

Leading from the Middle: Innovation as a Grassroots Effort

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Abstract

Innovation is the creative process of design, development and implementation of new products, processes or services to improve efficiency, effectiveness, or to build a differentiator for sustainable competitive advantage. Innovation insists on disrupting the market, industry, and organization, spawning change and disturbing the status quo. Innovation requires a strategic approach of thinking and planning throughout the organization, facilitated by strategic leaders and embraced within the ecosystem of stakeholders. A cursory glance across the Internet for “innovation organization” provides the reader tens of millions of possible links to companies promoting their claim to being “innovative.” Gaining insight on innovation in an organization requires in-depth investigation into the perceptions of the people and underlying frameworks of the organization. This article is a qualitative research study with three director-level learning leaders who embrace strategy in an innovation-promoting organization. The study explores essential strategic components, including: 1) vision-sharing, 2) diversity, 3) knowledge management, 4) innovation programs, and 5) communication to determine if and how these leaders embrace strategic thinking, strategic planning, and socio-technical systems to foster an innovative culture.

The future is emerging with innovation driving the need for organizational change, requiring competent leadership skills to improve organizational response and direction. Innovation is “the main strategy of surviving organizations during this century [and] inevitably will be associated with the formation of a sufficiently effective innovation management system for coping with emergent industries and aggressive innovative movements coming from competitors.”¹ The Organization for Economic Co-operation and Development (OECD) defines innovation as “new products, business processes and organic changes that create wealth or social welfare.”² Strategic leaders who introduce innovation, knowingly or intuitively, embrace strategy in their efforts to influence followers and drive organizational change. “Individuals and

teams enact strategic leadership when they think, act, and influence in ways that promote the sustainable competitive advantage of the organization.”³

Strategy propels organizations forward. Hughes and Beatty posit strategy takes five key steps: (1) assessing where we are; (2) understanding who we are and where we want to go; (3) learning how to get there; (4) making the journey; and, (5) checking our progress.⁴ Strategy development and implementation requires two fundamental components: strategic thinking and strategic planning. Strategic thinking develops awareness about an organization’s present state and future potential with consideration for its environmental ecosystem. Strategic thinking enables business creativity among “boundaryless” stakeholders by envisioning possibilities and encouraging diverse perspectives. Strategic planning is the road map to the vision. Strategic leaders keep one eye on the goal, mobilize resources, and determine the shortest path with the least amount of risk to reach that goal. De Kluyver and Pearce explain “the strategic plan should be a straightforward document—concise enough to provide direction but flexible enough to allow for the timely adaptation to changed market circumstances.”⁵ Strategic thinking and strategic planning are necessary to create an innovative culture.

Creating an innovative culture is a fundamental shift from the traditional scientific management approach of the 20th century. “The most [negative] indictment of the traditional model, then and still is, that it falls well short of harnessing the full creative potential and emotional commitment of the people.”⁶ Innovation provides co-creation of value from information and knowledge;⁷ a return on diversity for strategic alternative discussions, solutions, and decision-making;⁸ and, leverages a network of innovators and tacit knowledge flows.⁹ D’Amato and Roome state that “in all perspectives, management innovation involves multi-level change that spans micro-macro levels.”¹⁰

Research Methodology

This article uses qualitative research to explore how three strategic leaders in innovation organizations engage in strategic thinking and strategic planning. Using the phenomenological research tradition, this design gathers specific information and perceptions through inductive, qualitative methods from the participant perspective. The intent of phenomenology is the study of an individual’s subjective experience and personal knowledge to gain insights into motivations and actions and identify taken-for-granted assumptions and conventional wisdom.¹¹ The methodological steps of the qualitative study are described below.

Step 1: Organizational Criteria

The organization criterion was the organizational claim that it is innovative, specifically showing recent strategic decisions due to macro-environmental shifts. The organizations did not have to be industry-specific.

Step 2: Participant Criteria

The participant criterion was mid-level leaders who influence across the organization. The chosen participants had to be a conduit between the executive team and the operational field, seeing and functioning at both the macro and implementation levels.

