating procedures for all routinized tasks

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http://managementhelp.org/management/theories.htm
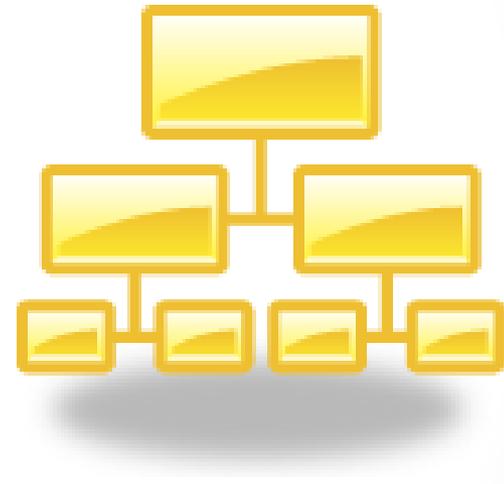
Maslow: Needs Hierarchy (1950/60)

- Organized needs into a hierarchy from more basic to most advanced
    - Self Actualization
    - Esteem
    - Belonging
    - Safety
    - Bio and Physiological

- Employers should provide a workplace that encourages and enables employees to fulfill their own unique potential

http://www.businessballs.com/maslow.htm
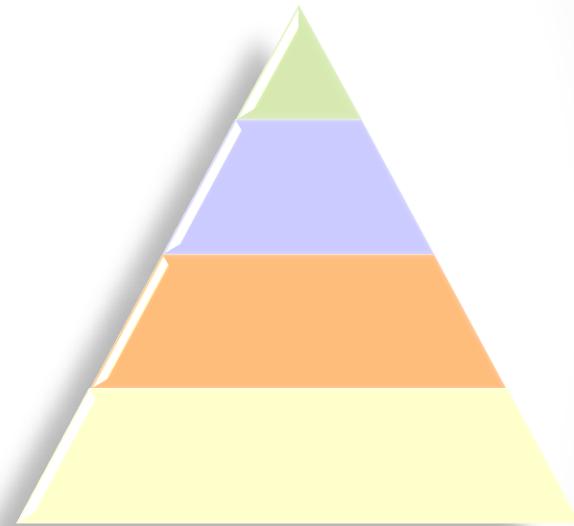
Drucker: Management by Objectives (1960/80)

- Participative goal setting, choosing course of actions and decision making among members of the company
- Companies work best when they are decentralized.
- Outsourcing for non-key functions
- 'Knowledge worker' concept
- Being useful to customers is main goal, profit is a condition for success

http://en.wikipedia.org/wiki/Peter_Drucker

Systems Management (2000)

- Views businesses as a collection of parts unified to accomplish an overall goal.
  - Input – Throughput – Output – Feedback
  - Materials – People – IT – Knowledge - Clients – Competitors – Substitutes – Complements = **EcoSystem**

- Has brought about a significant change in the way management studies and approaches its organization.

- Strongly focused on the inter-relation of all the parts, not just the parts or elements in themselves

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http://managementhelp.org/management/theories.htm
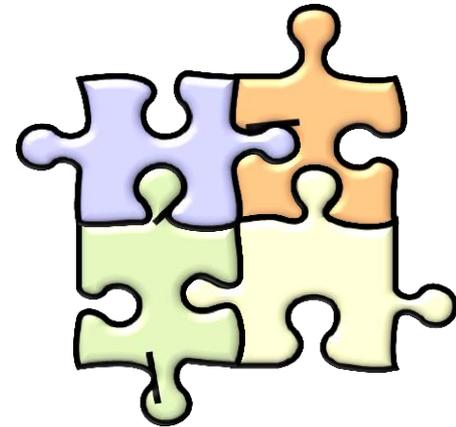
These management theories are not mutually exclusive in practice

Management Theory	Comments
Taylorism	Still works at basic shop floor levels in simple industries
Favolism	Basic concepts used today, but within a more complex approach
Weber	Hierarchies and SOP's are still with us, only in a more fluid form
Maslow	His novel insights are standard practice today
Drucker	Knowledge worker, Outsourcing and decentralization are watchwords in 2013
Systems	Information Technology has energized this approach; Managers view **Eco-Systems** to analyze relationships

Which are Yin/Yang or both?
Lets Raise Hands

Management Theory			
Taylorism			
Favolism			
Weber			
Maslow			
Drucker			
Systems			

Which are Yin/Yang or both? Our vote…

Management Theory	☯(yin)	☯(yang)	☯(both)
Taylorism		☯	
Favolism	☯	☯	
Weber		☯	
Maslow	☯		
Drucker	☯	☯	
Systems			☯

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Now lets look at Leadership Styles

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How these factors impact Innovation

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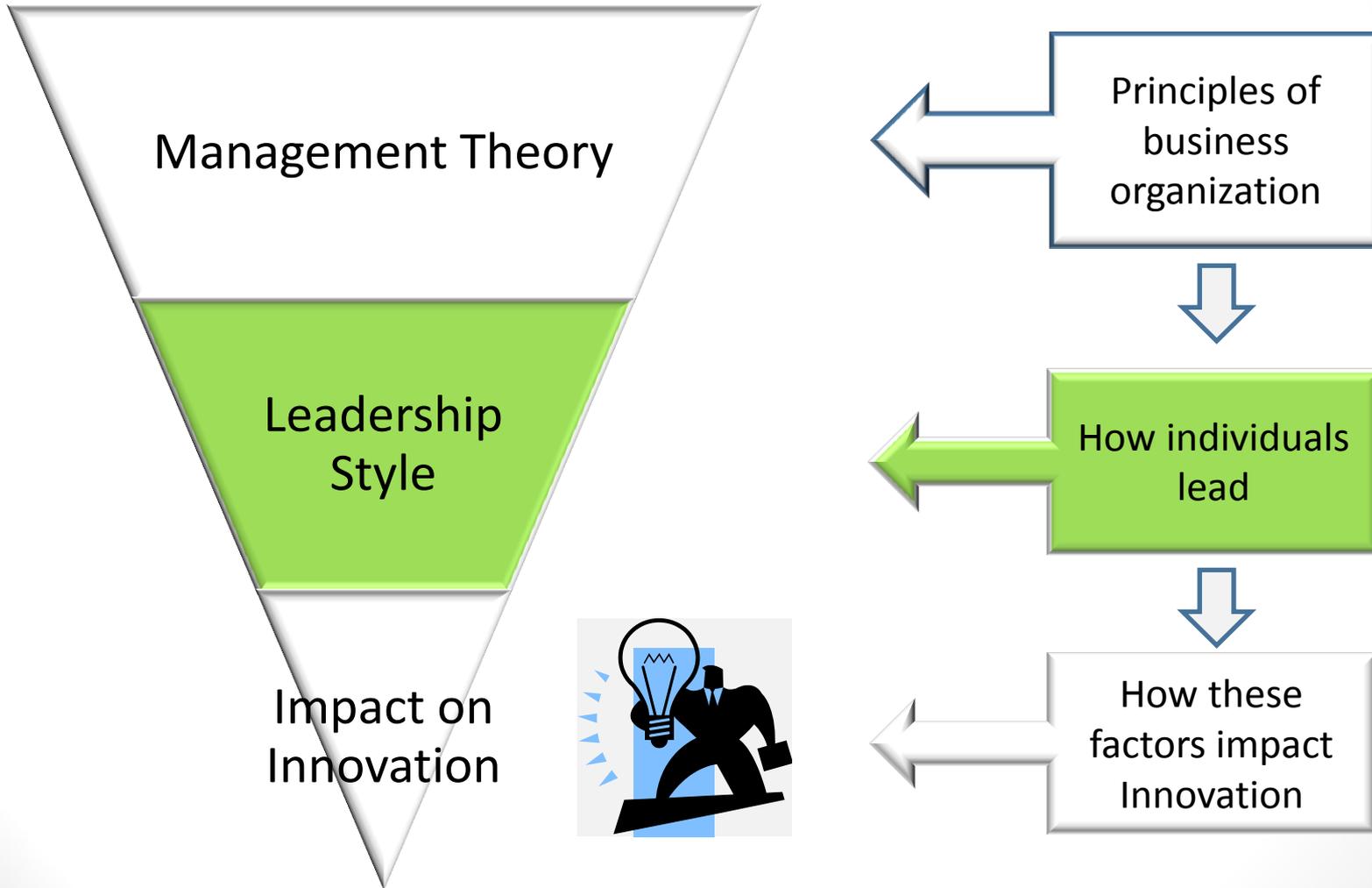
Typical Leadership Styles range from Autocratic to Laissez Faire

- Autocratic or Authoritarian
- Democratic
- Chaotic
- Delegative - Laissez Faire
- Situational

http://www.buzzle.com/articles/management-styles-list-of-different-types-of-management-styles.html
http://EzineArticles.com/5066852

Autocratic or Authoritarian: Complete authority is in one person or a small group

- Darwinian: (Hitler, Stalin) takes care of employees if they perform according to instructions, else......

- Paternalistic : ('The Office') cares about the employees, often with over-average compensation, in exchange for loyalty and acceptance of company standards and processes; may delegate secondary issues to get acceptance and buy in

- Visionary (S. Jobs):focused on developing new ideas and products. Generally have the last word and control details

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Democratic: Decisions are made after consulting employees

- Take into account the well-being of subordinates and let them be part of the decision-making process via consensus or a "majority rules"

- Excellent for multi-disciplinary issues

- Bill Gates was an example of this, involving employees in decisions and constant contact via email

- Can lead to increased job satisfaction and quality of work and reduced turnover

- But, decision making takes a long time, could cost more and the majority's decision may not necessarily be the best decision

http://www.buzzle.com/articles/management-styles-list-of-different-types-of-management-styles.html

'Chaotic' or Highly Decentralized management sometimes works

- Google may be considered an example of this

- Employees are given time to work on their own projects/ideas, without the interference of the management, and this helps in creating new innovations.

