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Media Business Transformation in the Workplace: Creating a Culture of Innovation

RICHARD A. GERSHON, PH.D.
PROFESSOR EMERITUS, WESTERN MICHIGAN UNIVERSITY

ABSTRACT

The lessons of business history have taught us that there is no such thing as a static market. Global competition and the power of intelligent networking have engendered a new competitive spirit that cuts across countries and companies alike. This is particularly true in the field of media and telecommunications where once great companies fall victim to creative destruction; supplanted by the next communication start-up company with a good idea. From the original AT&T Bell Labs to the modern-day Googleplex, the history of innovative discovery is really the study of how organizations set out to problem solve. One of the goals of highly successful companies is to make innovation a sustainable, repeatable process. In order to accomplish this, innovative companies create the right kind of culture in which to do good work. This article will look at the challenges associated with new product development and how good companies go about creating a culture of innovation and discovery. The second part of this article looks at the qualities and characteristics that make innovation a sustainable, repeatable process. Special attention is given to such ideas as the importance of risk and experimentation, creating the proper workspace, mobility and virtual communication, serendipitous connections and the value of external partnerships and collaboration.

BUSINESS FAILURE AND THE CHALLENGES OF NEW PRODUCT DEVELOPMENT

We begin this article by trying to understand why good companies fail to stay innovative over time.

At issue, is the question of business failure? At first glance, business failure is typically associated with poor financial performance or bankruptcy. Business failure refers to a company that is no longer able to continue its operations. It can no longer generate sufficient profits and working capital to offset its expenses. But at a deeper level, business failure is also about the proverbial "fall from grace." A company that once dominated an industry no longer finds itself the market leader (Gershon, 2013b). Worse still, the very same company is faced with a public perception that it has lost all relevancy in an otherwise highly competitive business and technology environment. The consequences are very real both symbolically as well as financially. The company's fall from grace is best illustrated by a dramatic downturn in the company's stock value. But more importantly, it can mean the discontinuation of a once highly successful product line and the loss of jobs for thousands of employees who were once part of the company's name and business mission (Clearfield & Tilcsik, 2018). In this paper, we will consider three primary reasons that help to explain why companies experience business failure. They include:

1) The Tyranny of Success,
2) Organizational Culture and the Challenges of Becoming Risk Averse,
3) Disruptive Technology Changes.

THE TYRANNY OF SUCCESS

Past success can sometimes make an organization very complacent; that is, they lose the sense of urgency to create new opportunities. Collins (2001) makes the point unequivocally when he writes that "good is the enemy of great." (p. 16). Companies, like people, can become easily satisfied with organizational routines. They become preoccupied with fine-tuning and making slight adjustments to an existing product line rather than preparing for the future. The history of business is filled with examples of past companies where senior management failed to plan or react quickly enough to sudden changes in the marketplace. Such companies could not anticipate a time when a substitute product (or changing market conditions) might come along and dramatically alter the playing field. Such business enterprises, like people, can become easily satisfied with organizational routines that stand in the way of being innovative (Kanter, 1990; Küng, 2013). Instead of real strategic change, managers become preoccupied with fine-tuning and making slight adjustments to an existing product line rather than preparing for the future. They adhere to a play-it-safe mindset or what

Negroponte (1995) calls the "problem of incrementalism." (p. 118).

A related problem are the self-imposed limitations of sunk costs; that is, investments in research and technology, construction of production facilities, education and training, contract obligations etc. Such costs are justified on the basis of expected return-on-investment. Moreover, successful technologies carry with it a certain measure of predictability based on past practices and experience to date. In contrast, new product development and innovation carries with it uncertainty and risk. The commitment to advance new technology and service requires large start-up costs, with no guarantee of success (Christensen, 1997). No one knows for certain what resources will be required, how the project will turn out and how it will be received.

The problem, however, is that mainstream technologies and services can become steadily obsolete. It is only when faced with a rival product or a disruptive technology – that the same set of managers feel the urgency to adapt and innovate. Response time is critical. Those companies whose response time is slow, pay a heavy price in terms of lost market share, declining revenue and missed opportunity (Gershon, 2017; Küng, 2013).

