

# THINKING

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BY ROSS FOTI // PHOTOGRAPHY BY PETER BLAKELY

Business leaders expect bottom-line results, but when they give team members the **freedom to innovate**, they gain competitive advantage that transcends a single project.

### Ideas are free, yet that price is too high.

In a Eurostat survey of 60,000 enterprises across the European Union member states and Norway and Iceland, nearly 25 percent of those pursuing innovative services, products and processes reported that innovation costs are too high, which limits progress. However, more than 40 percent of those same enterprises indicated that innovation greatly improves quality, and almost 30 percent pointed to increases in production capacity and enhancements in the range of products produced—making the high price of innovation well worth the cost.

Constantly pressured to produce projects faster, better and cheaper, global business leaders must capitalize on their thought-power. *PM Network* recently queried a roundtable of experts about the value of innovation and project management.

Hironori Hayashi, PMP,  
The Japan Research  
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Tokyo, Japan

## PANELISTS

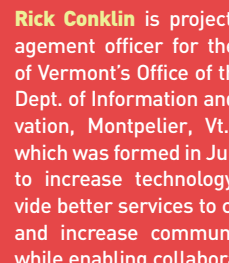


**Hironori Hayashi, PMP**, is a consultant with the Research & Consulting Division of The Japan Research Institute Ltd., Tokyo, Japan, and is a member of the International Relations Committee, Japan Project Management Forum.

**Alain Paul Martin** is the architect of Harvard University Global System, founder of Harvard Planner Group, and president and chief executive officer of The Professional Development Institute, Ottawa, Ontario, Canada.



**Rita N. Scott** is former program manager for the Hudson Institute of Entrepreneurship and Executive Education at Nova Southeastern University's H. Wayne Huizenga School of Business and Entrepreneurship, Fort Lauderdale, Fla., USA. She currently is communications and scholarship manager for the Common Knowledge Scholarship Foundation at NSU's Fischler Graduate School of Education and Human Services, North Miami Beach, Fla., USA.



**Rick Conklin** is project management officer for the state of Vermont's Office of the CIO, Dept. of Information and Innovation, Montpelier, Vt., USA, which was formed in July 2003 to increase technology, provide better services to citizens and increase communication while enabling collaboration.



**Jim Highsmith** is director of the Agile Project Management Practice at the Cutter Consortium, Boston, Mass., USA, and author of *Agile Project Management: Creating Innovative Products* [Addison-Wesley, 2004].



### Why do companies seek renown as innovators?

**RITA N. SCOTT:** Today, companies strive for an innovative perception because it sets them apart from the norm. They look for ways to differentiate themselves. Sometimes it comes down to the basics: customer service. Business can't always be about the bottom line; it has to be about being different and making sure that "difference" is all about the customer.

**RICK CONKLIN:** Vermont is a small state, and its resources are even smaller. Things are done on a strict budget, so innovation is key to delivering the same benefits as larger states.

The emphasis is on cost-effectiveness in state government. You look not only for the best technical solution, but also for the most cost-effective. Innovation means that service increases while cost decreases. [Return on investment] will be better for innovators.

**Good project management will allow you the flexibility for innovation rather than fixing the problems of mismanagement.**

—RICK CONKLIN

### Why might teams be reluctant to find novel strategies for delivering projects?

**CONKLIN:** A lot of times you'll find folks who have been in the same place for a long time. In state government that's the case. We have a lot of senior managers who have been here a long time. Sometimes change is tough. There's room for innovation in a lot of areas, but with state government, you have to operate differently than in a startup.

From an operations manager's perspective, no news is good news; it is a welcome sign that everything is running smoothly. When things don't go as scheduled, the operations staff often make and implement innovative fixes to current problems. These actions often make operations' jobs easier and more efficient which benefits both the staff and the customer.

**JIM HIGHSMITH:** Management must encourage collaboration, rather than a command-and-control style. In a collaborative environment, the leader establishes a vision of where the team is going and then establishes appropriate boundaries, like scope and cost. But they're boundaries with trade-offs rather than something prescribed. A leader must connect people, and that interaction creates new ideas and innovation. It's macromanagement rather than micromanagement.