- Chaotic management style may be adopted by a lot of companies in the future as the management will need to be in sync with the fast changes in markets.

http://www.buzzle.com/articles/management-styles-list-of-different-types-of-management-styles.html
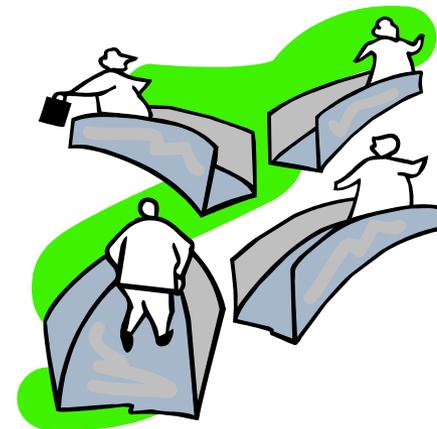
Delegative - Laissez Faire is a variety of Decentralized where little guidance is given

- Management communicates goals and targets and employees or associates can go about meeting those targets in whichever way they want.

- Communication is free and unstructured, may be confusion and anxiety.

- Need to be links and networks to avoid duplication or wasting of time and resources.

- Partnerships and project based companies tend to work like this.

Situational Leadership is flexible and adapts to the circumstances

- There is no single "best" style of leadership.

- Leadership style to choose depends on
  - The task at hand
  - The competence maturity and capacities of the team
  - Commitment and motivation

- This leadership style accepts various types of leadership:
  - Telling,
  - Selling
  - Participating
  - Delegating

Which are Yin/Yang or both?
Let's Raise Hands

Leadership Style			
Authoritarian			
Democratic			
Chaotic			
Delegative-Laissez Faire			
Situational			

Which are Yin/Yang or both?
Our vote…

Leadership Style			
Authoritarian		☯	
Democratic			☯
Chaotic	☯		
Delegative-Laissez Faire	☯		☯
Situational			☯

How do Leadership Styles and Management Theory align? Raise hands!

Management Theory	Authoritarian	Democratic	Chaotic	Delegative	Situational
Taylorism					
Favolism					
Weber					
Maslow					
Drucker					
Systems					

How do Leadership Styles and Management Theory align? Our Vote

Management Theory	Authoritarian	Democratic	Chaotic	Delegative	Situational
Taylorism	✔				
Favolism		✔			
Weber	✔				
Maslow	✔	✔	✔	✔	✔
Drucker		✔	✔	✔	✔
Systems		✔	✔	✔	✔

Our Yin-Yang analyses are aligned

Authoritarian Styles tend to be Yang; more open ones to Yin or Yin-Yang

Modern management styles tends to be more Yin-Yang

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Exercises

- Questionnaire: What Management Theory does your business represent?

- Questionnaire: What is your Leadership Style?

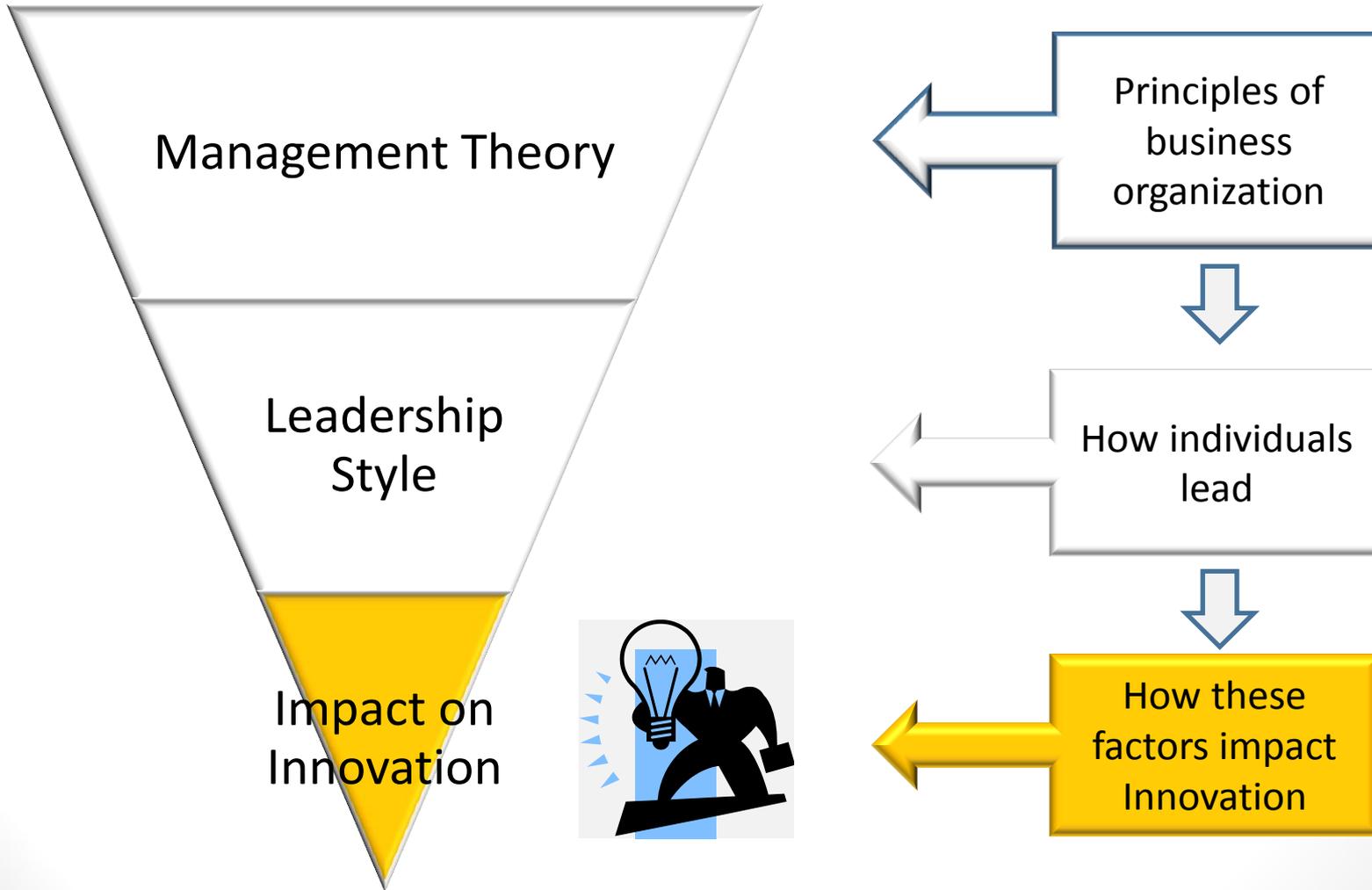- Questionnaire: How strong is your Business Organization?

- Take 15 minutes to fill out and we can discuss

Energize

HOW COMPANIES INNOVATE

Now lets look at Innovation....

Management Theory

Leadership Style

Impact on Innovation

Principles of business organization

How individuals lead

How these factors impact Innovation

Innovation is not just a better Mousetrap!

- Innovation is not just a better product, faster PC, new WIFI
- It includes improvements inside the company as well
  - Better internal or external communications
  - Better Incentive system
  - Happier employees
- Innovation is possible everywhere…
- **Let's begin now!**
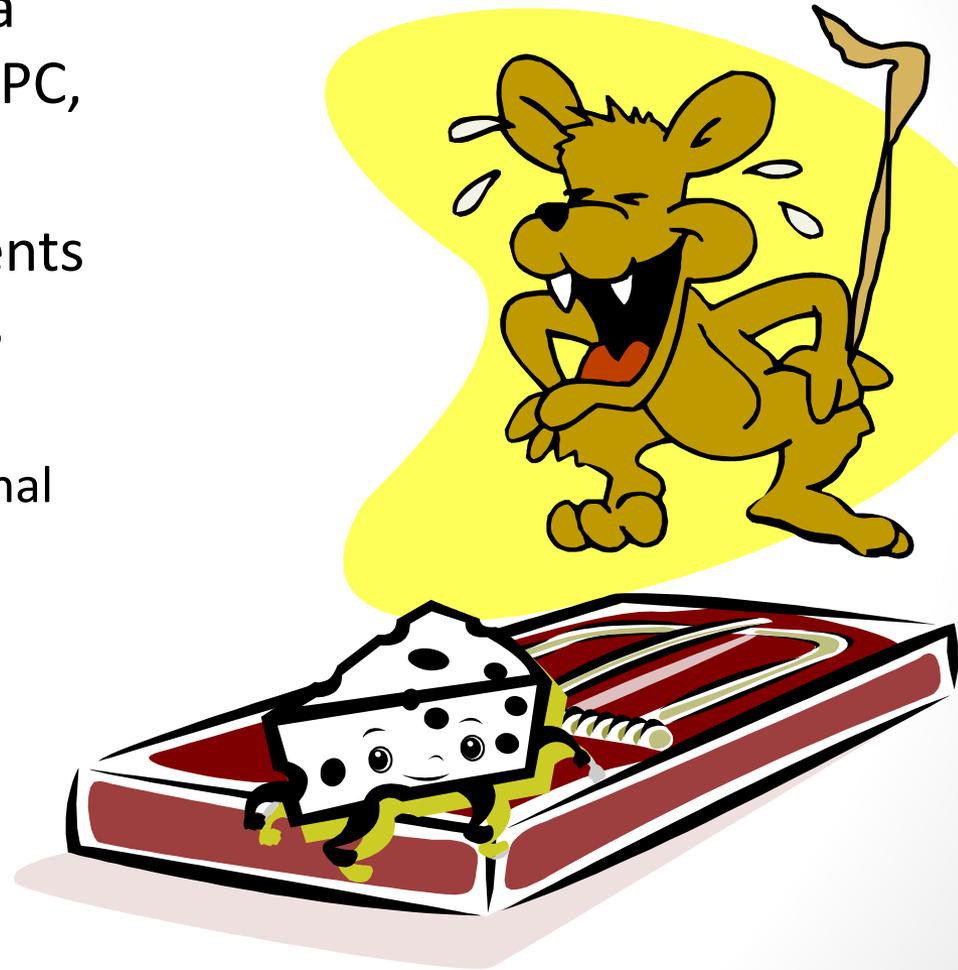
Innovation has long been an important element in Corporate Leadership