The Eastman Kodak Company. Founded in 1880 by George Eastman, Kodak became one of America's most notable business enterprises, helping establish the market for film and instamatic cameras which the company dominated for most of the 20th century. Eastman did not invent photography. He did, however, make it accessible to large numbers of people by introducing a simple camera called the Kodak. As early as 1981, Kodak recognized that a shift in digital camera technology and design were underway. Throughout most of that decade, Kodak introduced more than 50 products that were tied to digital photography and the storage of images. Yet the company was unable to successfully commercialize them (Lucas & Goh, 2009). At the same time, Kodak's organizational mindset was fully committed to traditional film technology and processing. Nevertheless, the onset of digital photography in the 1990s started to erode the demand for conventional film and processing, thereby, putting a squeeze on Kodak's business.

Digital photography has many advantages over traditional film. Digital photos are convenient and allows the user to see the results instantly. Digital photos don't require the costs associated with film and development time. Digital cameras enable the user to take multiple shots at no additional cost. They can be stored on a variety of digital devices, including, personal computers, smartphones, and tablets as well as being uploaded onto the Internet. All this points to the fact that the transition to digital media is not just about a single product; but rather, an altogether different approach to communication display and storage processes (Gershon, 2013b). Digital photography proved to be the ultimate disruptive technology. It was only a matter of time before

traditional film processing would become obsolete. The creativity demands for producing digital media are so vastly different than traditional photography. Kodak's leadership was not prepared to impose the kind of disruptive changes on the organization that would have been required. More to the point, there was a lack of urgency that did not permeate all levels of the organization (Lucas & Goh, 2009). While Kodak had the right intentions, the company's middle management resisted the move toward digital photography. At issue, were the high costs associated with developing new production facilities as well as a genuine concern that such changes might result in a loss of jobs. Despite an impressive start, Kodak's digital camera line became quickly copied by Asian competitors that could produce equivalent cameras at a lower cost. The most important setback, however, came with the introduction of the Apple iPhone and future smartphone technology that were fully equipped with digital cameras (Gershon, 2013b). Today, digital cameras have become a standard feature on all smart phone devices. In the end, Kodak was unable to reinvent itself and become a leading-edge digital media company.

ORGANIZATIONAL CULTURE AND THE CHALLENGES OF BECOMING RISK AVERSE

Organizational culture (or corporate culture) refers to the collection of beliefs, values and expectations shared by an organization's members and transmitted from one generation of employees to another. Organizations, (even large ones), are human constructions. They are made and transformed by individuals (van der Wurff, & Leenders, 2009). Culture is embedded and transmitted through both direct and indirect communication such as formal statements, organizational philosophy, adherence to management orthodoxies, deliberate role modeling and behavioral displays by senior management.

But what happens when organizational culture stands in the way of innovation? What happens when being tied to the past (and past practices) interferes with a company's ability to move forward? The combination of past success coupled with an unbending adherence to management orthodoxy can seriously undermine a company's ability to step out of itself and plan for the future. Suddenly, creative thinking and the ability to float new ideas gets caught up in a stifling bureaucracy. Sometimes what passes for management wisdom and experience is inflexibility masquerading as absolute truth (Gershon, 2017).

Successful businesses with an established customer base find it hard to change. There is a clear pattern of success that translates into customer clients, predictable revenue and public awareness for the work that has been accomplished to date. The adage "why mess with a winning formula" slowly becomes the corporate norm. There are no guarantees of success when it

comes to new project ventures. The difficulty, of course, is that playing it safe presents its own unique hazards. Even well-managed companies can suddenly find themselves outflanked by changing market conditions and advancing new technologies. At issue, is the fact that most managers are unable or unwilling to sacrifice a successful product in favor of a new untested one. There is a tendency toward playing it safe (or playing not to lose) by focusing on present customers and what works. As Kanter (1990) points out, "mainstreams have momentum. Their path is established, the business flow is already developed." (p. 175).

