McCombs Knowledge To Go

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How to capture innovative ideas (from your employees)

by Ethan Burris
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Capturing innovative ideas involves:

- Employees generating breakthrough ideas
- Sharing them
- With those who have the authority to do something about them
Overview

- Problems in encouraging employees to speak up
  - Why employees don’t speak up
  - How to encourage employee voice
  - Implications and opportunities for interventions

- Problems in managers receiving voice
  - Why it’s hard for managers to hear feedback
  - How to encourage managers to be more receptive
  - Implications and opportunities for interventions
Do employees speak up to their managers?

- Of the roughly 1700 people who gave an anonymous suggestion, only 40.1% told their manager.
- Among people who contributed the best 100 ideas, only 40% told their manager.
- Among those most vocal employees, 42% still withhold some ideas from their manager.
Why Employees Withhold

- Fear

A specific work problem that we have been experiencing lately is that when one person speaks their mind about the company they have been either fired or moved to a different branch. (Financial Service Rep)
Why Employees Withhold (2)

- **Futility**

  “It’s not so much that we can not speak up in the sense that we will be fired, it’s more that people would not speak up because they knew they would not be heard. And, in a sense, this is even worse.” (“Hi-Co” Senior Marketing Manager)
Lack of engagement (they don’t care)
Four strategies to encourage voice

Level of Structure

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Level of Interpersonal Interaction between Leaders and Employees

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How to encourage employee voice

- Set a broad culture of voice
  - 3M
    - 30% of sales from products < 4 years on the market
    - 60% of products fail, no punishments
  - Google
    - 20% time
  - GE
    - Workout sessions
  - We learn from mistakes and risk-taking
Cultures that promote safety in risk-taking and the utility of offering ideas tend to promote innovations. To do this, cultures should emphasize

- Minimizing status differences.
- Focusing on ideas, not on people.
- Showcase success stories of innovations by employees.
Four strategies to encourage voice

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- **Low**: Low structure, low interpersonal interaction results in developing a voice culture.
- **High**: High structure, low interpersonal interaction may rely on chain-of-command leadership.
- **Employee suggestion programs**: High structure, high interpersonal interaction encourages strategic profiling.
Formal Mechanisms to Enhance Innovation
Faculty/Staff Site Launched October 2009

ideas.utexas.edu
Ideas of Texas

- Online for 3 years
- 700+ unique ideas submitted
- 50+ approved and implemented
Formal Mechanisms

Good ideas – and bad ones – come from people at all levels and of all types in organizations

To capture and learn from good ideas, organizations need to cast a wide net and start with as many ideas as possible, from all corners of the organization
### Four strategies to encourage voice

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#### Level of Interpersonal Interaction between Leaders and Employees

- Low: Developing a voice culture
- High: Relying on Chain-of-command leadership
How to encourage employee voice (3)
Where is the manager in the “voice network?”
Manager Hears from Nearly All Sources
... But, Managers (and their Networks) Differ
Manager Out of Several Loops
A model of voice encouragement

More passive; little effort by focal manager

Formal mechanisms

Informal Mechanisms

Managerial “openness”

Managerial “closing the loop”

Managerial “solicitation”

Proactive solicitation; high effort by focal manager
Not all managerial approaches to getting more input from below work to equal effect. More proactive managerial behaviors, such as direct personal solicitation of feedback, are most strongly associated with managers occupying central positions within their unit’s voice network.
### Four strategies to encourage voice

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Strategic Fitness Profiling

- Define Strategic Objectives or Problems
  - Trained to interview key constituencies
  - Report unvarnished truth to senior management team
  - Interview 100 lower level employees re: strengths and barriers

(Beer & Eisenstat, 2004)
How to structure feedback – “Fishbowl”

(Beer & Eisenstat, 2004)
Strategic Fitness Profiling

Senior Management

Appointed Task Force

Broader Organization

Define Strategic Objectives or Problems

Trained to interview key constituencies

Report unvarnished truth to senior management team

Refine strategy, redesign organization and develop change plan

Interview 100 lower level employees re: strengths and barriers

(Beer & Eisenstat, 2004)
Developing structured approaches to deliver feedback to senior executives promotes a culture of safety and honesty around issues that are difficult to express and more difficult to hear.
Summary: How to encourage employee voice

- **Must overcome:**
  - Fear of speaking up
  - Futility
  - Engagement

- Change the culture
- Implement online suggestion tool
- Leadership training
- Strategic Fitness Profiling
Overview