- Edison said, "I never quit until I get what I'm after. Negative results are just what I'm after. They are just as valuable to me as positive results."
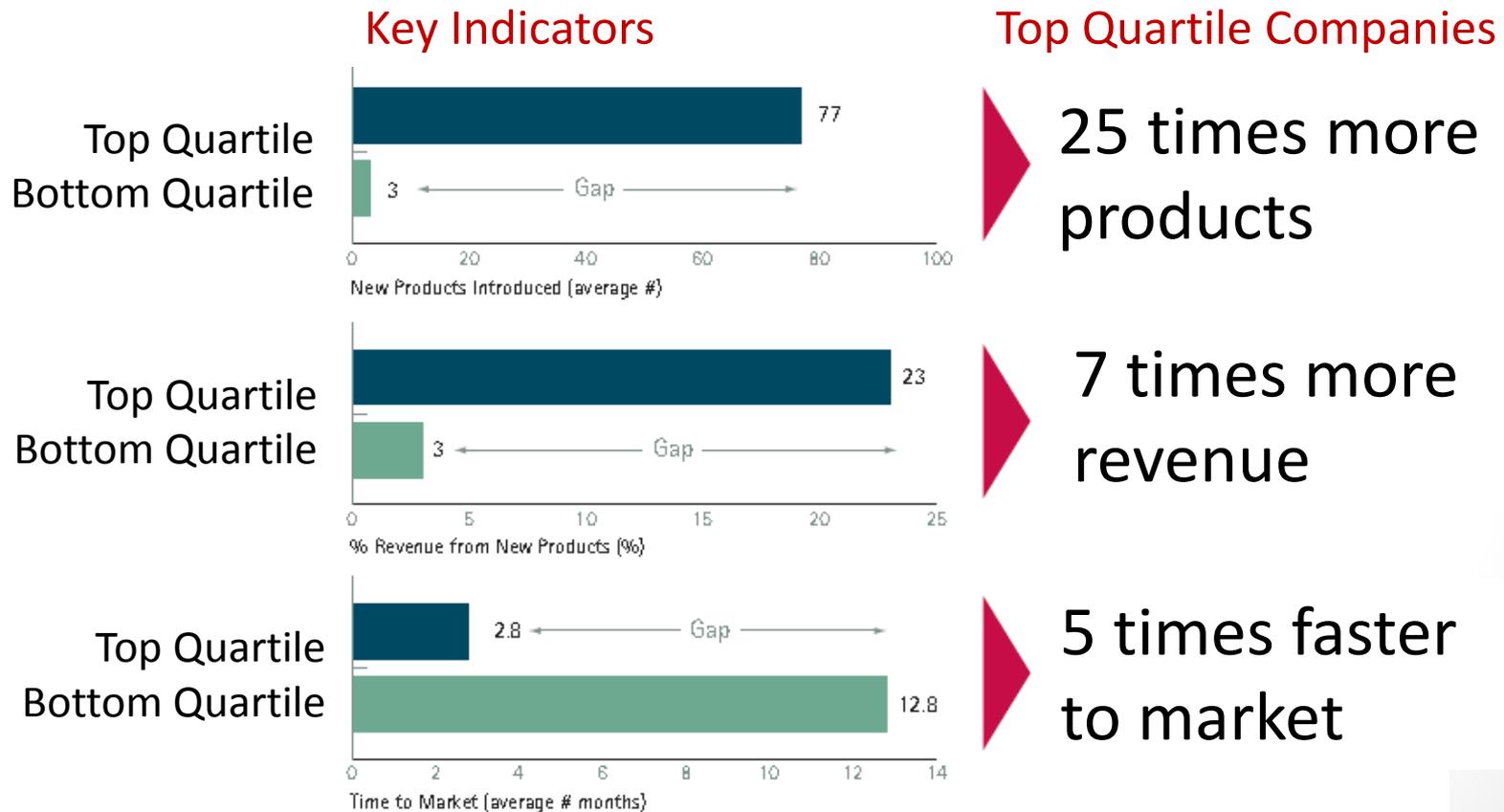- "Genius is 99% perspiration and 1% inspiration"
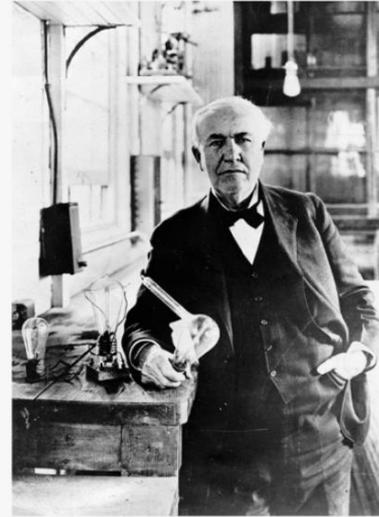
- Harvey Firestone said " Capital isn't so important in business. Experience isn't so important. …. What is important is ideas. If you have ideas, you have the main asset you need, and there isn't any limit to what you can do with your business and your life
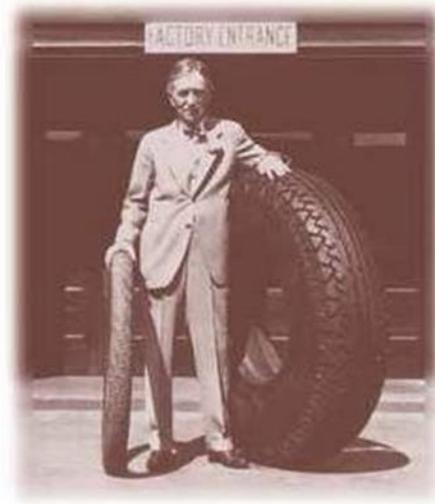
The best companies show there is a RIGHT way to Innovate

Figure 2. AMR Research 2008 Study—Innovation in Consumer Products: Performance distinctions of innovative companies

Key Indicators

Top Quartile Companies

Top Quartile
Bottom Quartile

77
3 ← Gap →

New Products Introduced (average #)

25 times more products

Top Quartile
Bottom Quartile

23
3 ← Gap →

% Revenue from New Products (%)

7 times more revenue

Top Quartile
Bottom Quartile

2.8 ← Gap →
12.8

Time to Market (average # months)

5 times faster to market

www.accenture.com/SiteCollectionDocuments/PDF/ConsumerProductsGroupPoV_103008_fnl.pdf

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Innovative companies are more valuable

Rank	Name	EPS	P/E ratio	P/ Book	P/Sales	Mkt Cap $
5	Apple Inc.	42.54	15.51	8.04	5.74	618.48
N/A	Hewlett-Packard	-2.84	N/A	0.9	0.27	35.21
N/A	Dell Inc.	1.69	6.3	2.1	0.3	18.46
86	Microsoft	2	15.41	3.88	3.49	258.54
7	Google Inc	33.73	20.57	3.92	6.05	226.92

TECHNOLOGY COMPANIES

Zoom: 1d 5d 1m 3m 6m YTD 1y 5y 10y All
Sep 14, 2007 - Sep 11, 2012
● S&P 500 -2.72% ● RBGPY +41.79% ● CL +54.82% ● HENOY +54.36% ● PG +4.32%

Colgate
Henkel
Reckitt
P&G
S&P

CONSUMER PRODUCT COMPANIES

Sources: HOLT, a division of Credit Suisse, in collaboration with Innovator's DNA LLC; Bloomberg; Thomson Reuters Fundamentals and Worldscope via FactSet Research Systems. Cited in Forbes Magazine

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Of multiple approaches, two stand out: Google and P&G

Google

- "The anti-suit"
- One day a week devoted to "individual ideas"
- Work in teams of three engineers, self selected
- Use of state of the art communications software to create a peer to peer network
- Peer to peer network and top staff evaluate progress of product development

P&G

- "Suits personified"
- Structured pipeline for proposal generation and follow up management
- Sets up multidisciplinary units to manage and direct emerging ideas
- Set up *Connect + Develop* program to manage external ideas

Analysis Lambda International

Google's culture can be seen in their offices
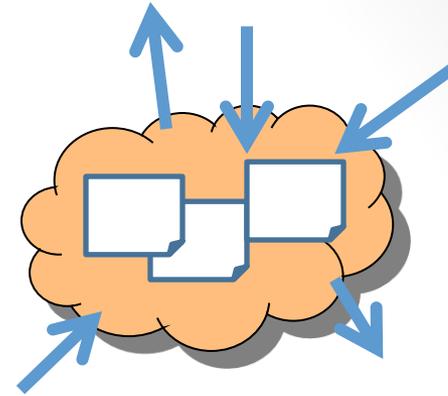
Google's process is bottom-up

A

"Organizational slack" – one day a week for personal projects; forming teams

Team's ideas were critiqued by peers not just managers

"Message Oriented Middleware Application." a Web page and threaded conversation to guide internal projects

A monthly formal revenue and staff review reordering product investment.

Strong incentives and work ambiance enhancements; large, even multimillion dollar, bonuses

Attract top, self driven creative and innovative people

A

Analysis Lambda International

Being open to everyone's ideas, *but using data, seems to be key …. A very Yin-Yang approach*

How Google solves problems

"On a Friday night, an engineer went to the board and wrote down the **details of a convoluted problem** we had with (the) ads system. A group of Googlers lacking exciting plans for the evening began **re-writing the algorithm within hours** and had solved the problem by Tuesday."

Google's employee #16, Susan Wojcicki

Why Google pages have 10 search results on them

- **"Users unanimously said they wanted 30** (results per page). But 10 results did far better in actual user tests, because the page loaded faster. It turns out that providing 30 results was 20 percent slower than providing 10, and **what users really wanted was speed.** *That's the beautiful thing about data – it can either back up your instincts or prove them totally wrong."*

http://www.thinkwithgoogle.com/quarterly/innovation/8-pillars-of-innovation.html

… and build on the "8 pillars of Innovation" – also a Yin-Yang integration of principles

1. **Have a mission that matters**
2. **Think big but start small**
3. **Strive for continual innovation, not instant perfection**
4. **Look for ideas everywhere**
5. **Share everything**
6. **Spark with imagination, fuel with data**
7. **Be a platform – use Open Technology**
8. **Never fear to fail**

Google's employee #16, Susan Wojcicki

http://www.thinkwithgoogle.com/quarterly/innovation/8-pillars-of-innovation.html

P&G is modern, but more conventional

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P&G recognizes four types of innovation – very Yang structured

SPOTLIGHT ON PRODUCT INNOVATION

P&G's Four Types of Innovation

Sustaining
Sustaining innovations bring incremental improvements to existing ... **INCREMENTAL IMPROVEMENT** ... easier, cheaper—that are important to su... current custo... people to try a product.