Sony Corporation. The Sony Corporation is a leading transnational media corporation in the production and sale of consumer electronics, music, film entertainment and videogame technology. Throughout its 75-year history, the Sony name has become synonymous with great innovation. During that time, Sony introduced a number of firsts in the development of new communication products; most notably, the Sony Walkman portable music player, the compact disk and the Playstation video game system to name only a few. Such products were truly revolutionary for the time and set into motion the beginnings of today's digital lifestyle. The 21st-century Sony, however, is faced with a public perception that it no longer is the same inventive and entrepreneurial company. Since 2005, Sony financial performance and technological leadership has proven highly inconsistent.

Sony's decade-long decline was the result of a number of self-inflicted wounds. What went wrong is a story of missed business opportunities, repeated failures to take necessary risks and disastrous corporate infighting. It is also the tale of a once proud company that traded on its name and reputation rather than face the realities of a highly competitive global marketplace. Sony fell victim to the innovator's dilemma; specifically, that the company's historic success and organizational culture later became a barrier to change (Gershon, 2014). The company's organizational culture became steadily more bureaucratic over time and its business units tended to operate as independent silos which made strategic planning and resource allocation very inefficient. This, in combination with a failure to keep pace with several important technology shifts in the marketplace put the company at a competitive disadvantage when it came to television manufacturing involving such companies as South Korea based Samsung and LG, as well as portable music players resulting from the development of the Apple iPod music player and later Apple iPhone. (Chang, 2008).

DISRUPTIVE TECHNOLOGY CHANGES

A disruptive technology is the quintessential game changer. Disruptive

technologies, by their very definition, set into motion a whole host of intended and unintended consequences on the marketplace. One of the accompanying rules of creative destruction is that once a technology or service has been introduced, there is no going backwards (Schumpeter, 1942). Over time, tastes, preferences, and technology change. Innovative companies keep abreast of such changes, anticipate them, and make the necessary adjustments in strategy and new product development. The question may be asked: if strategic adjustment and innovation are such basic elements, why then don't more companies succeed at it?

Christensen (1997) posits what he calls the "innovator's dilemma," namely, that a company's very strengths (i.e., successful product line and realizing consistent profits) now become barriers to change and the agents of a company's potential decline. Successful companies are highly committed to serving their existing customers and are often unable to take apart a thriving business in favor of advancing unfamiliar and unproven new technology. Committing to an altogether new technology or service requires expensive retooling and whose ultimate success is hard to predict. The anticipated profit margins in developing a future market niche can be hard to justify given the high cost of entry, as well as the possible destabilization of an otherwise highly successful business. Worse still, many of these same at-risk companies fail to notice small, niche players who play at the edges of the market by offering customers alternative solutions at a better value. Therein, lies the innovator's dilemma.

Blockbuster Inc. was an American-based DVD rental service. Blockbuster was founded by David Cook who used his experience with managing large data base networks as the foundation for the Blockbuster's retail distribution model. At its peak in 2009, Blockbuster had an estimated 7,100 retail stores in the U.S. with additional locations in seventeen countries worldwide. Blockbuster employed over 60,000 employees in the U.S. and worldwide. The key to Blockbuster's early success was the convenience and ease of renting film entertainment for consumer use. Another important factor to Blockbuster's early success was their timely access to recently released feature films combined with films on VHS geared to the neighborhood demographics of its local retail outlets.

In 1987, Waste Management President, Wayne Huizenga and his business partner John Melk paid Cook $18 million for a controlling interest in the new upstart company. Together, they used the lessons from their experience with Waste Management to build Blockbuster into a global enterprise. Huizenga took the company public in 1989 and aggressively transformed it from a $7 million business with 19 stores to a $4 billion global enterprise with more than 3,700 stores in 11 countries. Despite Blockbuster's success, Huizenga felt that it was only a matter of time before technology advancements would directly

challenge Blockbuster's bricks and mortar approach. For years, business analysts and professional observers recognized that the Blockbuster retail model would become difficult to sustain long-term given the promise of cable television pay per view as well as electronic commerce via the Internet. In 1994, Huizenga sold Blockbuster to Viacom Inc. for $8.4 billion (Gershon, 2013b).