### Does the team-based work environment enable taking calculated risks or improving processes?

**SCOTT:** A creative and innovative team can only be realized if the leader is familiar with compatible and complementary working styles. If a leader has no expertise in this area, it could take years before an ideal team comes together. Without the right team, novel strategies will never be realized.

If the team is led by an idea leader, risk-taking and process improvement will be staple concepts in a team-based work environment. On the other hand, micromanagement will stifle and discourage innovative thinking and planning.

**HIGHSMITH:** The team must be empowered to make decisions as a self-organizing—not a self-directing—group with a leader. That allows them a lot of freedom to do things and experiment. But the team must be disciplined to work within the framework that has been established and must be accountable for results.

### Often, project team members are involved simultaneously in multiple projects. Is this an opportunity for synergy?

**HIRONORI HAYASHI:** In the consulting business, it is common that a consultant participates in multiple projects at the same time, but complications arise. The pros are that the company can better use its resources and that the employees can gain diverse experience fast.

A company should assign its employees to projects in which they can be interested while controlling their [workload]. It will help the employees build their expertise and raise clients' satisfaction.

**HIGHSMITH:** A portfolio with too many projects and too few resources will slow all projects down. It's the equivalent of building a work-in-progress inventory without anything coming out the other end.

There are opportunities for synergy. You can be a subject matter expert on one project while working on another, but it's not beneficial to do the bulk of the work on multiple projects. It becomes very hard to be innovative when you can only spend 30 minutes a day on each major task.

### How can project management enable innovation?

**CONKLIN:** If you're working consistently, you're not in fire-fighting mode and you have more time for innovation. Good project management will allow you the flexibility for innovation rather than fixing the problems of mismanagement.

**ALAIN PAUL MARTIN:** Project management is a force for good innovation. Because project management organizations—matrix, task force and hybrid structures—transcend functional boundaries, they have a greater synergistic potential in innovation. However, our experience indicates that all structures, including the project-team structure, have a minor impact on innovation quality unless some critical success factors

(CSF) exist. Essentially, these factors are talent quality, skill diversity, inspiring leadership or role models, well-balanced incentives or rewards, and cutting-edge brainstorming practices. Furthermore, without unity of purpose and the commitment by everyone in a team to let no fellow member fail, innovation suffers.

You can't have innovation without brainstorming. If you combine these CSFs and have someone to orchestrate brainstorming, integrating representatives from the client into the team, then you have dynamite in terms of potential for bringing ideas into the fruition. It's not only important to come up with an idea, it's important to validate it. In a great project, you should have the opportunity to continually self-critique new ideas.

### Each project is unique, so when should you push the envelope for innovation and when should you rely on proven best practices?

**SCOTT:** Innovation should be attempted on every project so that, in the end, [the projects] are truly unique. Best practices are essential foundational tools, but one should always strive to put a different spin on every project.

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NSU's Executive Education program

offers a 12-week management development program (Fast-Track Management Development Program). Originally, it was developed and offered to mid-level managers within the corporate sector. Subsequently, the program was redesigned to meet the needs of physicians and health officials, attorneys and legal professionals, and the manufacturing

## PRINT PROWESS

**Project:** In 2001, the state of Vermont made a decision to convert from impact printers to laser printers in its mainframe computer center.

**Scope:** Upgrading nine major systems

**Cost:** \$400,000

**Innovation:** The state bought Xerox laser printers to connect with its existing IBM system, so it had to develop a flexible set of codes for programmers to remotely control the printing using their mainframe job control language.