Fresher breath

Commercial
Commercial innovations use creative mark... tiona... offer... Olym... **MARKETING PACKAGING PROMOTION** celeb... cove... peatedly by hundreds of millions of con... llion in reve...

Shampoo sachets

Transformational-Sustaining
Transformational-sustaining innovations reframe existing categories. They typically bring order-of-magnitude im... **PRODUCT PERFORMANCE INNOVATION** ... to breakthroughs in market share, profit levels, and consumer acceptance. In 2009 P&G introduced ... wrinkle-reducing cream Olay P... Launching a $40-a-bottle product in the depths of a recession might seem a questionable strategy. But P&G

went ahead because it considered the product a transformational-sustaining innovation—clinically proven to be as effective as its much more expensive ... be-... rior to the company's other antiaging offerings. The cream and related ... nerated first-year sales ... n in U.S. food retailers and drugstores alone.

Tide Pods

Disruptive
Disruptive innovations represent new-to-th... es. A co... i-... ness... **INNOVATIVE PRODUCTS** ... as P&G did with Swiffer and Febreze.
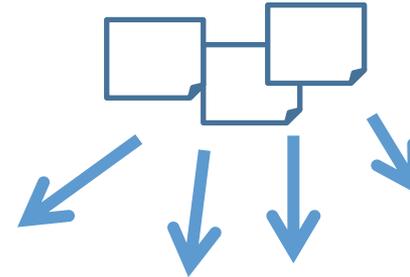
Swiffer

Harvard Business Review, June 2011

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P&G's approach is institutionalized and top down – Systems and MBO based – Yin-Yang

A

Massive Internal Market Research
PLUS
External ideas incorporated through ***Connect & Develop*** Unit

Tradeoff: Centralize R&D or Decentralize it with potential loss of scale and funds

Focused Project Teams within SBU; innovation groups ensure coordination

Detailed Business Development Manuals to guide projects top down

Integrated Strategy and Operational Assessments by top executives

Attract top, self driven creative and innovative people for management and implementation

Analysis Lambda International

Google and P&G respond to different needs

Google

- Vertical communications/ technological market
- Innovation = technological invention = create something new
- Consumer need not previously identified
- Less short term profit focused

'Create as you go'

Technology research

P&G

- Broad, horizontal consumer goods markets
- Innovation = technological invention + leverage across categories = satisfy a consumer need
- Consumer need probably previously identified
- More short term profit focused

'Create to fill needs'

Market research

Analysis Lambda International

Open or *Focused Brainstorming and Innovation Tournaments* generate and filter ideas
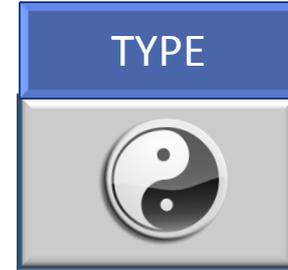
TYPE

Focused Brainstorming

Value added summation
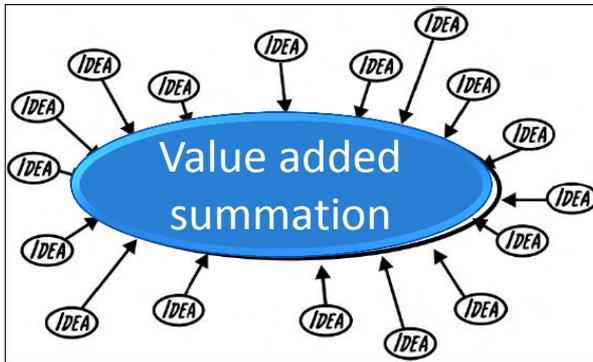
Open Brainstorming
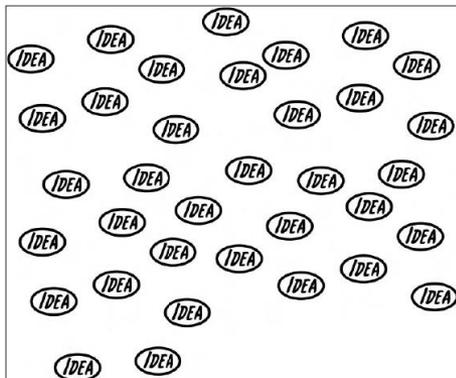
TYPE

Innovation Tournament

Many ideas start
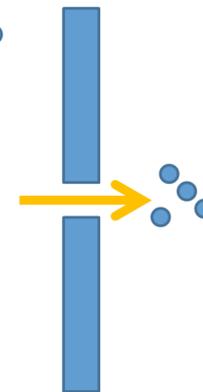
Coalesce into a few good ones
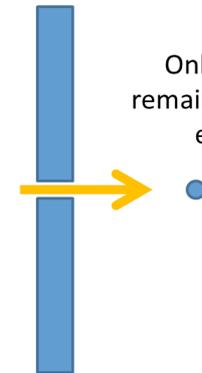
Only one remains at the end
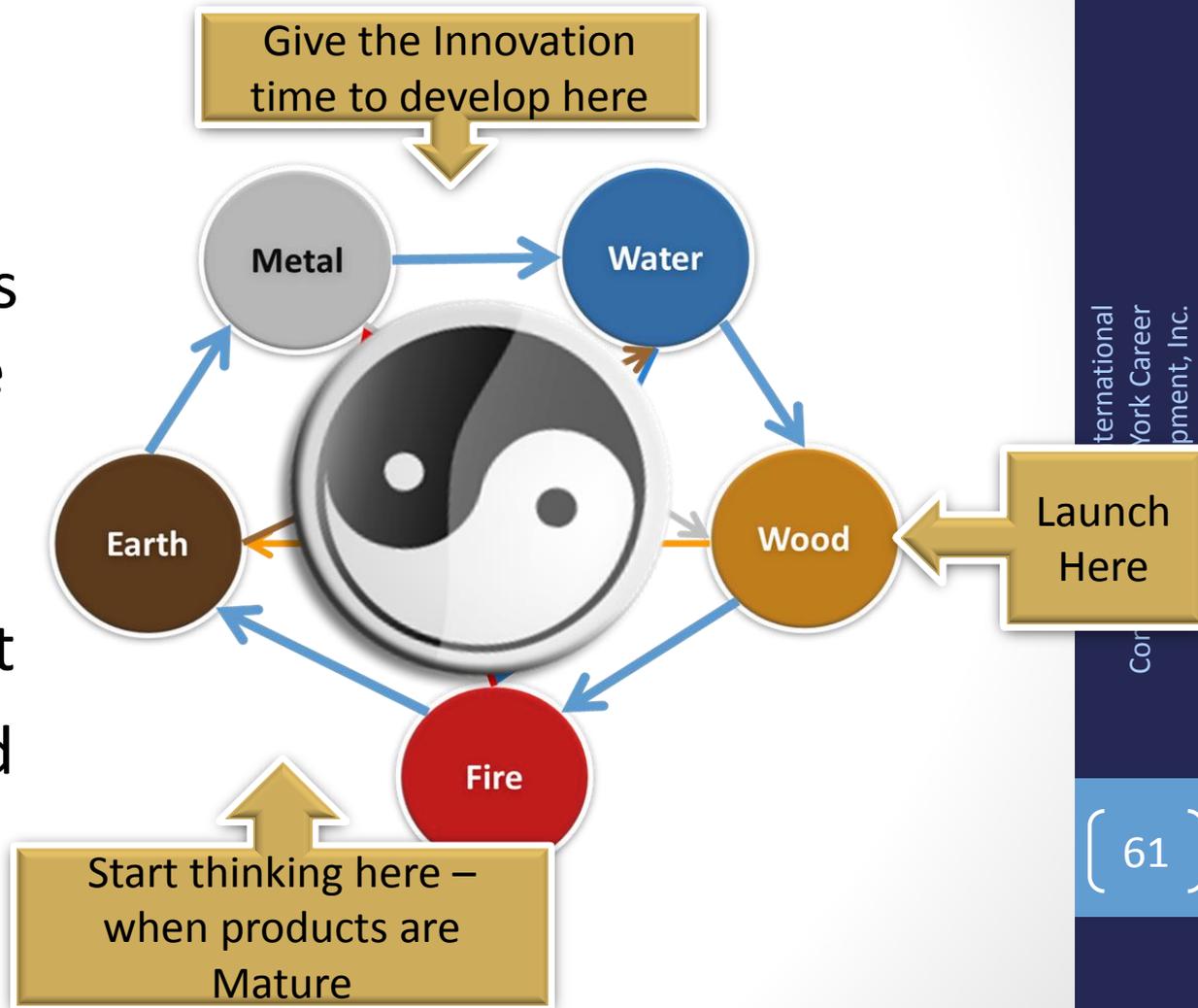
Analysis Lambda International

Google and P&G have similarities, integrating Yin – Yang concepts

TYPE

- Keep teams or groups small until idea gains 'traction'