Huizenga's assessment and forecast were correct. While Blockbuster did very well for the first set of years, the advent of Netflix proved to be the quintessential game changer. It was creative destruction in its most essential form (Schumpeter, 1942). Netflix was founded during the emergent days of electronic commerce (EC) when companies like Amazon.com and Dell Computer were starting to gain prominence. Starting in 1997, Netflix offered an easy-to-use EC system by which consumers could rent and return films. The challenge for Netflix founder Reed Hastings was whether he wanted to duplicate the traditional video rental bricks and mortar approach used by Blockbuster. Netflix, instead, harnessed the power of the Internet for placing video rental orders on-line. Netflix, for its part, offered its customers a great value proposition; namely, unlimited DVDs for a fixed monthly price as well as the convenience of no late fees. Netflix partnered with the US postal service for the delivery of DVDs to customer homes directly (Randolph, 2019). In addition, Netflix's proprietary software recommendation system provided the added benefit of stimulating demand for lesser-known movies and taking the pressure off recently released feature films.

Blockbuster, early on, saw the handwriting on the wall. The company had more than sufficient time to react to the competition and revise their business model. Instead, Netflix operated for six years before Blockbuster launched its own video rental EC service. By then, it was too little- too late. As early as 2007, Netflix began rolling out what it called a "watch instantly"streaming service which was the forerunner of its current OTT video streaming service. Netflix understood that while its service was better than Blockbuster; it too was an interim step in the business of television and film rental. Netflix's OTT video streaming service proved to be the final nail in the Blockbuster coffin. It signaled the end of Blockbuster and the beginning for an altogether new way to deliver television and film programming to subscribers equipped with a high-speed Internet connection (Gershon, 2017). But such technological changes also meant that other television and film producers like HBO, Disney and Amazon were equally capable of creating an OTT streaming service of their own. These same companies, would, in fact, discontinue their previous relationship with Netflix, by holding back programming that was previously leased to Netflix. The new Netflix would be responsible for creating a larger proportion of original programming for their viewers (Budzinski, 2021; "The

Future of OTT," 2021).

CREATING A CULTURE OF INNOVATION

According to Hepburn (2013), a "culture of innovation is an environment that supports creative thinking and advances efforts to extract economic and social value from knowledge, and, in doing so, generates new or improved products, services or processes." A successful culture of innovation assumes a shared set of values and mutually reinforcing beliefs about the importance of innovation as well as an organizational commitment to research and discovery (van der Wurff & Leenders, 2009).

What is sometimes underappreciated, is that great innovators like Akio Morita (Sony), Steve Jobs (Apple), and Jeff Bezos (Amazon), to name only a few, are the faces of a team of engineers, marketers and designers who spend thousands of hours creating the break-through products and services that become real game changers. They, better than anyone, understand that great discoveries are seldom achieved quickly. There are no short cuts when it comes to innovation. There is no magic formula and few 'aha' moments that bring about great product discovery. Rather, greatness is achieved steadily over time through hard work and attention to detail (Isaacson, 2014).

The most successful companies have both an entrepreneurial spirit and a sense of discipline. Both are necessary; without the drive to try new things and some degree of independence, a company can become bureaucratic and risk-adverse. Great innovation starts by having the right people. Such individuals have a strong sense of self-discipline. A culture of self-discipline is critical because it creates an environment where creative people work within a defined system. Knowing the organizational boundaries gives the individual more freedom to act within that system. Highly driven people are self-motivated. Their sense of mission and purpose is personally driven; without the need for enforced rules and structure. They develop an attitude of grit and determination that requires steadiness in approach (Ducksworth, 2016).

THE POWER OF IDEATION

Ideation is the essential first step in the creative design process. Ideation has two main stages. Stage one is idea generation where quantity and diversity of viewpoints matter. The source of good ideas can come from a wide variety of people and players both inside and outside the organization, including design engineers, project teams, and business units, as well as individual customers (Davidson, 2022). A truly good idea has to be malleable; that is, it must be capable of adapting to various designs and configurations. As IDEO's Tom Kelley (2005) describes it, the best projects and design configurations

are a collaborative effort; they never finish where they began. He describes it as the "magic of cross-pollination." (p. 68). As Johnson (2010) points out, a good idea is really a network of possibilities. A good idea spawns infinite connections and opportunities.