Step 3: Data Collection

The data collection was accomplished using semi-structured interviews beginning with high-level concept questions, and then moving deeper by asking open-ended questions.¹² The one-hour phone

interviews were transcribed throughout the interview. The participants understood the interview as subjective and that the researcher was seeking to understand their perspective on strategic thinking and planning. The questions were formulated based on a literature review of strategic thinking, innovation, learning, and strategic conversations.

Step 4: Data Analysis

The first stage of the data analysis consisted of highlighting important questions and answers pertinent to the study. In the next stage, the components were organized according to topic, duplications discarded, and inferences made from the data sets. The final stage consisted of selecting the applicable questions and short clips from the interviews to compare and contrast information between leaders, while preserving the participants' words and tone.

Step 5: Themes

The final step included identifying themes based on the data inferences that emerged from the interviews.

The leaders chosen for the study were learning leaders at the director-level, who provide knowledge solutions and support organizational growth and human performance throughout a 35,000-45,000 person organization. The first leader (1) is in a retail company, which went into rapid expansion mode capturing an opportunity during the recent financial collapse. The second leader (2) is in an insurance company, which recently reorganized its entire organization into a more decentralized structure. The third leader (3) is in the government sector, which recently launched an innovation committee. Each leader was qualified at the beginning of the interview process.

Results and Discussion

This section presents the questions, answers, and inferences from each interview in the areas of vision-sharing, strategic planning, diversity, knowledge management, innovation, recognition, and communication. The numbers in each section refer to Leader 1, Leader 2, and Leader 3 respectively.

Strategic Leader Qualification

Do you consider yourself a strategic leader?

1. Yes. I came to shape the learning strategy throughout the organization.
2. Yes. I deal with the business strategies in learning.
3. Yes. I'm the one in the organization always ahead with technology, what to do next, and how to do it.

Inference: Each of these learning leaders is a strategic leader because each is thinking organization-wide and forward in time.

Vision-Sharing

Do you know the organization's vision statement?

1. Yes, but they [executives] don't walk the talk.
2. Most people couldn't recite the vision if you asked them, but they do embrace the values.

3. It's leader by leader [at the president level]. This leader's actions don't line up with what is said.

Inference: The vision is not embraced as the focal point in any of the organizations.

How do you communicate that vision to your followers?

1. I work with others on trying to communicate the corporate vision through various meetings and tools.
2. Throughout this time of transition [re-organization], we have stressed the values. Are you familiar with the phrase "beating a dead horse?" We are talking about it continuously. I live it, my managers live it, and our behavior is in alignment.
3. When classes are held the value people get out of it is networking and learning from their peers. We end up getting [presidents]...who don't always set goals and our divisions are autonomous.

Inference: The vision is pushed across by leaders 1 and 3 using indirect means compared to leader 2 who is proactive on maintaining a common bond in his team by restating the values.

Would you say the organization is pulling toward the same direction or various directions?

1. It's starting to go in the same direction. We are starting an initiative where we help people share in the vision, create a personal mastery plan, and look at process improvement. If they could just get their egos out of it [upper management], things would get done.
2. More now than a year ago. The organization is trying to get to another state; more decentralized and centralized to serve the unique needs of customers by region. The reorg was about efficiencies and effectiveness.
3. Different. We are made up of multiple divisions and each one does their own thing—a lot of power and turf wars.

Inference: Alignment is a struggle across each of the organizations, although leaders 1 and 2 feel some progress.

Does your division promote "goal-oriented" behavior? What is your big goal?

1. Yes. We are focusing on instilling a new mindset in the district manager as teachers and coaches of people and not just being a manager. When I first got here, they thought reactively, now the current thinking is 2-3 weeks out, my quarterly goal is to get them to think one month out.
2. Yes. We live by the values which serve as a basis for performance as it translates down. Then the division goals become expectations. My big goal is to get the team comfortable with their new roles. Then, working together and networking as a team in meetings and focusing on serving the customers.
3. No. My goal for the year is to work with instructors to move toward the use of social media and use the technology to engage and showcase work.

Inference: These leaders are acting as change-agents using micro-strategies. Leaders 1 and 3 are going against status quo working with their own ad-hoc groups. Leader 2 is facilitating the fall-out from the re-organization. Leader 1 is training on strategic planning, leader 2 building a team mentality, while leader 3 is initializing social media within her area of influence.