- Give full Business Unit authority/budget to these teams

- Integrate Innovation with Corporate Strategy; have teams be multidisciplinary

- Have a product portfolio strategy

- Leverage core business capabilities
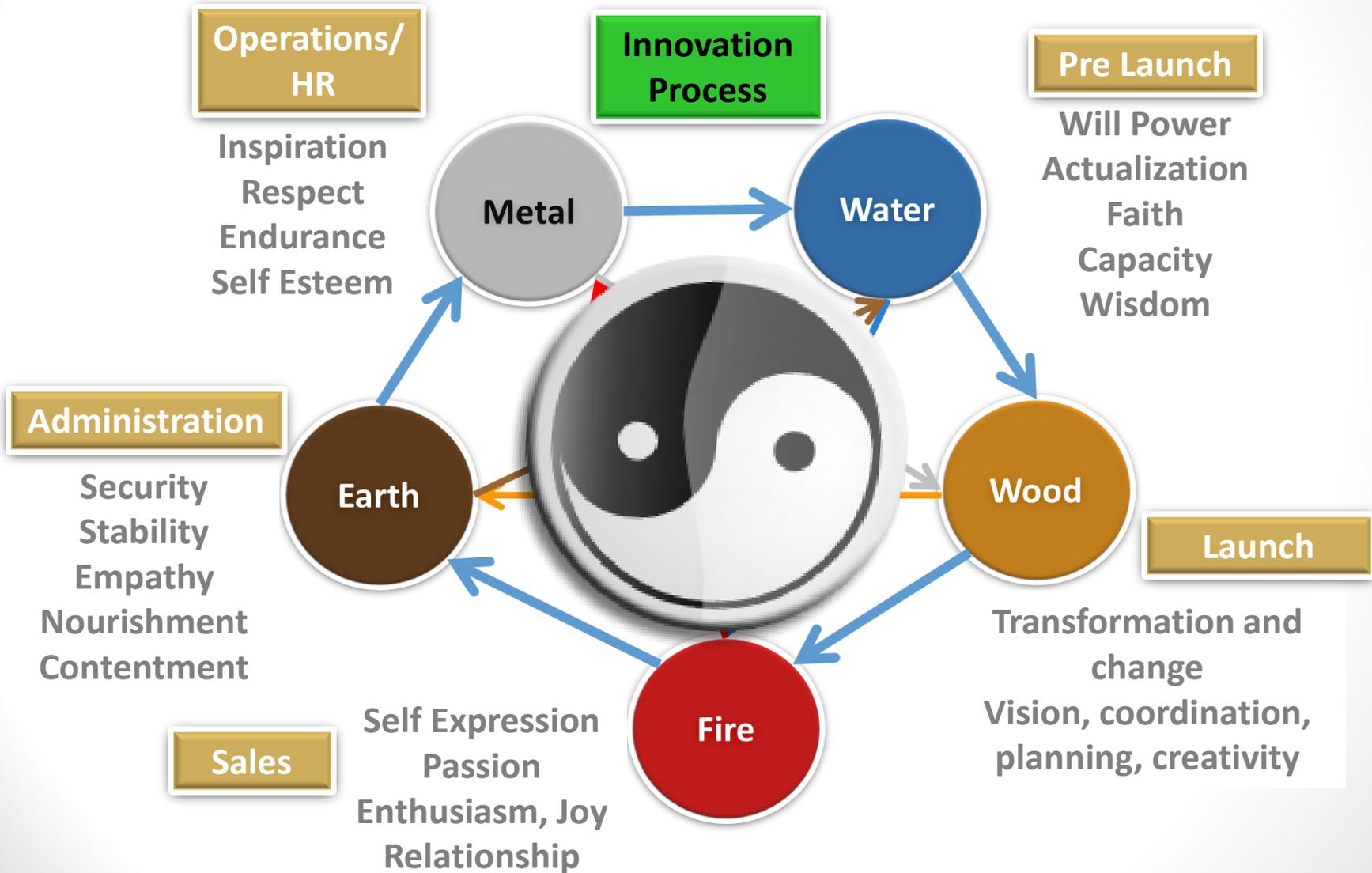
Analysis Lambda International

The awareness of Cycles is key in driving and implementing Innovations

- Start innovating ahead of the curve, before products/services become obsolete

- Yin – contemplation and development

- Yang – action and launch

Give the Innovation time to develop here

Metal → Water

Earth

Wood

Launch Here

Fire

Start thinking here – when products are Mature

These companies recognize the strengths needed in each part of the Innovation process

Operations/HR

Inspiration
Respect
Endurance
Self Esteem

Innovation Process

Metal

Water

Pre Launch

Will Power
Actualization
Faith
Capacity
Wisdom

Administration

Security
Stability
Empathy
Nourishment
Contentment

Earth

Wood

Launch

Transformation and change
Vision, coordination, planning, creativity

Sales

Self Expression
Passion
Enthusiasm, Joy
Relationship

Fire

Where are they going now? Crowdsourcing! The Ultimate Yin-Yang tool worth $1 Trillion

- Crowdsourcing is the ultimate Brainstorming tool – total Yin-Yang
- Open up innovation or design challenges to everyone in the world…well, just about

http://econsultancy.com/us/blog/4355-10-kickass-crowdsourcing-sites-for-your-business

Logo design = 99designs
Brand names = namethis
Business innovation = Chaordix
Brainstorming / feedback = kluster
Advertising = Poptent
Product redesign – redesignme
Product design and manufacturing = Ponoko
Software & usability testing – uTest
Data cleansing & entry / content creation = Amazon's Mechanical Turk
Images = Flickr Creative Commons

The McKinsey Global Institute in its report "The Social Economy: Unlocking Value and Productivity Through Social Technologies" estimates that leveraging social technologies … could improve productivity of high-skilled knowledge workers by 25% and contribute between $900 billion to $1.3 trillion per annum ".

Lessons for Small Businesses

- **One great idea is worth a million average ones**
- **Any firm can apply Principles of Innovation**
- **Create a culture open to innovation**
- ***"If you don't do it and your competitor does, you are in trouble."***
- ***"You are only as good as your last innovation."***

TYPE

Analysis Lambda International
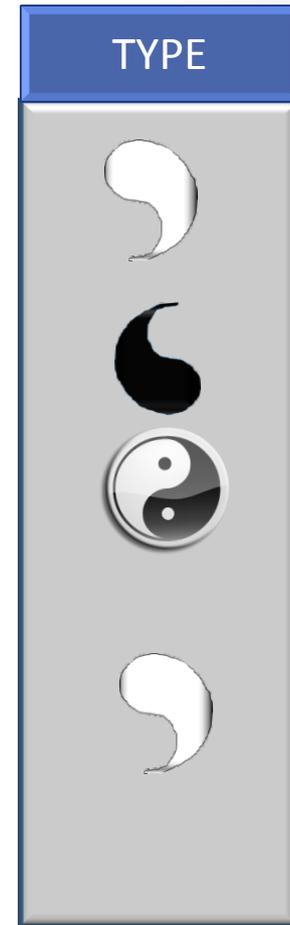
Local Small Business Innovation Examples

- Comments, anyone?

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Exercises

- Questionnaire: How Innovative is your Business Organization?
- Questionnaire: How Innovative is your Competition?
- Questionnaire: How important is Innovation in your Business?

- Take 15 minutes to fill out and we can discuss

Our next section will Empower you to implement Innovation your firm using some of the Yin Yang concepts explained

Empower

SOME IDEAS AND HOW TO APPLY THEM

What have we learned so far?

- Management Theories and Leadership Styles offer seeds for Innovation

- Using principles aligned with Yin-Yang can be to your advantage for achieving Innovation

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Fayol's Process Approach: Innovation via the 'learning organization' and BPR

- Quality Control, Organizational Learning and a more democratic way of designing processes and organization separated Fayol from Taylor

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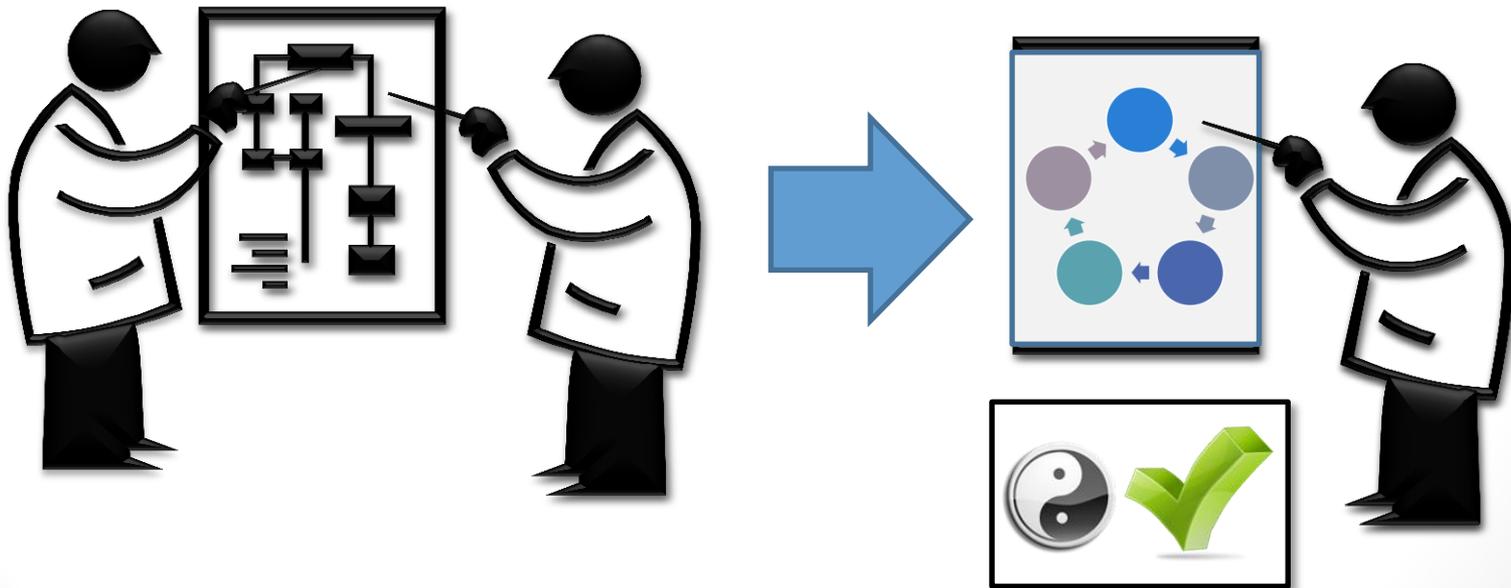
# **Weber's Hierarchy:** Delegation breeds Innovation