Stage two is synthesis, where ideas are refined and narrowed down to a small set of viable options. Part of the management challenge is learning how to work with a large assemblage of highly creative people. Stage two requires the ability to synthesize; that is, discuss and refine the best and most promising ideas into a working set of possibilities (Cunha et. al., 2015; Nylund, 2013). Synthesis involves asking tough questions. Synthesis is a winnowing-down process. The task is to manage the dynamic tension between creativity and value capture. By value capture, we mean the ability to transform creative concepts into practical and useful applications.

NEW PRODUCT DEVELOPMENT

After the proposed idea has been fully screened and tested, the real work of product development and implementation begins. New product development (NPD) represents the process of transforming a working idea into a commercially viable product or service. It is the responsibility of the project manager to translate the product design concept into action (Ulrich et. al., 2020). We begin with the idea of implementation; specifically, what kinds of people and talents will be required in order to get the product launched? NPD requires taking a highly disciplined and organized approach to strategy execution.

HACKER CULTURE

One of the most interesting trends of the 21st century has been the emergence of hacker culture located throughout the workplace of today's best-known media and IT companies. From the size and scale of companies like Google to the five-person start-up, there is a style of behavior that has become more common place among these types of designers and engineers. By hackers, we don't mean people who pose security threats to computer networks. Rather, hacker refers to media and IT-savvy people who are focused on the power of information technology. Today's generation of hackers tend to be more casual in dress and are less concerned about the traditional representations of professional success (business attire, professional titles, corner offices etc.). Instead, the focus is on being smart, creative and making really great products.

One of the core values of hacker culture is the belief that work should be fun and challenging. If work is fun; then you don't mind working long hours to see a project through to its completion. But working long hours comes at a

cost to the individual and his/her family. Today, there is a growing recognition that companies need to provide workers with support services and amenities that make it easier to balance work and family life issues at a time when there are few stay-at-home spouses and work demands a constant effort. These support services and amenities can take a number of forms from built-in café dining, free day care and gymnasiums to an increasing effort to allow employees to work at home and tie-in virtually to the main office.

At the other end of the spectrum is the small five-person start-up company located above dry cleaning store and where you bring your own lunch. Or it may be the 130-person organization that occupies a set of offices that are part of an incubator program at a university. What levels the playing field in each of these examples is the power of a good idea and a core group of hackers committed to seeing the project succeed. The people who work for such companies and start-ups have a strong sense of purpose and common ownership. They are committed and willing to work the long hours to make things happen. Team members want to know that their work matters to the overall success of the project mission.

CREATING THE PROPER WORKSPACE

Creating a culture of innovation presupposes having the right work environment with which to develop and implement great ideas. From the corner office to the nondescript cubicle, there is considerable difference of opinion as to what makes for a successfully creative workspace. There are, however, certain truisms in terms of what makes for an efficient workspace. Writer Ariel Arieff (2011) makes the argument that workspace should reflect the way people actually work. This is especially true in today's fast-paced media and IT business environments. The very notion of a private office may well be considered a relic of the 20th century. It has become less important in the design of the modern workspace. Gone are the immense executive desks from the past symbolizing power and authority as well as trophy-laden walls. Large drawers and storage cabinet space are steadily being phased out, reflecting the shift away from paper and more towards cloud computing and the electronic storage of information. What hasn't changed is the need for privacy.

Working professionals still need to be able to have quiet, deliberative time to think and work without interruption. Privacy versus open workspace is not a zero-sum game. Rather, it's about finding a balance between the work that needs to get accomplished and creating the proper work space that will enable that to occur. The key design principle is sustainability where the emphasis is on energy efficiency and economy of space ("IDEO's CEO, Sandy Speicher," 2021). The designers of the 21st century office recognize

the importance of creating work zones; that is, areas where specific types of tasks get accomplished.

MOBILITY, VIRTUAL COMMUNICATION AND INTELLIGENT WORKSPACE

Another consideration is the importance of building intelligence into the design of the modern office workspace. The combination of computer and telecommunications technology has had a major effect on the spatial design and activity of the modern organization. The buildings and office space that we occupy is not nearly as important the tools we use to get work done. The blending of powerful communication tools with flexible workspace can greatly enhance productivity and innovation. Related to this idea is the importance of mobility which recognizes that business professionals and creative teams need greater flexibility of movement. Smartphone and laptop users need to be able to have access to the Internet anytime, anywhere. Location should never be an obstacle. Instead of time and communication being highly synchronized, today's working professional lives in a digital world of asynchronous and virtual communication that allows for the international collaboration of projects regardless of time zones, geographical borders and physical space (Gershon, 2017).

