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The business school that thinks and lives in the future

A radical approach to radical innovation

By *Dirk Deichmann and Jan van den Ende*

Innovation pays. Amazon, Apple, Facebook, Google – nearly every one of today’s most successful companies has a talent for developing radical new ideas. But how best to encourage radical initiative taking from employees, and does their previous success or failure at it play a role?

The premium afforded by the successful development of new ideas means that most companies try very hard to encourage innovation. Some dedicate resources to special research centres. Others have a kind of quantity theory of disruptive innovation: if one goose only occasionally lays a golden egg, the solution must be to put more geese on the job.

bonuses to people who make a submission. The only tangible reward is the chance to work on an interesting idea for which the review committee will provide the necessary funding. Employees also feel that a successful idea will bring them some degree of professional recognition.

As we wrote in a recent article, *Rising from Failure and Learning from*

"...adding members to an innovation team who share what they have learned generally improves an initiative's chances of success."

However, does this approach actually work? To find out, we examined the results of a radical innovation programme in a leading energy company we'll call Enco. To better understand how successful ideas are generated, we looked at 1,792 ideas suggested by 908 employees over the course of 12 years.

The programme's goal is to provide a sheltered space for radical ideas. Enco offers no financial rewards or

Success: The Role of Past Experience in Radical Initiative Taking, we found the quantity strategy may not work quite as intended. Although the judges chose 10 per cent of the entries and many employees made multiple submissions, the data suggests that their chances diverged in subsequent rounds: somebody who had a successful idea was much more likely to have another successful idea than someone who did not.

Losers never quit

Yet, perhaps unaware of this statistic, spurned inventors did not give up. Our study found that the probability of a repeat submission actually kept rising after the first rejection and only after 27 unsuccessful submissions did the odds that the employee would make another submission begin to drop. Stranger still, however, was that those people who were successful and statistically more likely to come up with another good idea were actually less likely to make additional submissions.

It was not easy to understand why failure would spur new submissions more than success. Some researchers have found that failure may encourage more exploration and that people can learn more from failure than success. However, in most situations success is obviously more encouraging. In this case, it was particularly puzzling because the probability of success with the next idea grew with every successful submission, until by the sixth try the probability had risen to around 50 per cent.

To us, this seems to mean that although failure at Enco taught would-be innovators one important lesson – that it is safe to fail – that insight didn't actually help them learn to succeed.

All this might suggest that when it comes to corporate innovation, the old adage that "If at first you don't succeed, try, try again", is wrong, and that a line from Alan Parker's 1976 musical *Bugsy Malone* may be more appropriate: "If you haven't got it, you might as well quit."



In fact, other findings in our study led us to a much more optimistic conclusion: although only a handful of people may have the ability to create a valuable innovation right off, many more can be taught.

Flocks win

In the fairy tales, the goose that lays golden eggs tends to be a singular phenomenon. But in organisations, our study suggests, they're more likely to come in flocks. The evidence indicates that submissions designed by teams which incorporated the contributions of someone who had succeeded earlier were even more likely to succeed than previously successful individuals. Their probability of success rose even higher than that of successful individuals' submissions: a team that had one success had a 20 per cent chance of having another, while a team that had had four wins had a roughly 80 per cent chance of success.

Our data suggests that adding members to an innovation team who share what they have learned generally improves an initiative's chances of success. The more successes they

have had, the more value they may bring as mentors, guiding less experienced inventors through the process. Increasing the numbers of mentors probably multiplies the chances of success: these findings hint at the significance of team size as a key variable for collaborative learning, knowledge exchange, and creative solutions.

Finally, companies should follow a targeted feedback strategy. Instead of spending a lot of energy encouraging the rejected to reapply, managers could be better off providing motivational feedback to winners and ensuring their continued participation in the innovation process. At the same time, evaluators could discuss with those whose ideas had been rejected why an initiative was not accepted, offer more guidance about how to meet the criteria to improve the next generation of proposals, and match them with colleagues who had been successful in the past. ■

This article draws its inspiration from the paper *Rising from Failure and Learning from Success: The Role of Past Experience in Radical Initiative Taking*, published in the journal *Organization Science*, 25(3), 670-690. <http://dx.doi.org/10.1287/orsc.2013.0870>

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Watch Dirk Deichmann explain the implications of this research on the RSM Discovery channel: **WEB** <http://bit.ly/1f6Xinj>

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