

## **MANAGEMENT @ BUSINESS INNOVATION: BUILT TO LAST OVER GENERATIONS?**

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### **ABSTRACT**

*The article aims at challenging the question of what drives high performance through the perspectives of innovation and variety of people generations coexisting at the present moment. What is researched and revealed by this paper work is the approach to innovation as determinant of performance versus innovation as a characteristic and attribute of success companies in connection to people. Innovation is ultimately linked and completely interdependent to people as its creators as different people from different generations act, think and see things with different eyes causing various and, sometimes, unexpected effects. That is why a great attribute of management is to build up the capability to connect, attract, motivate and create their own success. Managers must approach a collaborative manner, take calculated risks and work together with high valuable people, leveraging on their unique qualities and real potential while coping with the ambiguity so much specific to current reality.*

**KEYWORDS:** *performance, innovation, generation, people, management.*

**JEL CLASSIFICATION:** *M1, M14*

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### **1. INNOVATION @ PERFORMANCE OR VICE VERSA?**

The trigger stands in what Phil Rosenzweig (2007) has been questioning and the ingenious way he approached and answered it. In *The Hallow Effect* the key questions raised is *What drives high performance?* The answer concluded to be that leaving aside the management, the culture, the focus, etc. – which can be seen more as remarks based on achieved performance than performance causes – there will still remain two points: strategic direction and execution. First is considered rather risky as it is based more on suppositions regarding customers, competition, technology and internal capacities while second is uncertain as methods and models working great for a company do not guarantee same effects and results for another. That is why, despite the search for simple measures, management reality is much challenging than is generally assumed. That is why wise managers know that doing business means finding the means that will increase success rate without imaging that success is a certain thing.

Is it innovation one of the means management could use for business success? Should business be driven by closing the gaps in short time response to customers' conscious and unconscious needs? First is important to be aware that there are many ways innovation has been defined and approached during time:

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- “The commercial or industrial application of something new, a new product, process, or method of production; a new market or sources of supply; a new form of commercial business or financial organization (Schumpeter, 1983)
- “Intersection of invention and insight, leading to the creation of social and economic value (Council of Competitiveness, 2005)
- Innovation covers a wide range of activities to improve firm performance, including the implementation of a new or significantly improved product, service, distribution process, manufacturing process, marketing method, or organizational method (European Commission, 2004)
- Innovation – the blend of invention, insight and entrepreneurship that launches growth industries, generates new value and creates high value jobs (Business Council of New York State, 2006)

Still, much close on what Phil wrote on questioning how performance is usually explained and the two factors meaning his answer, stands what McGregor wrote inside *The Weekend Australian Financial Review* (2006): that innovation is about more than just developing new products, “it is about reinventing business processes and building entirely new markets that meet untapped customer needs ... and it’s about selecting and executing the right ideas and bringing them to market in record time”.

Putting aside last part of innovation and performance it reveals they are interconnected in their both dependence to strategy, execution. The extra element appearing in McGregor concept is the time. Is it that innovation drives performance or rather high performance companies are often characterized and matched to innovation?

What is being challenged refers to performance as result for companies that innovate focusing on their existing and future customers versus performance being characterized by innovation as a brand image requirement.