The lessons of the Covid-19 pandemic have underscored the power of virtual communication. The Covid 19 pandemic disrupted the world's economy having forced a major change in terms of how business enterprises engage in meetings and organizational communication; how Universities and schools go about teaching students online and how family and friends stay virtually connected. The Covid-19 pandemic set into motion a global tipping point that unleashed the full power of video-telephony and conference streaming technology for everyday use. The Covid 19 pandemic disrupted both large and small businesses alike. It forced the relocation of working professionals from a dedicated place of business to a person's home, apartment or remote setting. Prior to Covid-19, the term "telecommuting" was an idea in principle that applied to some working professionals, but never got the full support of mainstream business leadership. At issue, in the telecommuting debate, was whether people working at home could be trusted to work efficiently, be productive and not game the system.

Now suddenly, the question of whether people could be trusted to work at home was a moot point. The home office would undergo a major redefinition in terms of set-up and design. The new office environment would require a desktop or laptop computer, a high-speed Internet connection, Zoom (or equivalent conference streaming platforms) and a smartphone. In terms of key takeaway lessons, we now know that the routine two-day business

meeting requiring air travel time are gone forever. We now know that major business enterprises are rethinking questions pertaining to organizational productivity and whether working professionals do indeed need to be in the same clustered office space five days a week. More and more companies are now offering their employees work at home or hybrid (in-office and work at home) options. There is no going back.

The Googleplex. In 2003, five years after its founding, the company moved into an expansive campus called the Googleplex. The goal, from the very beginning, was to create an informal, highly charged atmosphere that encourages collegiality and innovation. Writer Adam Lashinsky once described it as "chaos by design" as evidenced by light, wide open offices and shared common spaces (p. 88). Now, the company that set the standard for what an innovative workplace was supposed to be, is in the process of reimagining creative workspace. Google is fully engaged in creating a post-pandemic workplace that will accommodate employees who have gotten used to working from home and that are not looking to return to a regular office space. The Covid pandemic forced a change in organizational thinking in terms of professional workspace. This, in combination with the fact that Google has expanded to over 100,000 worldwide employees has made face-to-face collaboration no longer practical.

The new, reimagined Googleplex is operating on the assumption that smart, productive work can happen not only in the office but in a variety of creative spaces. The workplace needs to be more than desks, meeting rooms and amenities. Instead of rows of desks next to identical meeting rooms, Google is designing so-called "team pods." (Google Plans for the Future, 2021) Each pod is a blank canvas consisting of chairs, desks and whiteboards that can be wheeled into various arrangements that are intended to create a common workspace for both in-person and virtual attendees. The Campfire set up includes a common meeting room space where in-person attendees sit in a circle interspersed with large screen monitors that show the faces of people who are virtually connected via Zoom or an equivalent conferencing technology.

SERENDIPITOUS CONNECTIONS

One of the important lessons in innovation is that some of the greatest discoveries occur as a result of a chance encounter. The history of business and technological discovery often starts with a chance encounter: "I was sitting next to this guy on an airplane, and he said… I met this woman at a conference and she told me…" And sometimes, the outcome becomes something entirely unintended. Alexander Graham Bell's invention of the

telephone, for example, was the unintended consequence of working on a device called the harmonic telegraph that would allow multiple telegraph messages to be shared on a single transmission line. As Johnson (2010) points out, some of the best discoveries occur when different people with diverse skill sets find themselves in a common space for sharing their ideas. The unfiltered exchange of a chance idea can sometimes spawn a radically new working concept. And so it is that some of the most innovative companies in the world create spaces for chance encounters enabling good ideas to move freely; making connections in unexpected ways (Davidson, 2022).