Employee selection, supervision, training and compensation

NOW

FUTURE
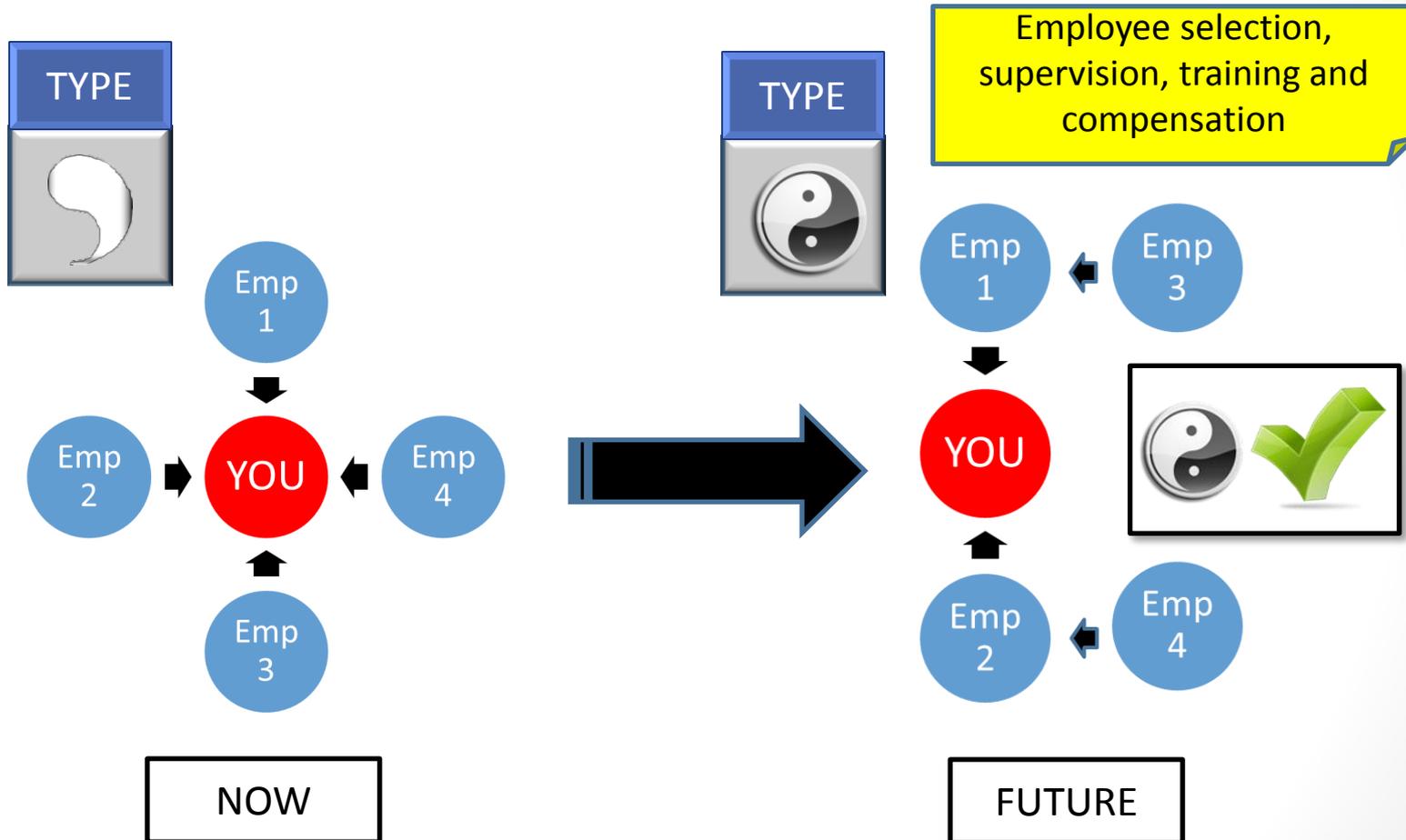
Try to delegate as much as possible so you are not indispensable

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Maslow's Needs Hierarchy: Innovate by attending to the Individual

- Individual within your Organization
    - Employees as internal clients
    - How can you be more effective as an organization by making employees happier as individuals?
    - Examples of Innovation: Flex workschedules, Shared Jobs.
- Individual outside your Organization
    - Have a better understanding of your potential consumer
    - How your service/product benefits the consumer
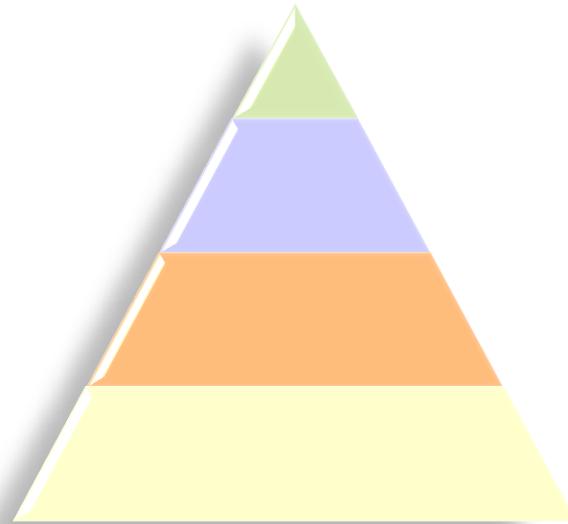
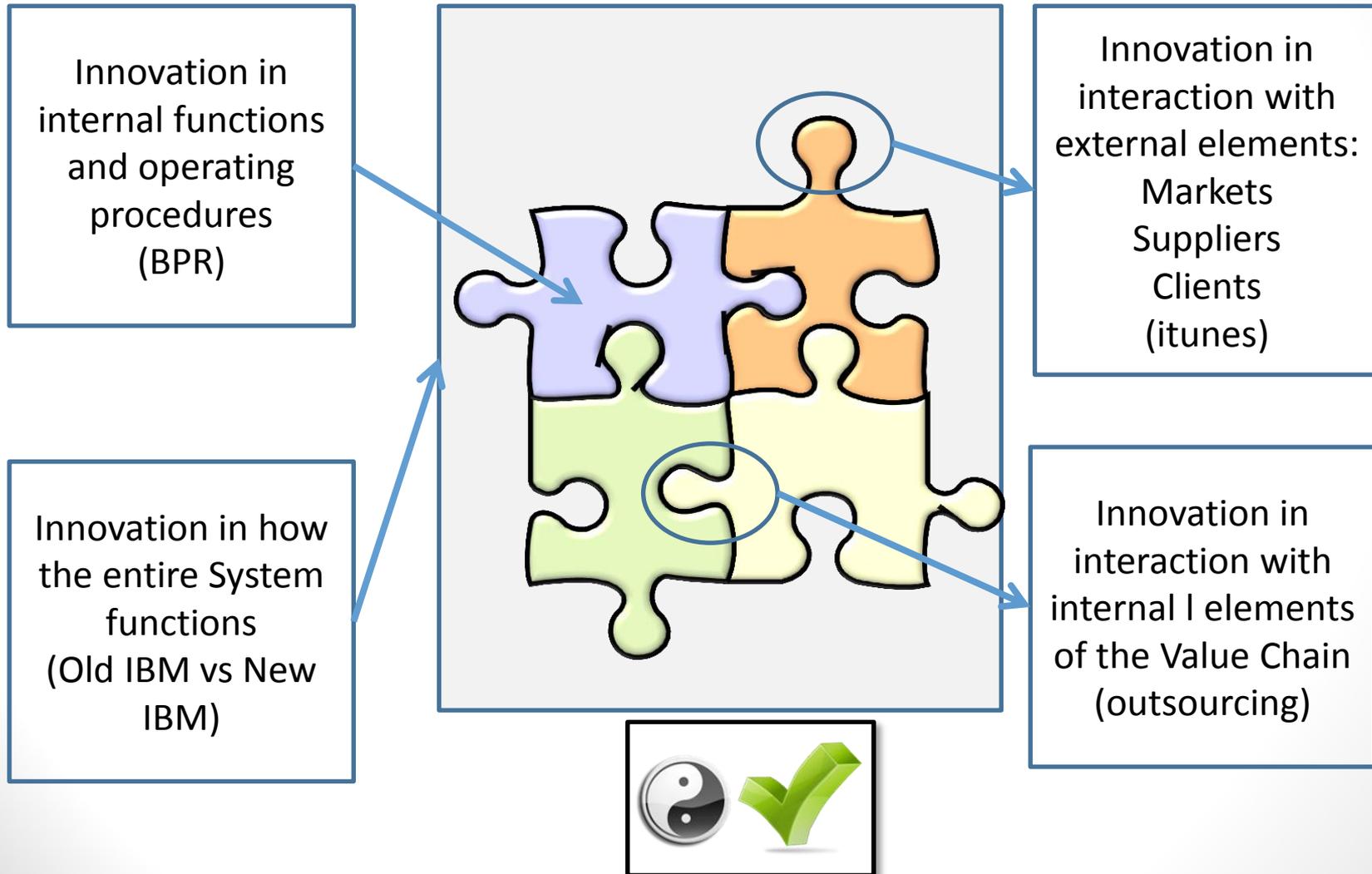# Drucker's MBO: Make Innovation an Objective. Habit creates culture

- Real, radical innovation happens when people are forced to change. *Make Innovation a goal of the Organization*

- Innovation works more effectively when there is a top down, organizational commitment to innovation. *Your Leadership*

- Sustained innovation becomes part of the fabric of the culture. *Habit creates culture*

- Setting clear, distinct goals helps communicate the kinds of innovation necessary. **Sustained, continuous goals create a culture of innovation over time**

http://innovateonpurpose.blogspot.com/2009/12/innovation-and-goal-setting.html

Systems Theory: Innovation can be created at the edges and inside the organization

Innovation throughout the entire EcoSystem

Innovation in internal functions and operating procedures (BPR)

Innovation in how the entire System functions (Old IBM vs New IBM)

Innovation in interaction with external elements:
Markets
Suppliers
Clients
(itunes)

Innovation in interaction with internal l elements of the Value Chain (outsourcing)

What is your Leadership Style? Is it conducive to Innovation?