What planning tools do you use in what timeframes?

1. Affinity plans to think out things. There is a strategic planning department of 4 people. They go down the organization to get information, go back up to plan, then come back down to implement. Three-year timeframes and plans are aligned with corporate. The reality is that the company is much more relationship-based.
2. Get the team to report up to me week-to-week. The divisions use their own databases to track progress against goals and there are a lot of communication tools. The Balanced Scorecard is used semi-annually and progress reports monthly.
3. A lot of people want to do planning, but without goals this doesn't work. I have not seen a strategic plan and we are married to ISO9000.

Inference: All 3 organizations use some type of strategic planning. Leader 1's organization uses a traditional planning department; leader 2 leverages multiple planning tools and promotes accountability; and leader 3 works with quality assurance protocols.

How do you measure progress?

1. It's all about ROI. They [upper management] want immediate and measureable results and you can't always measure them.
2. I read the pulse and the metrics. Am I keeping the pulse while staying engaged? Am I aware of issues? Do I understand actions and reasons? Am I staying involved at a mental and emotional level? The metrics are squishy.
3. I measure progress by degree of engagement, numbers of folks actually engaged in conversations, networks, events; not just attending, but participating in some way, and requests for services and consultation.

Inference: Leader 1 uses objective, hard numbers; leader 2 uses subjective intuition, insight, and assumptions; while leader 3 uses a mix between objective and subjective measurements.

Diversity

How does the organization value, recognize, and build in diversity?

1. We say we value it and want to embody it, but we are not great at accepting diversity or diverse viewpoints. We have diversity sessions and workshops. The CEO wants diversity but he's out of touch. I challenge their thought process and get my boss to champion new ideas.
2. Employees are surveyed and assessed how the team feels about diversity using employee satisfaction surveys. We do entertain different ideas across the board, but there are some hierarchical stops and some don't value it. I encourage my team to give input. I look for ideas through brainstorming sessions, different thought patterns, and opinions.
3. We value diversity as black or white. There is not a lot of interest in different points of view – they don't get the importance.

Inference: Diversity by law is in place across the organizations. These leaders appreciate diversity and encourage collecting thinking, although it is not embraced across the organization.

Is there a sense of excitement and energy across your division?

1. Yes, at least in my division. Change doesn't happen top-down, so what we do is start it in the middle and push up, then the organization gets excited.
2. I think there is a sense of hope. The layoffs made it difficult. There are lots of wounds and mourning. Working together and networking as a team in meetings and focusing on serving the customers creates a sense of family and accountability.
3. Yes. For instance, I offered a webinar today on basics of social media and had over 200 attendees. Also, my boss is young and energetic and trying to infuse new energy into my work unit.

Inference: All the leaders' value excitement and energy and try to infuse it. Ideas and implementation start from the middle of the organization and move out into the organization. Leader 3 is pushing the use of socio-technical systems.

How do you encourage leadership development throughout your division?

1. I believe regardless of position, anybody can be a leader. We are using the 5th Discipline by Peter Senge in discussion groups and using follow-up conference calls to expand thought processes on how to move both the division and organization forward.
2. First, we say we are the guardians and models of the learning process and people model leader behavior. All are in the position to become leaders and leaders need to create expectations of that behavior. There is strong interest in leadership training.
3. The baby boomers have decided there is a lack of leadership in the upcoming generation, so the organization has decided it wants to impart onto the next leaders. I do a lot of train-the-trainer development on it.

Inference: Leadership development is valued and performed across each of these organizations, and all 3 leaders design, develop, and deliver it.

Knowledge Management

What type of learning solutions does your division provide that supports organizational growth?

1. We are going to implement a Learning Management Solution, to create content, tie-learning courses to it, and do knowledge checks. But it has been a ready-fire-aim approach. In 3 years I'd like to get to blended learning, and 3-5 years out blogging and social interaction.
2. One solution we implemented was a grassroots effort around a program called Monday Morning Leadership and integrated it. It moved way up to the president and used in ways to get leaders into planning. We also use wikis and blogs to get input on ideas.
3. We have just started doing some asynchronous and virtual learning. We are trying to shift training to encompass integrity, planning at the organizational level, foster team, develop self, look at the enterprise, but there is no real application leap. Technology is enabling people to talk across boundaries and management – they can't stop you. I have a cell phone and I can text you. We are facilitating a network. We want to take a piece of knowledge and know where to put it. We are moving in that direction but it's not deliberate, it is accidental.

