



Leading Growth and Innovation

CASE STUDY

Structural innovation

AG Lafley is currently CEO of the Sarasota Bay Park Conservancy, where they are innovating in how they organize and structure the project.

They partner with over 100 independent organizations for all roles, including: construction, marketing, services, and communication,

The park is a networked organization that innovates in the way that they do work.

Innovation used to be solely associated with product improvements. As the world, markets, and the customer's demands become more complex, companies are challenged to go beyond product innovation if they are to create sustainable growth.

Doing so requires establishing a culture ready to think freely, connect willingly, and execute quickly.

01 DRIVERS OF SUSTAINABLE GROWTH

Understand the type of innovation you need

Innovation means different things to different people. When defining your innovation strategy, clearly define what you seek to change through innovation.

Product innovation still matters, but to create growth, you may also need to build a culture of innovation around services, customer experience, the business model, or how your company does work internally.

Use values as a competitive advantage

Principles matter. Strong values and a clear purpose attract talent, passion, and commitment. Place as much importance on defining the company's values as you do on defining the strategy and its measurable goals.

"I think we always got a lot of mileage out of the purpose to improve the everyday lives of women and their families around the world with everyday household and personal care products."

- A.G. Lafley

Adapt quickly

The quicker a company can change shape, the more competitive it can become. Encourage experimentation and early testing of new ideas.

Use your employees, suppliers, or existing customers to provide feedback. Do not wait for proof of scalability or profitability to test the demand for new products and services or the value they offer.

“I'm a really big believer in experimenting early and quickly and simply, and not getting hung up on whether you have a representative sample.”

- A.G. Lafley

Simplify matrix organizations

Innovation is slower in matrix organizations where parts of the process are owned by different people or units. Untangle the matrix complexity by clearly assigning responsibility according to the R.I.D.E. System:

- Who does the **R**ecommending?
- Who gets **I**ntput into the recommendation?
- Who **D**ecides?
- Who **E**xecutes?

“The only strategy that will ever deliver results is what you execute. Whoever is responsible for the execution at least gets input, and sometimes makes the recommendation.”

- A.G. Lafley

Set the example of leadership

In a more volatile, uncertain world with higher expectations of leaders, staying focused is harder than ever. But if you don't focus, nobody else will. Set aside your energy first and then your time.

Chemistry matters. You need to make the team better. Sit down with leaders that will manage the uncertainties of creating an innovation culture. Get involved with the company's two or three most significant innovation projects and share some of the risks with those leading them.

“People listen to what you say, they watch what you do, and if you don't spend your energy and time on what's important, they won't pay any attention to what you're saying.”

- A.G. Lafley

The CEOs who are successful over decades, find a way to put the combination of leadership and leaders together to make it more sustainable.

02 GETTING THE CULTURE RIGHT

The right culture generates passion and commitment. It encourages people to give their all and their best.

Aim to win

You won't win every time, but everyone in the company needs to align to the goal of winning.

CASE STUDY

Facing priorities

After many years in Asia, AG returned to the P&G offices in Cincinnati in 1998. He observed that everybody had their faces to a screen or a meeting room but their backs to the customer, market, and innovation.

He pushed hard to eliminate unnecessary meetings and shorten those that could not be avoided. He reduced the amount of reporting and presenting.

He proved to people that if he didn't need it, they probably didn't either. He freed people up to do innovative work and helped them break bad habits that were getting in their way.

"I believe that winning with a consumer and customer is what matters most. And if you get that right, all the business metrics and financial metrics will fall in place."

- A.G. Lafley

Own the cause

You want people who will own the cause. They need to understand the company's binding purpose and feel passion for it.

Reward by merit

Meritocracies attract better talent. Reward, recognize, and appreciate talent to create a fair, diverse, and equitable environment.

03 BUILDING AN INNOVATION CULTURE

Communicate innovation as a strategy

Be explicit that innovation is a strategy for winning. It is a core competency that leads to excellence and growth. Innovation is a choice and one that needs to be made by everyone in the organization, regardless of their role or responsibilities.

Stay curious

Set the tone so that people face things openly. Give people the permission, time, and encouragement to open up. Show appreciation when they do.

Your culture should be wide open to ideas and experimentation. The leaders and managers must suspend judgment and engage in dialogue before entering advocacy.

“If you walk into a company and you're into advocacy in minute one or two, you're probably going to be working in the world of tradeoffs. You're going to be working in the world of I get what I want, you get what you want, and the customer never sees what she or he wants.”

- A.G. Lafley

Discipline thinking

While innovation requires quick processes, there is a place for a sequence and discipline of thinking. Push the advocacy to the end after you have gathered the data and sorted through the options.

Framework to prioritize without advocacy:

1. Get everybody's preliminary thoughts on the table.
2. For each, ask what would have to be true for option A to be better than the other options.
3. Get everybody to agree on the theoretical conditions without personal preference.
4. If the conditions are true, A is clearly the best option. If not, move to the next option.

Get connected

Innovative companies make more connections. Create a culture that strives to connect across your industry, outside your industry, to academia, government, social organizations, etc. Some connections may not pay off quickly, or ever, but diverse connections are crucial to expose your teams to ideas they may never have seen before.

CASE STUDY

Import ideas

At P&G, AG would bring in interesting people with different views on a wide range of topics to give talks or workshops to the employees. Some were very successful, others were not, but they tried to expose people to a broader range of ideas as much as possible.

Identify opportunities where you can partner in innovation. Open the company up to work with others and create exposure to new ways of thinking.

“Almost all problems have been solved somewhere. Find the analogous situation that solved the problem you’re facing.”

- A.G. Lafley

Be courageous

The three biggest risks you will take are:

- Betting on new technology
- M&A
- Choosing your leadership team

Know that many of these risks are likely to fail. Innovation requires the courage to make hard decisions in the face of unknown outcomes.

04 STAYING FOCUSED

After the CEO Led Discussion, AG spent time thinking about the question that was posed to him around how senior leaders can stay focused while facing multiple demands and disruptions. He kindly sent through the following framework via email.

Focus on the very few things that matter most.

If the leader doesn't focus, then her/his team and the organization won't either. It is extremely difficult to focus on more than two or three things at a time, and, in my experience, only two or three things made all the difference in a company or a business units ultimate performance at the end of the year.

Be deliberate, explicit and intentional about what you are not going to focus on or do.

And as importantly, what you expect your leadership team, and organization, not to work on. I limited my outside board commitments to one at a time, and preferred none if possible. Avoid the lure of commencement speeches, and other speaking engagements that flatter you personally, but don't move the business strategy or agenda ahead. There will be time for all this kind of stuff after you retire.

Delegate clearly and directly.

There are things that need to be done in the business at the company that you don't need to do yourself. I delegated as many of the ceremonial and diplomatic responsibilities of the company as I possibly could. I counted on the country managers to manage country government leaders. I delegated company representation at industry associations, at arts, cultural, educational, civic, community and social events, whenever and wherever possible.

I only attended the business roundtable when there was an important policy decision to be made, or for the annual meeting with the president and his team at the White House. I attended the business conference on an agenda basis.

Be discerning and smart about investing your personal energy and time.

Will the engagement address core company strategic or policy issues or facilitate a critical corporate decision? Will it fix an operational or executional problem? Will it help a business or the company seize a strategic opportunity or gain an operational or executional advantage?

The key for an executive today is to focus as much as possible of her/his energy and time on the few choices, the few things that matter most to company growth and value creation.

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