Disney's Pixar and the Serendipitous Encounter. Pixar began as the computer graphics project of the Computer Division at Lucasfilm Ltd, created in 1979. The Computer Division was led by Ed Catmull and the graphics project (soon called Pixar) was run by Alvy Ray Smith. Pixar was eventually spun off from of Lucasfilm and later purchased by Steve Jobs in 1986 at which point it became an independent company. The new Pixar Entertainment would produce the first in a series of CGI animated films starting with Toy Story in 1995. The film received universally positive reviews, and would eventually gross more than $192 million at the domestic box office and $358 million worldwide. Director John Lasseter received a special Academy Award for leading the Pixar team, and the movie became the first animated feature ever to score an Oscar nomination for Best Original Screenplay.

At Pixar, employees are encouraged to be creative. There is a lot of wide-open space that greets a visitor when arriving at Pixar's football-sized atrium. Pixar co-founder and CEO Steve Jobs wanted to design a building where people would interact naturally. He positioned the mailboxes, meeting rooms, cafeteria, and most importantly, the bathrooms in the center atrium. He wanted to avoid people going off to the separate silos of software coding, animation or production. This would ensure little or no interaction with people from other areas of the organization. Pixar's current design makes the serendipitous encounter with employees from other departments a regular mainstay of the Pixar organizational culture. Jobs believed that when people casually interact and have fun, creative ideas can sometimes happen.

Décor also contributes to a playful, fun atmosphere. The atrium at Pixar is decorated with larger-than-life statues of Pixar characters, concept paintings on the walls, with storyboards and color scripts in clear view. Pixar's rolling sixteen-acre campus also includes offices, studio and sound rooms, screening rooms, a lap pool, volleyball courts and a soccer field – all of which makes for a welcome escape from the constancy and daily pressures of work.

DISCUSSION

The combination of digital media and the power of intelligent networking makes this an extraordinary time for innovation. From the small 5-person start-up to the large-scale media organization, the goal is to make products and services that excite the imagination. What both kinds of organizations and work settings share in common is the ability to create a culture of innovation. In the remaining portion of this article, we'll consider a select set of strategies designed to advance a culture of innovation. It starts by cultivating the right kind of leadership at the top. Whether it's the CEO, Director or project lead for the small project start-up – it's the person in charge who sets the tone for the entire organization. As the innovation leader, this person helps to create a culture of innovation while ensuring accountability in meeting the organization's key focus areas, core capabilities and commitments to stakeholders (Benavides, 2012). With that, the project team is given broad discretion to conduct their work in service of those parameters.

KEEP THE PROJECT REVIEW PROCESS FLEXIBLE

A starting point is that overly tight performance review measures can strangle innovation. There is a tendency among well established companies to apply the same performance review metrics to new project start-ups thus weakening the venture before it has the opportunity to get some traction. Too much emphasis on traditional performance metrics like Return on Investment (ROI) or risk tolerance at the early stage of development can kill a good project before it gets off the ground. Traditional demographic research reflects information that is currently available, but it cannot accurately forecast what customers want and would be willing to pay for in the future.It cannot fully consider future opportunities since there is no basis of analysis and comparison. In sum, strict controls have their place, but flexibility goes a long way in ensuring that promising projects have the possibility to see the light of day.

THE VALUE OF CUSTOMER INSIGHTS

What is the value of one good idea or suggestion? No one knows better than one's customers what they want in terms of improved product or service performance. Taking time to understand the day-to-day behavior activities of one's customers in their daily work routine can go a long way in helping to understand the kinds of special features and benefits that may be of interest to them in the long term. The principle of engaging one's customers goes well beyond the focus group model. Instead, the emphasis by a research design team is to understand the essential habits (and support technology) that

drives the customer's workday engine. Customer experience is an increasingly popular term in business, especially when it comes to strategy planning and innovation. Customer experience (CX) refers to how a customer perceives your product or service. Customer experience is the sum of someone's perception of your organization.

