

Carving Yin from Yang: The Curious Split Between Change and Innovation

by Craig Perrin

To help our clients respond to the unprecedented challenges posed by today's shifting markets, AchieveGlobal recently concluded two major research projects—one focusing on activating change and the other on innovation. We weren't surprised when many of you asked about differences between the two.

In fact, during the research we raised that question in interviews with recognized change leaders in 23 innovative organizations across Europe, Asia, and North America¹. This short paper draws from both studies—and from the insights of these seasoned leaders—to explore the differences and similarities between change and innovation.

A CEVA executive we interviewed summed up the confusion over the essence of that relationship:

I'm not sure we know the difference. If you're constantly changing, you might see innovation as just another change—whereas to clients, it's truly

innovative, dramatic. So, what's the difference? Leading innovation is change management on steroids.

What Leaders Said

All the executives we interviewed were explicit about the practical differences between change and innovation. While every innovation requires change, they said, not every change can be accurately described as innovative (think, for example, of economy-driven layoffs).

Some leaders cited key emotional differences. According to a Vodafone executive:

In a change, you're leading people out of the valley of tears. In innovation, there is a lot of emotion as well, but it's positive, enthusiastic.

So—because it creates new value for the customer, team, organization, and even society—innovation is seen as more aspirational rather than disruptive. It generates positive energy, excitement, a sense of forward movement. In contrast, many leaders said that change, especially in the absence of relevant information and well-understood rationale, creates concern, even fear, among leaders and employees.

¹We interviewed executives and change leaders from the Barilla Group, BlueCross BlueShield, BlueScope Steel, Brady, Canon, CEVA, CGI, DE Communications, Esterline, Huntington, Informa, Mettler Toledo, Motorola, Nestlé, Physicians Mutual, SGL Carbon, Shell, Stabilo, Takata, Toshiba, Unisys, Vodafone, and Xerox.



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In times of change, organizations that have been successful, knowledgeable, and polite are in a lot of trouble.

– BlueCross
BlueShield
Manager



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Other leaders we interviewed saw change as reactive and innovation as proactive, for example: “You change because you need to react to something. But with innovation, you set the pace, you (create) the initiative.”

For some leaders, the key difference between change and innovation was magnitude, reinforcing the definition of innovation that most interview respondents favored—as a breakthrough with clear benefits for customers, whether external or internal. In the words of a Xerox executive:

Innovation is the home run. It's Edison with the light bulb. He could have made a slower burning candle. It still would have thrown off light, it would have been a change, but the light bulb revolutionized everything.

So What Is the Basic Difference?

If we step back and look at these themes, two closely connected patterns—the yin and the yang, so to speak—begin to emerge:

- **Innovation, if properly executed, brings change.** Proactive innovations don't just change customer behavior, or even markets themselves. Innovation also demands internal change—new structures and systems that ripple through the organization, creating new roles and responsibilities often at cross purposes with established ways.
- **Change, if it's going to succeed, takes innovation.** Reactive change—defined here as a necessary, often unwelcome response to shifting business conditions—usually arrives with a somber mandate to “do more with less.” Reduced resources of any kind demand innovation, perhaps incremental but clearly new ways of working, to achieve the same or better results.

But if innovation demands change and change demands innovation, why distinguish between the two? That's a fair question, definitively answered by many we interviewed, including this executive at Huntington:

Just because we change something doesn't necessarily mean we've innovated anything. It has to be easier and quicker for me and better for my customer. It has to do both. A new regulatory requirement changes the way that I process a little bit. But that's not innovative. Change does not equal innovation.

To corroborate this and other insights of leaders we interviewed, we offer below a summary of findings from our two recent studies on change and innovation.

Leading Change²

For most organizations, constant change is a given, today and into the future. So leading change at root is about creating a change-capable organization, filled with people who embrace the change required by a chaotic business climate. How is that done? Said the same Huntington executive:

Number one, have you set yourself up as a change-oriented environment? Do your people get that there's always going to be new things? Do they believe that management is looking for ways to help make us all successful? If they don't, they fight you. If they do, they get onboard quickly.