## 2. INNOVATION @ COMPANY SUCCESS

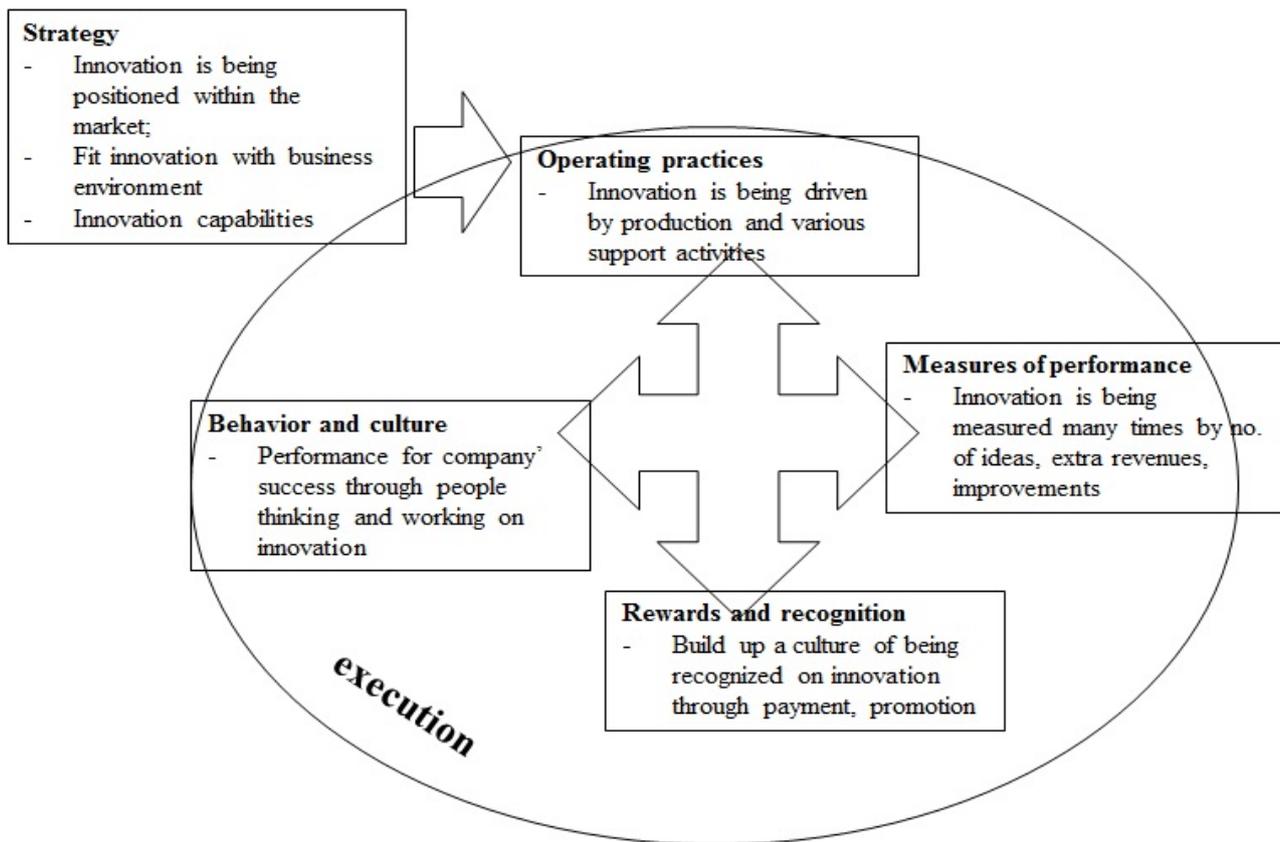
Professor Danny Samson, University of Melbourne, proposes a different approach to creating company success through systematic innovation created inside five building blocks which are interconnected, as shown in the Figure 1, below. He shows in his work *Innovation for business success: Achieving a systematic innovation capability* (2010) that sustainable advantage is possible when it comes from true differentiation on the market through innovation. And while no single innovation lasts forever, what can last for a long time is building consistently advantage through superior systematic innovation capability! In achieving this, innovation needs to be the key focus of all the building blocks inside the organization, as is the case in leading innovation-oriented firms. Internationally, well known examples of this phenomenon include companies as Apple, Google or Samsung.

Looking at each of the building blocks there is obvious straight connection to the two elements in common for Phil Rosenzweig and McGregor shown above: the strategy and the execution – with enrichment to people as the ones who actually do apply the models and methods Phil Rosenzweig referred to.

### *Strategy of innovation*

A systematic innovation capability implies to consciously and purposively engage in such as a strategy. Thus it will achieve enough resources, priorities and company-wide attention. We will see systematically innovative companies ‘talking the talk’ of innovation at all levels of the organization, on the way to ‘walking the walk’ of innovation.

It is possible to recognize the extent to which innovation is central to a business’ competitive strategy. If it is not a key part of its stated competitive strategy, then, according to Professor Samson that is the first building block to work on, assuming that systematic innovation is a desired outcome.