Inference: Leader 1 and Leader 3 referenced a technology solution and Leader 2 focused on programs. Leader 2 and Leader 3 are seeing viral effects of their programs via technology. These are socio-technical effects of the people driving technology need.

Do people go outside the organization to learn or invite other organizations in to share knowledge?

1. No. They should spend the money for the people going to the next level who need to be with other leaders. I know [a few companies] have been in.
2. Some. Mostly for compliance and conferences. Sometimes consultants come in at the top level to give an industry view.
3. Yes because few internal opportunities exist for real growth, learning, and training.

Inference: Leader 3's group is bringing outside influences into the organization while leader 1 and leader 2 organizations are not as open.

Innovation Recognition

Does your organization believe in innovation?

1. I think we are very innovative, but they wouldn't think so.
2. Some focus on it, but it is dependent on which business unit is involved.
3. The organization is always 6 years behind.

Inference: Although each of these organizations was qualified as an innovation organization, these leaders do not see much at an organizational level.

Does your organization have a formal or informal innovation program? What is the most creative idea you have heard about?

1. No. They have to figure out how to share and then tie it back into the politics. I was creating the DM program according to what I had done in a past organization—my boss helped shape it for this organization and enabled a better product.
2. Yes. Our program rewards people who bring ideas—about 50 ideas last year. However, there is a new leader and the same focus is not there, although innovation is one of our core values.
3. Less formal, most of it is under the radar. We brought in somebody who said there is a lot of creativity on the staff, but too many barriers for innovation so the staff gave up. The procedures alone are maddening. One group of baby boomers, probably the most non-technical group I am aware of started using Facebook and uses it to share best practices, philosophical ideas, and quell rumors. It's a grassroots effort. If the [bosses] get a hold of it they'll make it bureaucratic. It's getting pushed up from the bottom.

Inference: Leader 1 collaborated in an innovation. Leader 2 expressed concern of the shift in focus because innovation is a value. Leader 3 identified a grassroots effort from a creative staff.

Communication

Describe your communication protocol.

1. Supervisory and hierarchical. We say it's an open door policy, but it's not true because nobody likes to be surprised. We are encouraged to go in, but it's not really ok. It's a very territorial environment.
2. We have so many communication vehicles built in, I certainly hope we are communicating. We use short videos, emails, meetings. We went on a road show for 6 weeks to communicate the who, what, where, and when about the re-organization. We also do a constituent survey and get feedback.
3. They love face-to-face [meetings], even though it may take 3 weeks to schedule. If they can't get it, then they go to phone. They won't even do email. It's all about one-to-one communication and top-down. There is an informal grapevine—lots of speculations and rumors. Each division is a silo and they all have agendas.

Inference: Although technology systems exist in the organizations, leader 1 describes a political system and inconsistency, leader 2 indicates possible over-communication, and leader 3 expresses frustration on the politics and non-use of technology.

If you were CEO for a day what would you do?

1. Be more available to people and have mini-group meetings. I'd ask them what they think, what's on their mind. I'd listen and speak to people.
2. Fly the corporate jet.
3. Get suggestions from the employees—right now if somebody has a suggestion, it has to be signed, then approved and decided on. It's like having a suggestion box with no hole cut in the top of it. Solve communication and really get innovation in place.

Inference: Leader 2 avoided the question compared to leaders 1 and 3 who indicate a need for collaboration and communication.

Themes

Although each leader is in a different type of organization with different cultures, six key themes surfaced. These themes are as follows:

1. Innovation may be touted at a corporate level, but it is happening mid-level in ad-hoc or informal teams.
2. Formal strategy is driven top-down in these organizations. There is not a strategic planning best practice among the organizations.
3. Strategic thinking and change initiatives are being driven by mid-level leaders.
4. Leadership development is a big topic among the organizations.
5. Collaboration and communication are important to the mid-level leaders.
6. Socio-technical systems are embraced at the division level.