Leaders who activate change capability know how to create an awareness of business realities, without which a change may seem arbitrary or counter-productive. They bring skeptics along by spotlighting the strengths and successes of early adopters. They embrace and help others embrace the experiments needed to activate change. Finally, they encourage the appropriate involvement of leaders and associates at all levels.

Effective change leaders provide information that helps others realize tangible results. This from a Takata executive:

We need to communicate from a strategic platform, to say, “OK, the company is seeing this, and we're going in this direction”—things that may take two or three years. You need to allow people to see what changes are going on and what the rest of the company is thinking.

On the other side of that coin, change leaders encourage and welcome candid feedback. Associates who implement change may fear to point out problems, especially in threatening times.

Finally, successful change leaders monitor mechanics and mood. Specifically, they:

- Develop metrics that make progress clear to all.
- Coordinate resources to prevent starvation of a change initiative.
- Revisit systems, practices, and policies that prevent a change from taking hold.
- Productively address overt and covert resistance.

² For more details, see the AchieveGlobal quick read, “Change Is a Given: Now What?” available at www.achieveglobal.com.

Leading Innovation³

Organizations succeed by generating and executing ideas with real value to internal and external customers. Which is the central theme of AchieveGlobal's comprehensive study of innovative leaders today.

In more detail, we found that effective leaders demonstrate a deep commitment to innovation, visibly and often, by speaking the truth and living their words in action. As one executive put it:

I don't care what you're managing or what innovations you're trying to do. You cannot change people with words. You change people with behaviors, and bad behaviors cannot be undone by good words. If you as the management team are not behaving consistently with what you're saying, forget it. You're done.

We found also that innovation leaders value and optimize diversity by structuring ways for a variety of people, not just the like-minded, to generate ideas. To do so, these leaders encouraged everyone to broaden their world view and take practical steps to ignite new insights.

Further, innovative leaders habitually shape and select new ideas, notably without killing them too soon with premature questions about feasibility and cost. Then they ready the environment for innovation by protecting or promoting ideas, as conditions dictate.

³ For more detail, see the AchieveGlobal research report, "Leading Innovation: Insights from the Real World," available at AchieveGlobal.com.

⁴ The Möbius Strip is named after the German mathematician August Ferdinand Möbius, who independently discovered this early alchemical diagram in 1858.

Most critical, skilled leaders execute ideas with unarguable value to the customer by teaming effectively, solving implementation problems, and (to highlight a clear connection) managing change.

Yin Meets Yang, Again

To see how change meets innovation, consider a visual analogy: A Möbius Strip is a curious geometric figure formed by twisting a narrow strip of paper 180 degrees and attaching its ends into a three-dimensional figure—*with only one side!*⁴

The relationship between change and innovation is much like that between two loops in a Möbius Strip: two terms, two sets of causes, two emotional tones, two levels of magnitude, two objectives—but only one side. As revealed by our studies and confirmed by the leaders we interviewed:

- An innovation initiative, properly executed, demands change.
- A change initiative, in order to succeed, demands innovation.

In the words of a BlueCross BlueShield executive:

*They're cousins. I actually don't think they're mutually exclusive. My working definition of innovation is seeing things differently and seeing different things.
And both of those represent change!*

Or, as described very succinctly by a manager at SGL Carbon: "An innovator needs to be a change agent."

About the Author

As AchieveGlobal's Director of Solution Development, Craig Perrin is a thought-leader who works cross-functionally and with clients to guide creation of a range of responses to market needs. Since 1986, he has played a central role in developing the company's flagship programs in leadership, sales, and customer service; co-authored two best-selling books; written many articles and position papers; and produced eLearning and video that have earned scores of national and international awards. In 1998, Craig was named Times Mirror Editor of the Year. Craig holds a B.A. and M.A. from San Francisco State University.

About AchieveGlobal

In the 21st century, the level of human skills will determine organization success. AchieveGlobal provides exceptional development in interpersonal business skills, giving companies the workforce they need for business results. Located in over 40 countries, we offer multi-language, learning-based solutions—globally, regionally, and locally.

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