

# Features

Published March 2009

## The Leadership Conundrum

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*Today's market offers an intriguing problem for business leaders. Should they focus their resources on innovation or operational excellence? In today's conditions, it's not a choice. CLOs must prepare leaders to do both.*

People talk about golf swings, bowling swings and tennis swings, but what's truly intriguing are the pendulum-like swings that companies make across the operational excellence/innovation continuum as they seek that elusive balance between the two extremes.

Leaders often see balancing operational excellence and innovation as a choice: Companies that are successful in the long term see it as the way they do business.

From business leaders to researchers to day-to-day practitioners, there is a resounding message: Neither innovation nor operational excellence is an option. An organization must have both.

Sometimes the pendulum swings toward operational excellence. Sometimes it swings toward innovation. The question is, are both strategically planned, resourced, sponsored, supported and executed upon appropriately? When resources are limited, determining the best balance along the continuum can inadvertently move the leadership conundrum from a balancing act to a juggling act.

This conundrum presents learning leaders with an opportunity to start the discussion. Engage leaders in exploring where the organization has been on the operational excellence/innovation continuum, where it is today and why.

### **What's the Best Balance?**

Solving the conundrum requires "best" thinking vs. "right" thinking when making decisions about balance. While it involves how leaders at all levels in the organization think, it must start at the top, where strategic planning is done.

Leaders seeking the right balance may realize a number of unintended outcomes. Thinking about what is right may drive data and information to be sought to such an extreme that analysis paralysis could set in. Decisions might not be made in a timely manner or perhaps not made at all. Being "right" means you are taking a discrete and fixed position because there are only two possible positions in this game — and the other position is wrong. When you can't be wrong, as is the reality in many corporate environments, right thinking may incite risk avoidance and increase politically based actions. When you're right, you're done thinking and stop looking for the answer.

Leaders seeking the best balance consider their decisions as the best they can be, based on the best information available in the time frame required. The time frame is considered as critical in the decision-making process as the decision itself. Best thinking doesn't set an expectation that decisions are the right answers for perpetuity. Best-thinking leaders realize that decisions in today's business world are complex and temporal in nature, and they keep an eye out. If things change in the future, previous

decisions are allowed and even encouraged to be changed to keep the organization at the best balance point on the continuum.

Learning leaders can broaden thinking. Where might you instill best vs. right thinking into your leadership learning and development solutions? Start at the top: If the top leaders don't think this way, it will be difficult for the reports to make many truly impactful best decisions.

### **What Are You Trying to Balance?**

It's easy to say an organization must have both innovation and operational excellence. But it's difficult to do. What are the options for an organization that embraces this approach? What is it really trying to balance?

There are six business balancing elements (BBEs). The first five are innovation-based, and half of them (3, 4 and 5) are in the operational excellence space, a sometimes overlooked place for innovation.

- 1. Breakthrough innovation:** Outside of the current product or service offerings.
- 2. Incremental innovation:** Extension of current product or service offering.
- 3. Enhancing innovation:** Internal current product or service offering.
- 4. Problem-solving innovation:** Using innovation methods to solve challenging operational problems.
- 5. Resolution analysis innovation:** Reviewing how operational problems that did not utilize innovation methods up-front were solved after the fact to identify innovations that unknowingly occurred.
- 6. All other activities that drive operational excellence.**

Finding the best balance for the organization helps it realize its vision by using best thinking to decide the amount of resources and support for each of the BBEs, the time frame and the execution path. What did, does and should your BBE picture look like? Will it take a big swing, moderate swing or small swing to get there, and why should you care?

Each organization has a culture and operational process. Big swings involve a significant change effort that will take time and resources. Sometimes a big swing is an intentional reinvention of the organization, or sometimes it's an urgent reaction to a condition precipitated by previous years of decisions that led to atrophy or lack of capability building either in innovation or operational excellence. On the other hand, a continual series of small swings probably means the organization has reached a sweet spot and is enjoying a successful hover for the short term but may be taking its eye off the long term.

There is no one-size-fits-all answer. There is only a best picture and a best swing for your organization for a specific period of time based on your history, your current state and your future needs.

Ignite a balancing act. How might you engage leaders in exploring what your organization should be? What's the best allocation of resources and support for each of the BBEs? CLOs can facilitate an action learning session at an upcoming leadership meeting or event, partner with the owner or sponsor of the strategic planning process to include BBE concepts or create a synchronous online learning program to leverage geographically dispersed leaders.

## **Increasing Traffic at the Intersection of Innovation and Operation**

Leaders ask how they can make time for innovation in their operational units when they're tight on resources, quality is a must, time to market is critical and customer satisfaction is king. Where does innovation fit into this operational picture?

Three BBEs — enhancing innovation, problem-solving innovation and resolution-analysis innovation — fall smack in the operational space. It's more about positioning them integratively versus trying to accommodate them separately. It's about using innovation to solve operational problems and using operational problem solving to fuel innovation. Where innovation efforts enhance product or service performance, innovation and operational excellence are two-way streets. When they intersect, that's the kind of traffic you want.

When you have an operational problem, enhance your problem-solving methods and tools with innovation methods and tools. They are different. Many operational problem-solving methods involve structured and linear thinking, whereas innovation methods often utilize a number of other thinking techniques, such as lateral thinking.

If you've solved a challenging operational problem, chances are some innovation gems may have been created. People who work in operational positions typically don't think of themselves as highly creative and innovative individuals. Employees, whether knowledge workers or not, often have a grandiose definition of innovation, such that if they aren't inventing the likes of an iPod or a fusion energy source, they trivialize their efforts. This definition potentially leads to missed intellectual property or trade secret opportunities, or even missed breakthroughs that may have broader implications.

Increase innovation through operations. If your organization conducts after-action reviews or post-mortems, take that concept to the next level by including an innovation review. Add to the suite of problem-solving techniques and tools. Expand training and action learning sessions to explore where innovation may have occurred. Introduce innovation skill building and action learning sessions to operational personnel so they can utilize them in problem solving. Involving employees in innovative thinking, impactful work and learning new skills increases engagement.

## **Driving Learning Solutions to Help Solve the Conundrum**

Among your organization's learning solutions, whether they are educational offerings, coaching, mentoring, performance feedback or experiential learning, there are likely a number of places where innovation and operations can be integrated or introduced.

Recognizing both operational excellence and innovation is a must. Use best thinking to seek the best balance among the elements, and understand and plan the change management efforts required by the swing you'll take across the operational excellence/innovation continuum. Leveraging innovation opportunities in the operational space can increase innovation and employee engagement



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