**Figure 1: Systematic innovation requires a key focus on innovation in every one of the five building blocks and the interconnections**

*Source: adapted from Innovation for business success: Achieving a systematic innovation capability, Professor Danny Samson, University of Melbourne, April 2010*

#### *Execution*

##### *Operating practices and resources*

Operating practices are the implementation processes of innovation and include research and development, creativity and thinking outside the square, qualified risk-taking (as against pure conservatism and a 'don't change' attitude), and an approach of 'let's go for new value' as against 'same-old same-old'. In getting the things done for real resource allocation is needed either in terms of time for staff to work on innovation ideas and projects or money spent internally on such projects, training, and resources spent on external partnerships related to innovation and progress. Referring to people (as the key element of execution) and their contribution to innovation and company success is shown through: performance measurement, rewards and recognition and behavior and culture.

##### *Measures of performance*

There are different opinions related to measuring innovation through performance and Professor Samson stands for the old adage of: "What gets measured gets done" as still applied. He believes a critical measure of performance would be the progress in creating value through innovation. In some companies, they look at number of new ideas, revenue from new market offerings, or process improvement rates and productivity increases or cost reductions through innovation.

##### *Rewards and recognition*

We would expect to see staff recognized and rewarded explicitly for their innovation contributions. Such rewards may be monetary, or be in the form of other tangible benefits, or be psychological. Perhaps the adage above "What gets measured gets done" can be extended to "What gets measured and rewarded gets done, hard!"

### *Behavior and culture*

At the end of the loop on innovation (as shown in the Figure 1), it is people who do innovation. After putting in place business measures of innovation, then the rewards and recognition will lead to a collective mindset and set of behaviors that drive innovation. Actually innovation becomes embedded as part of daily work, not an addendum on each day afternoon. After some time at this state, innovation becomes a matter of conscious competence, and then when it really becomes maturely and systematically ingrained, it can become an unconscious competence.

Professor Samson sees the role of senior managers a key as it is a critical symbolic behavior wide within the company. People are likely to follow their managers and leaders in being innovative and taking some risks. In reverse, when staff perceives conservatism, actions and resources only 'inside the box', then no active attitude towards innovation will be seen.

Skarzynski and Gibson (2008) have expressed their believe that the key to creating and fostering innovation within an organization has less to do with increasing personal creativity, and "more to do with assembling the right sorts of insights to provoke business breakthrough". They believe that great innovators are able to uncover new opportunities by viewing things from four perspectives: challenging orthodoxies, harnessing discontinuities, leveraging competencies and strategic assets, and understanding unarticulated needs.

Other companies attempt to develop and acquire innovation through acquisition of other companies. In fact, in 2008, there were a record number of mergers and acquisitions, and according to Roger Martin, the Dean of the Rotman School of Management, much of this merger and acquisition activity was in an attempt to source innovation externally (Vella, 2008). Yet the key to successful innovation for many large companies has been to "let the little people invent", then these large companies can come in and commercialize inventions, creating valuable innovations with scale of resources and capital (Vella, 2008).

Having the "right" people as a critical resource in an organization is also a key to whether innovation will be successfully created within a company. There has been much debate over the type of people that companies should look to hire in order to develop innovation within organizations. Buxton (2009) believes that companies wanting to foster and encourage innovation should look to hire people "who do not require predictability and stability in order to be effective".

### **3. MANAGE OR LEAD? TO EMPOWER AND ATTRACT DIFFERENT GENERATIONS**

Do companies care or should they care about different generations starting now? with referral here both to internal and external customers. There are two perspectives to look for: the one over employees and how are they inspired to create and drive business innovation and success and the one over customers and how, according to their general generation patterns, can be attracted towards a company.

To manage the mixture of ages, faces, values and views is an increasingly difficult task. Ron Zemke, Claire Raines and Bob Filipczak (2000) in their book *Generations at Work: Managing the Clash of Veterans, Boomers, Xers, and Nexters in Your Workplace* describe it as "diversity management at its most challenging." How do successful companies handle this dilemma? According to *Generations at Work*, they build nontraditional workplaces, exhibit flexibility, emphasize respectful relationships and focus on retaining talented employees.