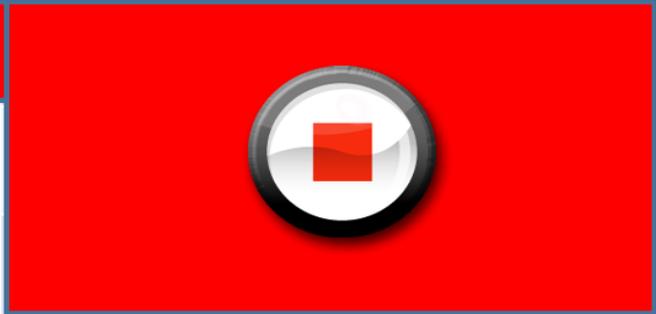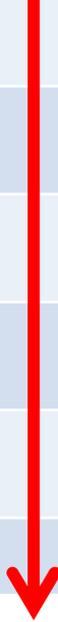| Too much Yin	Too much Yang
• Not clear about your expectations or change opinions too frequently • Afraid to make tough decisions – too much leadership 'by Chaos'? Or thought w/o action? • Keep family members employed in positions for which they are not qualified and/or block promotions for non family members?	• Too tied down to one way of thinking, not flexible in adapting to business conditions • Afraid to delegate, too much autocratic leadership? • So authoritarian that qualified people feel too limited in their jobs and leave? • Action without thought

Which Leadership Styles and Management Theory support Innovation? Raise Hands!

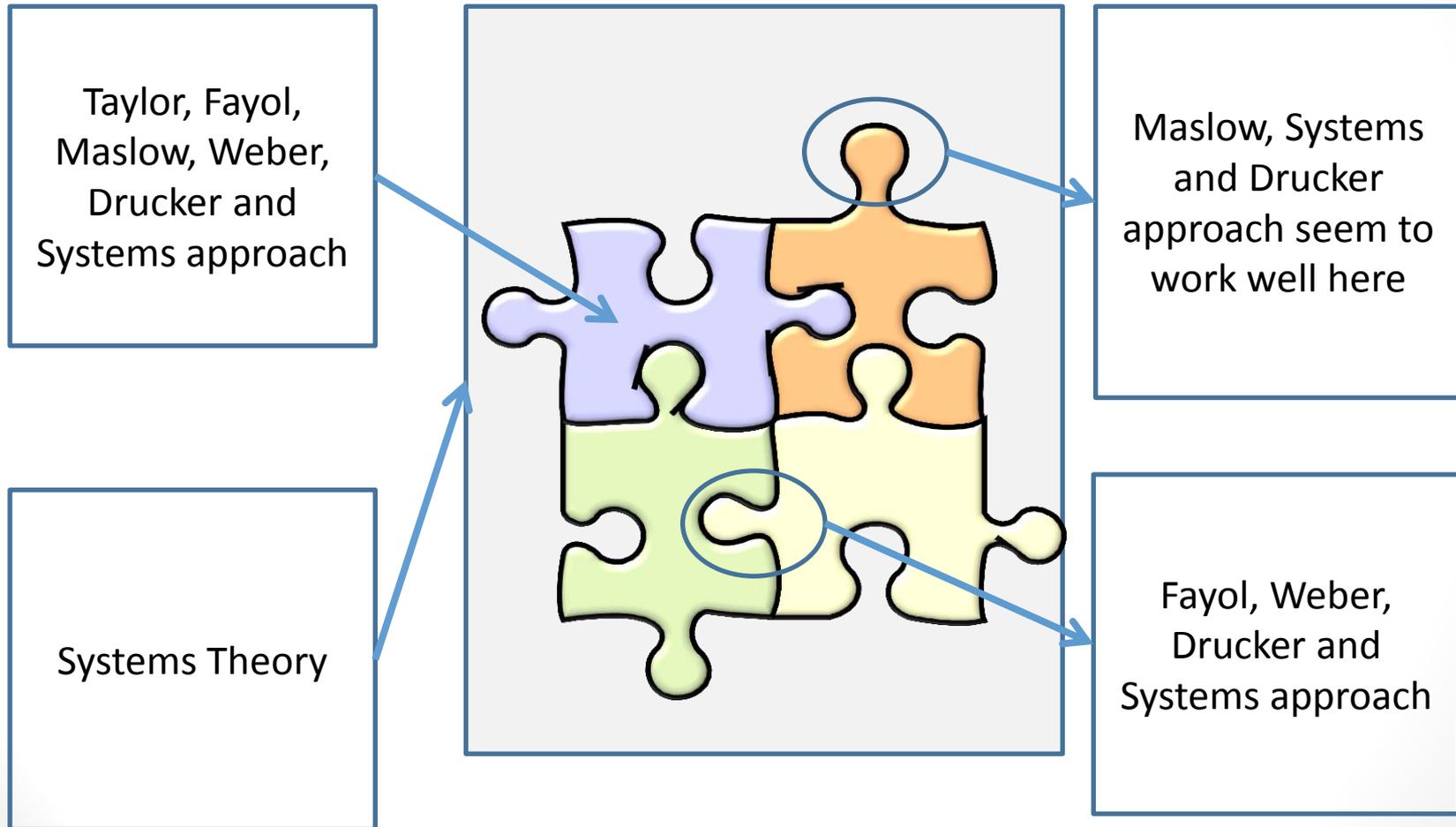| Management Theory	Authoritarian	Democratic	Chaotic	Delegative	Situational
Taylorism					
Favolism					
Weber					
Maslow					
Drucker					
Systems					

Which Leadership Styles and Management Theory support Innovation? Our Vote!

Management Theory	Authoritarian	Democratic	Chaotic	Delegative	Situational
Taylorism					
Favolism					
Weber					
Maslow					
Drucker					
Systems					

Different Management Theories support Innovation at the edges and inside the organization

Taylor, Fayol, Maslow, Weber, Drucker and Systems approach

Systems Theory

Maslow, Systems and Drucker approach seem to work well here

Fayol, Weber, Drucker and Systems approach

Innovation also needs practical – not theoretical - support

Element	Impact from Management Theory	Impact from Leadership Style
Challenge & Freedom	Does overall organization permit challenges and offer the freedom to groups?	Does your style encourage challenging status quo?
Resources	Are the resources available to Innovation groups	
Good Work Group	Do Innovation Work Groups have the right people from the organization?	Are you as a Leader involved with them?
Supervision - Direction	Are they being correctly supervised and directed?	
Organizational support	Do Innovation Work Groups have the right organizational support?	Are you as a Leader identified and aligned with them?

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http://www.skillscommission.org/wp content/uploads/2010/05/SourcesInnovationCreativity.pdf

Principles aligned with Yin-Yang can be to your advantage for Innovation

- Small multidisciplinary development groups with authority

- Integrate Innovation with Corporate Strategy using your capabilities

- Product portfolio strategy

- Searching for innovation across the entire value chain

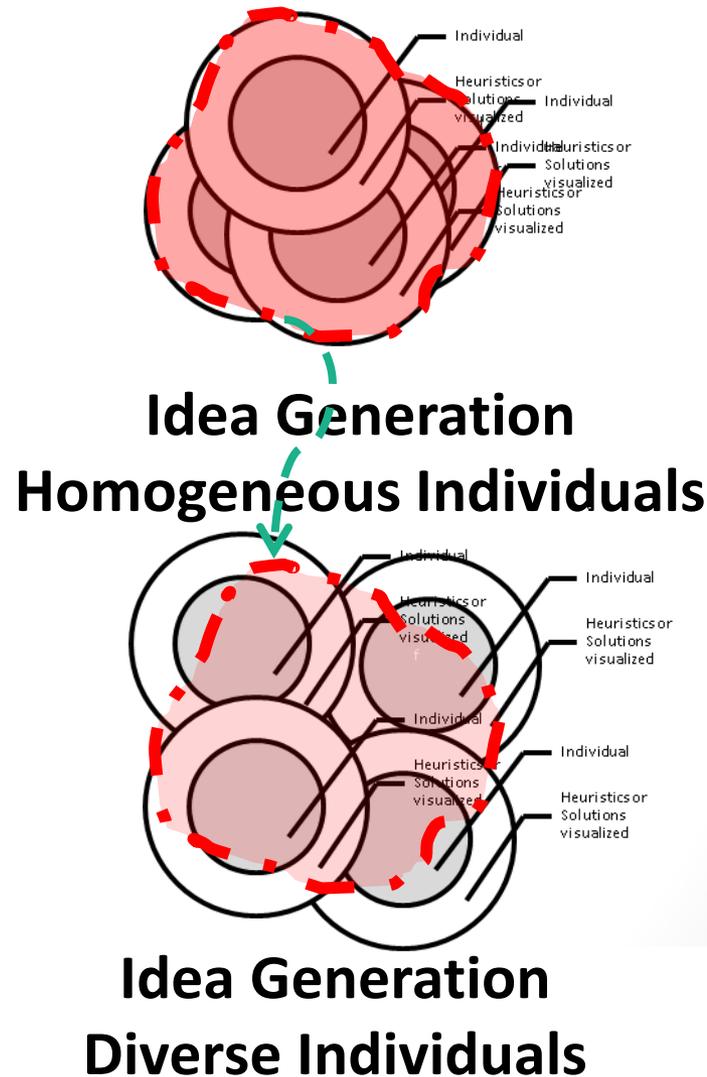# Encourage Small Multidisciplinary Development Groups

- Try to have all basic disciplines represented:
  - Finance/ Administration
  - Sales/Marketing
  - Operations
  - R&D
- Leader is selected depending on the challenge

