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If You Want Innovation, You Have to Invest in People

by Mehran Mehregany | 11:00 AM October 3, 2013

As the convergence of digital technologies drives unprecedented levels of change in global marketplaces, it is very much a reality that a company must, as Bill Gates put it, “innovate or die!” In the race for relevance to future customers, the greater a company’s innovation capacity, the greater its chance of success.

So how does a firm build its power and agility in innovation? The answer is simple and, to my mind, obvious – yet, it is not the direction in which most innovation-seeking firms seem to be channeling their efforts. Having designed and managed innovation programs in a variety of settings, I know that a company’s innovation capacity comes down to its talent pool, and its commitment to building knowledge and competencies one individual at a time.

I can see how this foundational requirement — good education and ongoing training of people — has been obscured. Innovation is emerging as an industry of its own; an ever increasing number of suppliers provide a wide range of products and services to help companies be more creative, collaborative, and inventive. I’ve contributed to the development of this industry myself with NineSigma (<http://www.ninesigma.com/>), which is responsible for a large part of how open innovation is practiced today. Indeed, the whole point of open innovation is to encourage and enable companies to look beyond their internal resources and capabilities and engage with external sources of ideas and solutions.

But I am afraid that some company managers have missed the essential point of these products and services – that they are designed to work with a group’s basic strengths in innovation. For the most part, such tools assume that a firm has an existing talent pool with the intellectual capacity to generate ideas and turn them into value. Even open innovation requires maintaining a strong internal competency to understand, qualify, and integrate the externally sourced solutions.

Before counting on any innovation offering from a vendor to change their fortunes, managers should therefore invest in two kinds of education. First, they need to ensure that the professionals they employ are current in their fields. Every discipline is experiencing accelerated development, and the rapid knowledge obsolescence that goes with it. Cushing Anderson of IDC puts it well (<http://www.idc.com/getdoc.jsp?containerId=236130>) : “Knowledge leak is the degradation of skills over time, and it ... can kill organizational performance in as little as a couple of years.” While it might have seemed reasonable in an era of slower change to put the onus on the individual to maintain his or her currency, firms today must make it their business to counter this leakage.

Second, organizations should give their people specific training in innovation. Hatching potentially valuable ideas and taking them to fruition is its own competency. It is not, moreover, an innate ability, but quite trainable. As in any subject, developing innovation skills requires learning some fundamentals and mastering them through repetition. But fundamentals of innovation are not usually taught as part of science and technology training. It befalls organizations to train their talent pool accordingly.

Unfortunately, employee education and training can be hard to sustain, because it is an investment in an intangible. In a survey by HCM Advisory Group ([http://www.cedma-europe.org/newsletter%20articles/Clomedia/Transforming%20Learning%20into%20a%20Strategic%20Business%20Enabler%20\(Oct%2012\).pdf](http://www.cedma-europe.org/newsletter%20articles/Clomedia/Transforming%20Learning%20into%20a%20Strategic%20Business%20Enabler%20(Oct%2012).pdf)), close to half of executives (mostly responding from the U.S.) did not characterize their company’s learning function as a strategic enabler. About a third of those surveyed viewed that function as a necessary but costly contributor. Worst of all, executives at 1 out of 7 companies viewed learning expenditures as nothing but sunk cost! It’s no wonder that learning functions in organizations are not funded at a level commensurate with their importance to innovation. Investments that correlate more directly and instantly with bottom-line results usually win the day.

Some mistaken beliefs on management’s part make it even harder to fuel innovation with education. It is a known human tendency that to overestimate our depth of knowledge and the strength of our abilities. I’ve often thought that this was why, in the first three years of pitching NineSigma to a wide range of companies (from 2000 to 2003), only one management team, Procter & Gamble’s, quickly grasped its value proposition and integrated it into its innovation strategy (which it called Connect & Develop).

Sometimes, this overconfidence results because managers know they have hired smart people from the start. They are discounting the danger of knowledge leak. Sheer IQ is not sufficient for innovation, or even as important as current knowledge. In my own case, for example, I know there are many with higher IQs. My ability to innovate in sensor design comes from years of schooling in sensor design fundamentals and a commitment to continuous learning, both independent and collaborative, to keep my skills up to date.

Managers also commonly believe that there is much higher capacity for innovation than there is in the organization, and that it can be tapped through various strategies for quick results. Witness the growing number of organizations that are creating workspaces with techie “Silicon Valley” looks and feels. The underlying assumption is that the innovative ideas are all there, simply needing to be pulled out of the woodwork. (More generally, these organizations commit the basic error of mistaking correlation for causation.) Let me say for the record that workplace design, beyond the provision of nice, functional space, has never in my long career of running creativity and innovation projects proved to be instrumental.

What *has* proved to matter is, again, the building of knowledge and innovation skills, which are much harder and take longer to get in place and maintain. Leading-edge competency in one’s area of practice is indispensable; practice at turning ideas into reality is a must. And by the way, on some level, your people know this. Data from employee surveys consistently shows that a focus on talent development is a key factor in whether a

firm ranks as a “best employer.” Talent recognizes that, while learning is hard work, and the value is not quantifiable, it is the only way to remain valuable in an economy that thrives on innovation. The more you invest in your people’s knowledge, the more innovation you can expect to reap. IBM’s Founder Thomas J. Watson, Sr. captured it well: “There is no saturation point in education.”