According to Bob Mitchell (2005) there are many generations at work, interacting with each other on a daily basis. Sometimes this gives rise to frustration, conflict and misunderstanding. Yet he argues that each generation has something worthwhile and exciting to offer that companies should be aware of in developing and empowering its people.

Referring to generational work styles it might be helpful for managers to not only identify their own work style but also the style of those they manage and build with company' success. One way to do so is to take a "generational" view. According to the figure below there are key features for each.

<p><b>Traditional Generation</b> (born between 1922–1945) tend to:</p> <ul style="list-style-type: none"> <li>• trust conformity, authority and rules</li> <li>• have a defined sense of right and wrong</li> <li>• be loyal, disciplined, logical, detail-oriented</li> <li>• plan for the future by understanding and analysing the history</li> <li>• dislike conflict</li> <li>• open to technological advancements</li> <li>• prefer hierarchical organizational structures</li> </ul>	<p><b>Baby Boomers</b> (born between 1946-1964) tend to:</p> <ul style="list-style-type: none"> <li>• accept long hours at the office, (either evenings and weekends)</li> <li>• build their career over the long term and by loyalty to employer</li> <li>• perceive themselves and their career as one and the same</li> <li>• commit to quality and doing a good job</li> <li>• “hang tough” through difficult work situations and policies</li> <li>• find solutions to problems</li> <li>• be in charge and respect authority</li> </ul>	<p><b>Members of Generation X</b> (born between 1965-1980) tend to:</p> <ul style="list-style-type: none"> <li>• prefer high-quality end results over quantity</li> <li>• set and meet goals and are very productive</li> <li>• multitask</li> <li>• balance work and life; like flexible working hours, job sharing</li> <li>• see themselves as free agents and marketable commodities</li> <li>• be comfortable with authority but not impressed with titles</li> <li>• be technically competent</li> <li>• value ethnic diversity</li> <li>• love independence</li> </ul>	<p><b>Members of Generation Y</b> (born between 1981-1994) tend to:</p> <ul style="list-style-type: none"> <li>• take an effect over change and make an impact</li> <li>• express themselves rather than define themselves through work</li> <li>• be multitasking all the time</li> <li>• take active involvement</li> <li>• look for flexibility in work hours and appearance; a relaxed work environment</li> <li>• prefer teamwork</li> <li>• appreciate on-the-job training</li> <li>• get everything immediately</li> <li>• balance work and life</li> </ul>
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**Figure 2: “Generational” view of key characteristics of various generations @work**

*Source:* adapted from Mitchell (2005)

Generation Y is often called Millennials and opinions about them still vary wildly. Different views from Bob Mitchell one’s show us on one extreme a generation rife with entitlement, crippled by narcissism and wholly rejecting of social conventions, as Jean Twenge describes in his 2007 book *Generation Me*. On the other extreme, you’ll find historians William Strauss and Neil Howe, who describe in their 2000 book *Millennials Rising* a cohort destined to become the next “Hero Generation,” more akin to their Greatest Generation great-grandparents than to their Boomer or Gen-X parents. The truth is most likely somewhere in between.

According to Emily Anatole (2013) Gen Y’s younger counterparts, Generation Z, those currently age 17 and under, is smaller in numbers, but there is evidence to suggest that their influence, fueled by an innate and constant connection to the world around them, will outstrip their size. Whereas Gen Ys (ages 18-34) are optimistic, Gen Zs are realistic. They may be experiencing an early loss of innocence, but their upbringing has made them resilient and pragmatic. Rather than hide from their problems, they want to understand and confront them.

Going forward, from consumers’ perspective, Zs will be looking for products and messaging that reflect their reality, rather than that which depicts a perfect life. In terms of media, more serious storylines and documentaries that highlight complex situations will appeal to them. Having grown up amid major innovation and social change, Zs are inquisitive and globally aware.