Recommendations

A Weber Shandwick and KRC Research survey revealed, “78 percent of senior executives agree that innovation is important to their CEO, with most CEOs similarly responding that innovation is important to the company.”¹³ Although this sampling indicates strong support from corporate executives, the reality is “most CEOs and senior managers are intimidated by innovation...reluctant to become advocates for innovation. They deny that they fail to encourage or reward innovative thinking among their employees.”¹⁴ It appears this mindset may have changed in recent years as some CEOs speak to the importance of innovation. However, as the research indicates, innovation is happening at a grassroots level, not from a top-down, organization-wide effort. Are organizations in the midst of an internal innovation revolution?

The themes from this study indicate mid-level leaders are acting as opinion leaders and influencing ad-hoc communities or informal teams to adapt to a turbulent environment. Acknowledging globalization, a predominant trend for the 21st century, disrupts business-as-usual and forces organizations to cope with environmental complexities.¹⁵ Based on complexity theory, organizations respond one of two ways to environmental turbulence: Complexity reduction or complexity absorption. Complexity reduction simplifies the environment into a single representation and develops a single response, a mainstream management tactic emphasizing codification.¹⁶ Complexity absorption holds multiple and conflicting views with managerial responses including “the development of multiple and sometimes conflicting goals, the importance of a variety of strategic activities, more informal and decentralized structural/decision making patterns, and a wide variety of interactions and connections.”¹⁷ These emergent and organic responses encourage ad-hoc communities or informal teams as McElroy states “an unorthodox solution to a range of confident problems associated with curtailed innovation in a bureaucratic system.”¹⁸

Murray defines self-organization “where the system becomes poised between chaos and order...[and] includes the observer in a kind of co-evolutionary network.”¹⁹ This collaborative-type of organization includes leaders influencing ad-hoc teams and communities to get things done in an ambiguous state under the mainstream view. These leaders act as opinion leaders who are “highly trusted...by other individuals for potentially a variety of reasons, e.g. personal attributes, expertise, knowledge, longevity, local deployment, power.”²⁰ Leveraging social capital, opinion leaders build “interpersonal networks represent[ing] a mechanism for the transfer of information, and other exchanges.”²¹ This is shown by leader 1’s district manager leadership program and desire for a learning management solution, leader 2’s diversity thinking sessions, and leader 3’s electronic learning and social networking initiatives—executing against status quo and shaping people’s attitudes and emergent behaviors using organic innovations. These leaders are strategic thinkers providing strategic capital in dualistic organizations through human interactions and systems thinking, looking toward the future and influencing people.

Strategic planning has been active for years in traditional, hierarchical businesses driving ideas top-down in organizations. However, as the world continues its propulsion toward globalization, the rapidly changing conditions are challenging scholars “to develop alternative planning models...[such as] the function and use of creativity. Creativity is the source of new and competitive ideas, through which an organization positions itself within its environment.”²² Although strategic planning is an important implementation tool, “many authors have echoed Porter’s view that traditional approaches to strategic planning are inapt to address the planning needs of dynamic competitive environments.”²³ Creativity gives way to strategic thinking, which according to Sanders uses five competencies: (1) scanning the environment; (2) visioning the possibilities; (3) reframing challenges; (4) making common sense; and, (5) understanding interconnectedness using systems thinking.²⁴ Both strategic planning and strategic thinking promote an innovative culture. In this study, innovation is birthed as a grassroots effort in ad-hoc communities or informal teams led by midlevel, opinion leaders who embrace the complexity of

change by sharing vision, encouraging diverse thinking, collaborating on knowledge, recognizing innovation, and leveraging communication protocols and socio-technical systems.

This study is not without limitations. The observations were based on data from three strategic leaders in three innovation organizations. Further, there is not widespread agreement that leaders coping with organizational complexity engage in ad-hoc communities or informal teams for innovation. Therefore, the research study and interview questions are subject to refinement. However, the data presented should encourage additional study on emerging organizational micro-communities and leaders navigating complex environmental changes and leading innovation initiatives. Subsequent research can extend these findings to include more midlevel leaders in innovation organizations. The implication of this study is that executive leaders should consider how to retool their organizational structures to respond to globalization, as innovation takes root in emerging, informal communities led by strategic opinion leaders.

About the Author

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