

Engaging Employees through Innovation

By Catalyst Consulting

Innovator – a person who starts something for the first time; or introduces something new.

Creativity – the use of the imagination or original ideas

Innovation – creativity implemented

Innovation in business is both a hot topic as well as a paradox. Business leaders understand the need to be innovative, they refer to creativity and innovation continuously – but don't always know how to make it happen! Some businesses claim to be innovative and some really come up with innovative approaches - FNB and Nando's being local examples in South Africa and globally Apple is recognised as the outstanding leader in innovation, especially under the recent leadership of the legendary Steve Jobs. It has to be conceded, however, that driving innovation in organisations seems to be one of those elusive aspects of doing business and appears to be more about hype and aspirations than practical applications and results.

In 2000 Gary Hamel in "Leading the Revolution" wrote:

"Innovation is the only way to escape the ruthless hyper competition that has been hammering down margins in industry after industry... Dream, create, explore, invent, pioneer, imagine; do these words describe what you do? If not, you are already irrelevant"

A bold statement and a true challenge for organisations; however what this approach leads to is the continuous quest for new innovative products and new markets with teams being dedicated to find these new opportunities, what Hamel calls Business Concept Innovation.

However, there is another aspect to innovation that in my experience is often overlooked, and that is the huge innovative potential of all employees.

In these turbulent times in which we operate, many organisations are continuously striving to cut costs and reduce operating expenses (often at the cost of jobs) and yet the opportunity to engage with employees around making the business more effective and efficient is often overlooked.

Imagine as a leader how much easier life would be if instead of relying only on your own mind and those of your leadership team to find new ideas in the business, you could rely on the cumulative brain power of everyone in the business?

Given half a chance employees are more than willing to put forward their ideas, often these are people that have been doing the same jobs, day-in and day-out for years and know what needs to be done, and often they have had a better idea of how to do things but have never been given the opportunity to put forward their ideas.

Some managers resort to the old faithful approach of the suggestion scheme, I have lost count of how many businesses I have walked into where I have found empty suggestion boxes mounted on a wall or stuck in a corner gathering dust, reflective of how often suggestion schemes fail. The reason for this is that suggestion schemes deliver nothing but suggestions, innovation is something totally

different; it is quantified in terms of what benefit it will deliver to the business and has an associated plan of delivery.

I'm sure there are many managers out there that can tell some interesting stories of suggestions they have received and how absolutely worthless they are in terms of making any meaningful contribution to the business.

A few days ago I saw a simple yet highly practical example of the kind of innovations employees are capable of coming up with. I had stopped at a petrol station to fill up and was watching some of the forecourt attendants go about their business when I noticed one particular attendant who was sweeping up papers and other rubbish using an implement with which I would define as an innovation.

Instead of a commercial dustpan, the bottom of a 20 litre plastic drum had been cut off and shaped and fixed to an old broom stick to make a very effective receptacle for receiving the swept rubbish. On the face of it this might not seem like a big thing, but what had this employee achieved? Through being creative he had made his job easier, removing the necessity to bend down to pick up waste paper and had saved his employer the small cost of a dust pan.

Now for a small operation like a petrol station the cost saving of a dustpan may not equate to much, however if we take this principle and apply the concept to a larger organisation, many small innovations can actually have a significant impact on the organisation's bottom line.

The reality is that when employees are allowed to be creative and innovative the results are often significantly bigger and more impactful to the business than just a few Rand's worth of dustpan and in fact I have seen innovations from employees that have saved their organisations tens of thousands of Rand and more.

In his ground-breaking book; "Drive – The Surprising Truth About What Motivates Us" Daniel Pink discusses Purpose, Autonomy and Mastery as the things that truly motivate people. When employees feel that they are connected to a greater organisational purpose than merely generating profits, when they are allowed the autonomy to be creative and innovative and when they feel they can achieve mastery in what they do then you will have an engaged workforce.

The more engaged employees feel in their day-to-day job and the more engaged they feel with the business the better the results of the organisation. However, recent engagement surveys by organisations such as Gallup, Deloitte and Towers Perrin show that the vast majority (up to 76%) of employees in organisations feel neither fully committed nor uncommitted to the business, in fact only 11% of employees feel highly committed to the organisation and what they do.

So if we want our employees to become more engaged we have to find ways in which to do so. Jack Welch was quoted as saying "Any organisation that wants to be part of the future has got to find a way to engage the minds of every single employee." I think Jack was only partially correct, organisations have to find a way to engage not only the minds, but also the hearts of every single employee.

Introducing innovation to all levels of the business is one way of engaging employees at a hearts and minds level.

However, merely creating an environment where employees can be innovative is often not sufficient to ensure innovation will actually take place, and few organisations can afford the luxury of allowing employees to run around willy-nilly implementing innovations to their hearts content.

In order for innovation to become part of the company's culture a system for managing innovation needs to be developed, managers need to relinquish control to allow employees to be innovative and employees need to be recognised and rewarded for their contribution.

Each of these steps in creating an innovation culture allow for engagement between management and employees. When developing an innovation management system, employee views of what the system should look like and how it will work should be taken into consideration, this will assist in employees taking ownership of the system.

Employees should be encouraged and empowered to implement innovations with as little interference from management as possible, levels of authorisation may be required depending on the costs of some innovations; however authorisation should not be used as a means to block innovations.

Effective communication needs to take place with regards proposed innovations; nothing kills an innovation system quicker than employees feeling that their proposals have just disappeared into a black hole never to be heard of again.

Recognition for innovations and creative reward systems can go a long way in developing a culture of innovation. Financial rewards for innovations should be avoided as this often leads to conflict or major debate as to the merits of the financial reward vs. the impact of the innovation e.g. the employee that comes up with an innovation that saves the company R100 000 as a once off often receives a significant reward in comparison to an employee who comes up with 3 innovations that may save the company R1000 a month each (due to the longer term impact of accumulated savings not being accounted for e.g. R3000 over 36 months equals accumulated savings to the company of R108 000).

Creative reward systems are often far more effective. A particularly innovative system that I have witnessed works similar to loyalty points, employees are awarded innovation points for every innovation submitted and can then exchange points for a reward or rewards of their choice, this can allow for rewards ranging from low to high value and allows autonomy for the employee in choosing their reward.

When innovation is implemented in organisations the benefits are multiple not only for the organisation and for management, but for the employees as well. With a well thought through approach, innovation allows employees to feel engaged in their jobs and with the organisation, the culture of the organisation can subsequently change to being a more open and empowering one where employees feel they have a degree of autonomy in the way they manage their job and performance.

Innovations and innovative solutions to problems, developed by employees, can not only make work easier for the employees but can also have significant cost benefit to the organisation.

Whilst innovation implemented this way may not create radically new products or open new markets as envisaged by Gary Hamel, it clearly has significant benefit to the business and who's to say that a simple shop floor innovation may not result in a break through idea that will change the business forever?