- If your firm does not have all these skills in-house, consider joining a Business P2P group or calling in your outside allies and vendors
  - Accountant
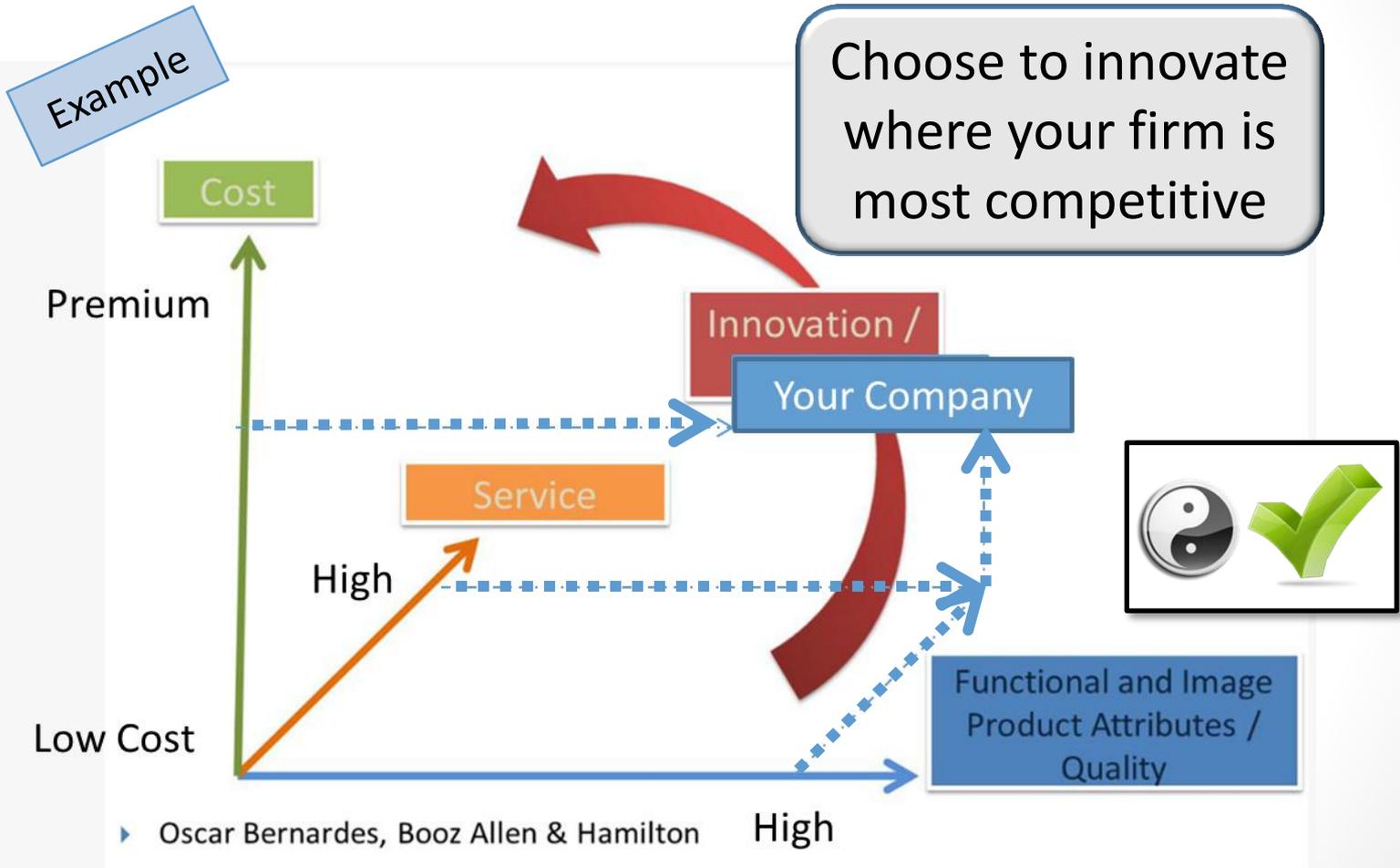 - Advertising firm
  - Distributor

Encourage diversity in your staff - Diversity trumps ability

- "… diverse teams outperform teams composed of the very best individuals.."

- Scott E. Page is Professor of Complex Systems, Political Science, and Economics at the University of Michigan and external faculty at the Santa Fe Institute. He is author of The Difference: How the Power of Diversity Creates Better Groups, Teams, Schools, and Societies.

Idea Generation Homogeneous Individuals

Idea Generation Diverse Individuals

Integrate Innovation with Corporate Strategy and your key strengths

Example

Cost

Premium

Innovation /

Your Company

Service

High

Low Cost

Functional and Image Product Attributes / Quality

▸ Oscar Bernardes, Booz Allen & Hamilton   High

Choose to innovate where your firm is most competitive

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Using Innovation to develop a balanced product portfolio is good Yin-Yang

High Price

Low Volume

Ideal

High Price
High Volume

Innovate to fill in gaps in product portfolio

Occasional Low Price Low Volume

Low Price High Volume

Teaming Finance, Marketing and Sales can jumpstart Innovation

Evaluation of business, administration and control of funds

How to market more effectively and efficiently

How to sell more effectively and efficiently

Long term Market opportunities and communications

New products and services

Short term sales efforts and targets

CFO

Marketing

Sales

A
B
C
D
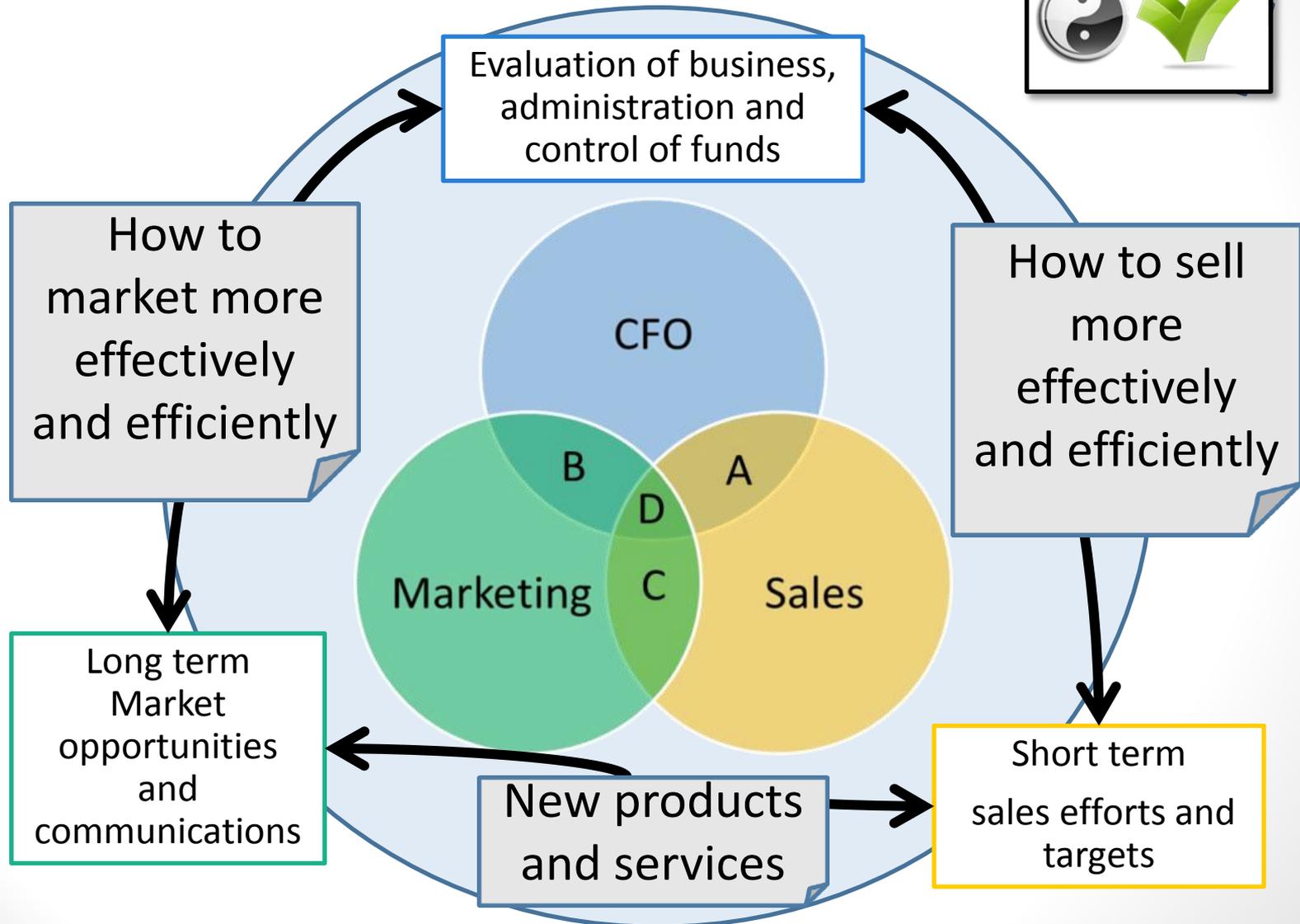
Exercises for Small Businesses

- Try to obtain benchmarks of competitor's performance… any area or product/service you where you are not within 5% of the best in class should be evaluated for improvements - UH SBDC is a good source for information

- Participate in Peer to Peer groups and learn from best practices in other industries and among your peers
  - Your Chambers and affinity groups

- Do a vertical time-line analysis of your own business and products:
  - Where have costs gone down? Profitability up?

- The creation of "Connect and Develop" structures to access outside resources may be critical. Small firms may not have enough resources internally to develop Innovation Programs

- Hold "Innovation Tournaments" and investigate "Crowdsourcing" – *No one will be sent to the dungeon… or thrown to the dragons.*

Conclusion:

- One of the key roles of a Leader in Business – or any other enterprise that wishes to be successful - is to recognize and marshal ideas from within and outside the organization.

- Those who can convert Organization into Innovation and drive improved Competitiveness are the true Leaders of our Businesses and our Society.

- Looking at your business through the concept of Yin-Yang can help you evaluate and integrate the different parts of it

- Yin-Yang makes you
    - sensitive to the impact of your decisions,
    - aware of the business cycle,
    - alert to more factors of the equation and
    - opens up more and better holistic solutions and opportunities

PS. Some resources you may find useful

- Ted.com an innovation and change based website
  - http://www.ted.com/
- Maria Bartiromo has an innovation show on CNBC
  - http://www.cnbc.com/id/17169877?__source=vty%7Cinnovation%7C&par=vty
- A US Government site on innovation and small business
  - http://www.sbir.gov/
- European Business and Innovation Network
  - http://www.ebn.be/
- Innovation tournaments
  - www.innovationtournaments.com
- Crowdsourcing
  - http://www.cambrianhouse.com/
  - http://weblogbetter.com/2012/06/20/awesome-crowdsourcing-websites-around-the-web/

Thank you very much

Questions?

Comments...

We are at your service...

Lin Giralt

Madeleine York