**Result:** With little to no change on the mainframe, the programmers could print thousands of mainframe reports.

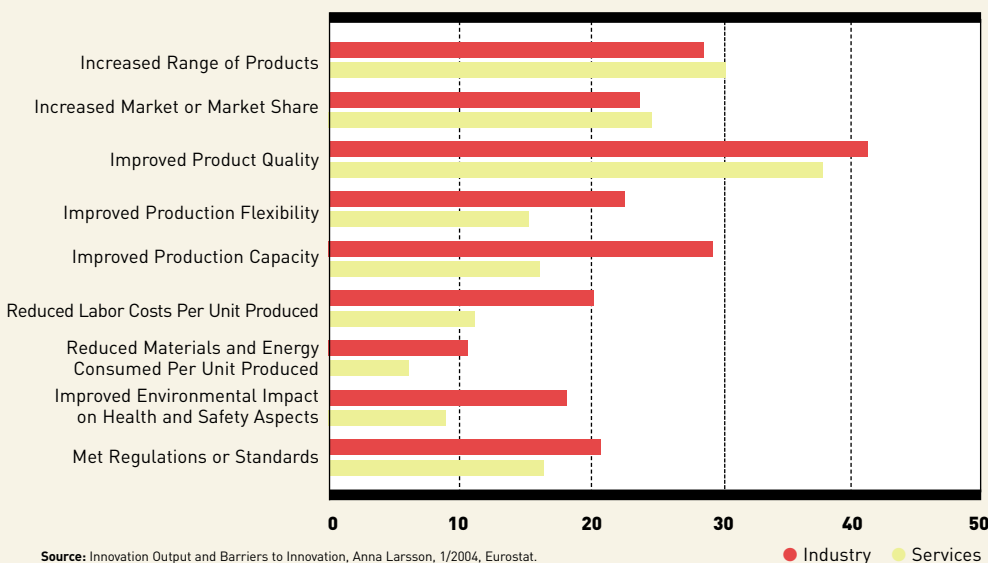
**ROI:** The effort saved money and opened a channel for new forms. The shop can print high-volume forms from mainframe and non-mainframe sources at a higher quality output. In the first year, staff printed more than five million pages.



## EFFECTS OF INNOVATION IN THE EUROPEAN UNION

Enterprises With Innovation Activity (absolute figures)		Proportion of Enterprises With Innovation Activity Indicating Specified Effect (%)			
		All	Small	Medium	Large
<b>Product-Oriented Effects</b>					
Increased Range of Products	37,280	29	24	34	56
Increased Market or Market Share	30,870	24	20	28	45
Improved Product Quality	53,620	41	41	39	56
<b>Process-Oriented Effects</b>					
Improved Production Flexibility	29,445	23	21	23	33
Improved Production Capacity	38,242	29	30	27	36
Reduced Labor Costs Per Unit Produced	26,402	20	20	19	28
Reduced Materials and Energy Consumed Per Unit Produced	13,897	11	9	12	21
<b>Other Effects</b>					
Improved Environmental Impact on Health and Safety Aspects	23,690	18	18	17	28
Met Regulations or Standards	27,155	21	21	18	27

## PROPORTION OF EU ENTERPRISES INDICATING THAT INNOVATION:



industry. The original program paved the way for each program to be unique because it was redesigned to be audience-specific.

**The worst thing to do is let today's production priorities drive tomorrow's innovations.**

—ALAIN PAUL MARTIN

never deliver. Best practices should be subject to review. Any idea should be given a chance.

We should be prepared to pilot ideas that intellectually have a potential. The problem is, if you apply all ideas, you're

**MARTIN:** If everyone literally followed best practices, we'd suboptimize on innovation. If everyone challenged them forever, we'd

**HAYASHI:** To create an innovative environment, a project manager should play the role of facilitator, giving overall direction but ensuring discretion to team members. With the team members, the leader should create the *raison d'être* of the project and objectives to achieve. The leader should hold regular meetings to check status, share ideas and solve problems in team sessions.

**MARTIN:** You have to protect project champions; particularly those team members who are competent but cannot muster enough power to orchestrate the change. These team players may occasionally champion crazy ideas, and, in a democratic spirit, you have to be prepared to subject all

always operating on the fringe and never within the core of the business mission. You must have a clear vision or a big-picture view. If, after due diligence, a significant value still remains elusive, you have to prune the idea. Although this is a balancing act, a process to establish the corridor for navigation for potential innovations is important. A parallel structure, independent from bread-and-butter production, is necessary for powerful disruptive innovations to flourish. The worst thing to do is let today's production priorities drive tomorrow's innovations.