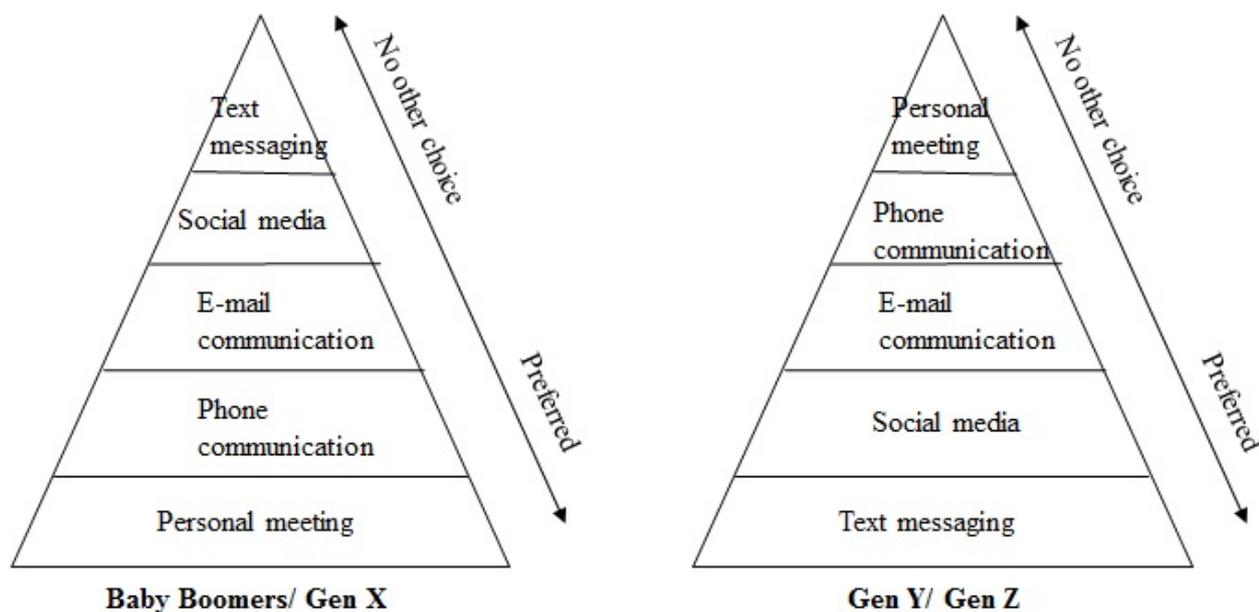
Eric Chester (2012) believes that although convenient and clever named by labels like Millennials, Echo Boomers, Generation Next or Boomlets members of Generation Y are being set the parameters of *what* they are but fall short of defining *who* they are. In our midst there is now an entire generation whose perception of information, reality, authority, respect, privilege, rules, culture, right, and wrong is vastly different than that of those who’ve gone before them. They simply refuse to do the *what* before they know the *why*. In his book *Reviving work ethic*, Chester writes: It is as if every child born in America after 1980 has had a microchip surgically implanted in his or her forehead that filters out every command, every request, and every instruction that is not bundled with accept-able rationale. They are a generation that demands to know “why?”

Whether you work with them, have tried to get service from them, or live with them, you have undoubtedly been asked questions like these: Why should I listen to you? Why should I tell the truth, obey the rules, and do as I’m told? Why should I have a dream and set goals? Why should I go to school, study hard, and get a job? Why should I show up for work on time, wear a uniform, and treat the customer like they’re special? Why should I work hard and keep my nose to the

grindstone for a promise that it might pay off down the line? Why should I believe in you, myself, the government, the future, anything? Why?

As difference, the Boomers are, as Chester reveals, for the most part, secure and securing themselves in their positions. Not only is their experience impressive, but they are well – connected with the decision makers in their companies and the industries of which they are part of. They have taken connecting to a fine art – internally and externally. For them "It's not what you know but who you know" and made it, if not a science, a high art form.

How are their expectations and how are they used to communicate? Chester shows that, as products of a digital universe, Millennials' hierarchy of communication needs are completely reversed, as evidenced by the chart below:



**Figure 3: Hierarchy of Communication Needs,**

*Source:* adapted from Eric Chester's article Stop Programming Robots, 2012

<http://revivingworkethic.com/wp-content/uploads/2012/01/STOP-PROGRAMMING-ROBOTS.pdf>

All these are important for today's and future companies. When setting up the strategy and consider the execution for achieving company high performance and gain recognized success, it is a key pivotal point to acknowledge these opportunities and threats of the new generation of employees and customers. They differ from their predecessors in many ways, in terms of motivation, reward, communication and buying attitude. They are capable of being innovative in a wide new manner.