OPEN COMMUNICATION AND KEEPING EVERYONE INVOLVED

Some companies set up "innovation garages" where small groups can work on important projects unconstrained by the normal working environment while building new ways of working that can be scaled up and absorbed into the larger organization. Once a commitment is made to engage in a new project venture, it's not uncommon in large organizations that other division heads become resentful that needed resources are being diverted away from businesses with an established track record to support what appears to be a speculative project venture. This can include privileges and rewards that may exceed what other established businesses are getting at the present time. Over time, there evolves an unspoken culture clash between those who are free to experiment (and have all the fun) and the serious business enterprise that generates revenue by providing reliability and growth. Innovators and start-up projects should not work in isolation if they want their ideas to catch on. The project manager should engage in open communication by keeping the larger organizational community informed and involved. There has to be a level of buy-in and support that cuts across divisional lines. Open communication will go a long way in building a coalition of supporters who will provide project support both during formal meetings as well as behind the scenes. There should never be a perception that the new start-up group is off doing its own thing. Rather, the goal should be to make everyone feel that they are a legitimate stakeholder in the project outcome (Davidson, 2022).

THE VALUE OF PARTNERSHIPS AND COLLABORATION

The traditional model of R&D is to create and manufacture products exclusively within confines of one's own company. The basic logic is; if you want something done right, you've got to do it yourself. Researcher John Davidson (2022) challenges that basic assumption and makes the argument that managers often isolate their innovation teams. The goal, instead, should be to create so-called "knowledge networks" that are designed to complement the existing organizational structure. Project team members should be encouraged to consult one another spontaneously across the organization's traditional boundaries. The prospect of insightful and constructive exchanges will stimulate the development of new ideas, thereby, making them creative

partners.

Creative collaboration should occur outside the organization as well. One of the most important lessons executives have learned about innovation is that companies can no longer afford to go it alone. The not not-invented-here approach is no longer sustainable. Instead, companies should be drawing business partners and suppliers into so-called "innovation networks." According to Chesbrough (2003), the idea behind open innovation is that there are simply too many good ideas available externally and held by people who don't work for your company. These discussions and collaborations sometimes lead to extraordinary results such as the development of the Apple iPod which was a partnership between Apple, consultant and designer Tony Fadell and a company called Portal Player. Similarly, Japanese-based Sony Corporation and Netherlands-based Phillips worked together to create the Compact Disk (CD). Smart collaboration with external partners, though, goes beyond merely sourcing new ideas and insights; it can involve sharing research and production costs and finding faster routes to market. Clearly, companies like Google recognized this when it acquired Israeli-based WAZE GPS in 2013 with the goal of building and creating the two most dominant GPS electronic mapping services used in the world today. In sum, even well-established with extensive internal capabilities recognize the need to consider external knowledge and information capabilities when they think about innovation.

RISK AND EXPERIMENTATION

Companies, like people, can become easily satisfied with organizational routines that stand in the way of being innovative. Instead of blue ocean thinking, managers become preoccupied with fine-tuning and making slight adjustments to an existing product line rather than preparing for the future (Kim & Mauborgne, 2005). Forward-thinking companies must be able to deconstruct management orthodoxy. Respect for past success is important. However, too much reliance on the past can make an organization risk-averse. Instead, forward-thinking companies must create a culture of innovation where experimentation and development mistakes are all part of the process of testing new boundaries.

Successful businesses (with an established customer base) find it hard to change. There are no guarantees of success when it comes to new project ventures. Not surprisingly, such companies can become risk-averse to change. Experimentation lies at the heart of every company's ability to innovate. The most successful companies are those that are willing to experiment and not rest on their past success. The goal is to make innovation a sustainable, repeatable process. Creating a culture of innovation means experimentation,

taking risks and recognizing that failure is endemic to the process (Dogruel, 2014). Pixar founder Ed Catmull has made a point of saying, "It is not the manager's job to prevent risks. It is the manager's job to make it safe to take them." (Catmull, 2014). IDEO's co-founder, David Kelly, makes a similar point and believes that it is important to rethink the role of failure in the design process (Kelly, 2005). When a unique idea fails in an experiment, the failure can expose important knowledge gaps. But such efforts can also reveal unique ways of looking at the problem. This, in turn can refocus the group's efforts in more promising areas. No great discovery has ever been accomplished without failure and set back. It's only much later when the idea starts to take shape that experiment and discovery give way to the practical; how do we make this idea scalable and create a business model to support it? A culture of innovation means grit and determination, taking risks and with it – and the very real possibility of product success. It's part of the DNA of what it means to be to be innovative.

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