**CONKLIN:** You have to walk before you can run. If you don't have your proven best practices down, how are you going to move forward with innovation? Build your base and then innovate.

The other question you need to ask is, are you leading-edge or bleeding-edge? Some people are willing to go to bleeding-edge and some aren't. Leading-edge can still work, where bleeding-edge may lead to failure. However, sometimes bleeding-edge is technologically the only option.

**How should leaders create a work environment that is focused but flexible?**

ideas to a genuine debate. Today's ideas incubate tomorrow's pilots, which in turn are the funnel for next year's projects that ultimately bring the bread-and-butter products and profit at the end of the value chain.

**HIGHSMITH:** The project management processes and style must change with the effort. With innovative products, you need an envision-explore style. With a production-oriented

effort, you need a plan-do attitude. The idea of repeatability is a huge stumbling block that came from a manufacturing environment where there are no changing inputs and where management doesn't want variation. I use the term reliability. I want people, processes and practices that are reliable.

In an agile project, the team does its own scheduling. The team signs up to do the activities themselves. These

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**When people experiment, some may be unsuccessful, but they all provide information you can use in furthering the project and the organization.**  
—JIM HIGHSMITH

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### **How do leaders motivate team members to embrace the “work smart, not hard” mantra?**

**HAYASHI:** It is natural that a team follows the strategies that worked well before when they fear taking risks. Even if they fail, at least they can say, “We used the strategy that worked before.” Therefore, a company needs to give incentives to challenge [its processes].

In Japan, people traditionally think of hard work or diligence as one of the most admirable qualities. However, working harder in the wrong way will lead a company nowhere. Therefore, a leader should put innovation into the organizational objectives to encourage employees to try a new way of thinking and working.

At the organizational level, the company can establish incentive rules such as sharing profits from a project or promising promotions. Also, the company should assure [the team] that one failure will not end careers.

## **NOT JUST ANOTHER MEETING**

To achieve collaborative, innovative and progressive team meetings, AchieveGlobal Inc. advocates:

- 1.** Focus on the situation, issue or behavior, not on the person.
- 2.** Maintain the self-confidence and self-esteem of others.
- 3.** Maintain constructive relationships.
- 4.** Take initiative to make things better.
- 5.** Lead by example.

Source: AchieveGlobal, Tampa, Fla., USA.

**HIGHSMITH:** You can't be innovative unless you have some time to think.

Even the most effective experiment has a 50-50 chance of failure because it cuts the problem space in half. When people experiment, some may be unsuccessful, but they all provide information you can use in furthering the project and the organization.

### **When a creative solution doesn't meet expectations,**

#### **how do leaders avoid “blaming” the individual or team?**

**HAYASHI:** Failure itself is not bad, since risk inevitably accompanies innovation. Failure

to take risk is worse in a competitive environment.

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**If a company succeeds in all innovative projects, it probably takes too few risks. —HIRONORI HAYASHI**

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If a company succeeds in all innovative projects, it probably takes too few risks.

Analyzing the causes of failure accumulates company know-how. A project is a learning opportunity. It is important to emphasize that the objective of the analysis is not to find a scapegoat but to find a better approach for future opportunities.

**SCOTT:** Failure should not be publicized as something bad, but rather as an attempt that did not work out. It should not be perceived negatively if the original goal was to innovate. Reflection and recourse should be at the forefront of innovative strategies. Innovative leaders and doers do not focus on the fact that they dropped the ball, but rather on how they will recoup the fumble.

#### **What is the best strategy for documenting success?**

**HIGHSMITH:** You want to approach retrospectives as learning rather than blaming. The project stories we tell are just as good—that's a great knowledge management and transfer technique.

**SCOTT:** Internal PR—an in-house newsletter, recognition awards/celebrations and handwritten notes from “top” administration—is crucial to rewarding success and motivating others to expand their creative reflexes. These acts of recognition are effective because they create and support employee value and appreciation. A pat on the back feels just as good as a bonus on the paycheck. **PM**