It's no more the time when companies can keep up by just keeping up; it's time to think ahead of the competition or make use of the blue ocean strategy of making competition irrelevant and really invent the rules along the way. In the New Economy, success is the fusion of ideas and technology. It's about the capabilities to attract, motivate, retain and empower innovation inside to be able to catch it from within and then cast it outside with high value and performance. The good news is, citing Eric Chester (2002), that gen Why is chock full of revolutionary ideas and has no fear of technology. Generation Why forgets easily. According to same author, they don't recall the hard work that it took to build the business from an idea into an enterprise, and they aren't enamored with the people who made the sacrifices to bring it into existence. They only know that it exists today and that it needs to be different tomorrow if it is to continue to exist. Their minds aren't full of thoughts of how it used to be; they're too busy thinking of how great it could be.

And while they are frequently referred to as techno-savvy, it is important to note that Gen Whys are often the ones who have created the technology they are savvy with.

They aren't concerned with the past so, unlike a lot of us, they aren't stuck there.

While many Boomers wish that Gen Whys had more reverence for the history that has given them the prosperity they now enjoy, it should be a delight the fact that they are forward thinking and passionate about the future. In other business terms it means that from both perspectives, of employer or consumers, new generation is open and eager to build and grow along the future, they are available to try and be wrong as long as the dynamic of change and addictiveness remains in their direction.

Chester draws an alarm that it should be remembered that they tend to be digital thinkers, not analog, sequential thinkers. In what may initially appear as rubble, you will find a diamond mine of innovation that will keep you in the game for a long time.

As employer, unleash their weird and wacky way of looking at things and their unconventional approach to solving problems. Make Them a Star. It's been said that Generation Why values self-expression over self-control. Like no generation before, they crave the spotlight; so cast it in their direction. No matter it's the internal or external customer offer them the sparkle that brings value to their image.

The Whys do like material things. But at same time they put high value in social responsibility area so in case they perceive more care about the money than people who do business with, companies will not only erode their customer base, but they will alienate their most important ally.

Although they have grand expectations and plans for what lies ahead, Gen Whys are not future focused. They are wired for the here and now. So companies need to be able to stay with them at any minute, responding and reacting fast within such inter-connection and treating them like real partners. They want and expect instant feedback for their performance, immediate compensation for their efforts, and rapid results on promises made to them. Organizations who play wait-and-see or tell them to "keep up the good work and good things are bound to happen" are likely to alienate this digital breed.

"It's like I have this Ferrari in my driveway and I have no idea how to drive it!" This comment was rendered by an exasperated Boomer manager. "They're much more sophisticated and have a lot more raw talent than I had in my early twenties, but when it comes to getting them to perform like a dependable sedan – much less a Ferrari – I feel like I don't even have a learner's permit!"

It's also true, according to *employing generation why?* Book (2002) that globally, one of every four hearts beating today beats inside the body of a Gen Why.

It's an imperative to start acting differently in the sense of Next-generation collaboration.

This refers not only to methods, best practice sharing and approaches for building an integrated and shopper - centric approach to collaboration but to ability to implement fast and reduce the gap in real-time decision making. These elements, altogether, help to connect the two pillars: collaboration "strategy" to "execution." In the run for performance and business success on long term tailor innovation by jointly developing products that will cater to the needs of a more fragmented set of shoppers for whom "mega-brands" hold less appeal. Collaboration tools and collaborative business practices make it possible for both parties, companies and customers, to bring together key shopper information and best practices to accelerate the creation and launch constantly exciting new products.

In place of conclusion, companies should stay open and activate their think-out-of-the box perspective. They must focus on growing new customers for being able to understand, anticipate and build for and together with them, the success and performance innovation is tight to, thus being able to respond and adapt to the permanent fast-forward renewing reality.

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