- Problems in encouraging employees to speak up
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- Problems in managers receiving voice
  - Why it’s hard for managers to hear feedback
  - How to encourage managers to be more receptive
  - Implications and opportunities for interventions
Why it’s hard to hear employee voice (1)

- Threatening nature of conflict
  - Ignorance assumption
Why it’s hard to hear employee voice (1)

- Threatening nature of conflict
  - Ignorance assumption
  - Idiocy assumption
Why it’s hard to hear employee voice

- Threatening nature of conflict
  - Ignorance assumption
  - Idiocy assumption
  - Evil (political) assumption
Why it’s hard to hear employee voice (2)

- Threatening nature of conflict
- Disagreement over voice
Why it’s hard to hear employee voice (2)

- Different understanding of what constitutes voice

Correlation: 0.23
Why the disagreement?

- Managers may not recognize all instances where employees speak up (or why the problems raised are important to address)
Do leaders and employees think about the same problems?

We have a scheduling problem at our branch. For example, during holiday weeks, where we have paid days off, I still have to work 5 days that week. If I use a vacation day at the branch 1 day of the week, I still have to work 5 days that week. My manager just shortens 1 or 2 work days. They don’t need to have me come in for a half day 2 times and have another person come in for a half day 2 times opposite me. Just have me work 1 full day and have the other employee work 1 full day.

Scheduling problem
or
This employee’s problem?
Why the disagreement?

- Managers may not recognize all instances where employees speak up (or why the problems raised are important to address)
  
  OR

- Employees (and leaders) may not be well calibrated with what constitutes a “good” idea or problem to communicate
Do leaders collectively agree on what is high valued?

- **Important to receive:**
  - How important do you think it is to have received/to know about this comment?

- **Novel:**
  - How novel, fresh, unique is this proposed idea or way of handling or viewing a problem?

- **Feasible:**
  - How feasible, possible, realistic is it to implement or address this issue?

- **Overall Value**

  *Average correlation between any pair of executives* < .30
Why it’s hard to hear employee voice

- Threatening nature of conflict
- Disagreement over voice
  - Lack of recognition of instances (and importance) of voice
  - Lack of agreement on what constitutes a “good” idea
- Limits in motivation and ability to address problems
Why it’s hard to hear employee voice

Limits in ability to address problems

Manager Participation in Decision-Making

Manager Access to Organizational Resources

Employee Voice

Issue Addressed
Why it’s hard to hear employee voice: Summary

- Threatening nature of conflict
- Disagreement over voice
  - Lack of recognition of instances (and importance) of voice
  - Lack of agreement on what constitutes a “good” idea
- Limits in motivation and ability to address problems
How to encourage managers to be receptive to voice

- Change the culture to accept risk-taking and failure

Cultures that promote safety in risk-taking and lessen the threat associated with admitting mistakes, changing direction, and encouraging collaboration among managers and employees to collectively develop solutions are ones that promote learning.
Employee training on issue selling
- Developed issue selling cases

Additional training on how to bring up difficult topics

In a way that highlights importance and feasibility
How to encourage managers to be receptive to voice (3)

- Collective understanding among leadership on what priorities and strategic direction should be (Alignment)

- To get managers and employees more aligned managers should...
  - Discuss what are key problems facing the company/industry and solicit feedback on those problems
  - Discuss criteria for high quality comments
    - e.g., work with employees on presenting ideas and observations – ideally with support – rather than complaints
  - “Close the loop” so employees understand why something is being, or will not be, done
Summary: How to encourage managerial receptiveness

- Change the culture
- Employee training
  - Issue selling, conflict management
- Alignment and communication of priorities
  - Among leadership team
  - Between leaders and employees
Summary

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- Virginia (Darden)
- Rice (Jones)
- Notre Dame (Mendoza)
- Harvard Business School
- Northwestern (Kellogg)*
- UCLA (Anderson)
- Duke (Fuqua)
- USC (Marshall)
- MIT (Sloan)*
- Chicago (Booth)*
- Emory (Goizueta)
- Berkeley (Haas)
- UNC (Kenan-Flagler)
- Texas A&M (Mays)
- Michigan (Ross)
- Indiana (Kelley)
- SMU (Cox)
- NYU (Stern)
- Texas-Austin (McCombs)

Percentage of Alumni Who Give to Business School (FY2010)
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