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# CQI Learning Lunch

## Innovation and the Alternatives- *Why Survival is not Compulsory!*

Host - Dennis Sergent  
517-381-5330

June 30th, 2011  
10:30 AM to 1:00 PM

*University Club of Michigan State*  
3435 Forest Road, Lansing, MI 48909  
517-353-5111



# Innovative Companies

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## Fast Company's 2010 ranking

1. Facebook
2. Amazon
3. Apple
4. Google
5. Huawei
6. First Solar
7. PG&E
8. Novartis
9. Wal-Mart
10. HP

## Business Week 2010 ranking:

1. Apple
2. Google
3. Microsoft
4. IBM
5. Toyota
6. Amazon
7. LG Electronics
8. BYD
9. GE
10. Sony

## *Who's Really Innovative? - by Gary Hamel* WSJ - 11-22-2010

- Like trying to rank the world's most accomplished athletes.
- A measure of how difficult it is to *stay* innovative:
  - Two-thirds of the businesses on *Fast Company's* 2009 list didn't make it in 2010.
  - When it comes to innovation, few companies are winner's for long.
- Lists are not much help to *learn* about innovation—because they fail to distinguish between five distinct types of innovators.
  - **Tyros** - young companies built around whacky new business models.
    - IKEA, Hulu, eBay
  - **Nobel laureates** - companies that are consistently innovative, albeit in a narrow, technologically oriented, sphere.
    - Samsung, Microsoft, Cisco
  - **Artistes** - a third and much smaller category of innovation heroes. These firms are in the creativity business—innovation is their product.
    - BMW, Design Works, etc.
  - **Cyborgs** - companies like Google, Amazon and Apple that have been purpose-built to achieve super-human feats of innovation.
    - These companies have been built around principles like freedom, meritocracy, transparency and experimentation.
  - **Born again innovators** - “geriatric” companies like Procter & Gamble, IBM and Ford.
    - Once hierarchical and stultifying, they one day faced their failings and set about reordering their priorities and reassessing their habits.

# Innovate and Survive

## Our thinking sources for today:

- **Ackoff**
  - Creativity is a discontinuity.
- **Deming**
  - Survival is not compulsory
- **Doblin/Davis**
  - Ten Types of Innovation
- **Viktor Frankl**
  - All freedom has a “from what” and a “to what”
- **Rogers**
  - Change equals innovation
- **Tichy**
  - Culture’s role
- **Argyris**
  - Double loop learning
- **Bridges**
  - Letting go, then new beginnings
- **Kotter**
  - Eight stage model
- **Kepner Tregoe**
  - Promoting Actions
- **ADDIE Model**
  - Learning design
- **ADKAR Model**
  - Change Design

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# Russell Ackoff - Creativity is Discontinuous

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- **“Creativity is a discontinuity.”**
- “A creative act breaks with the chain that has come before it.”
- **“It’s not continuous.”**
- “One never becomes a leader by imitating them and improving slightly.”
  - **leapfrogging is required**
- Idealized Redesign - invented at Bell Laboratories
  - “only way we can think creatively about a system is to **assume it was destroyed** last night, it no longer exists”
- “If you do not know what you would do with no constraints, right now -
  - **how can you possibly know what to do with constraints”?**
- **Force your self to look at the system**
  - before you look at the parts.



# Deming's 14 Points For Management

Key to understanding 14 Points is variation.

The more variation - the more waste, Deming's 14 points paraphrased here:

**Create constancy of purpose towards improvement.**

- Replace short-term reaction with long-term planning.

**Adopt the new philosophy.**

- Management should walk the talk.

**Cease dependence on inspection.**

- Reduced variation eliminates need to inspect for defects.

**Move towards a single supplier for any one item.**

- Multiple suppliers mean variation between feedstocks.

**Improve constantly and forever.**

- Constantly strive to reduce variation.

**Institute training on the job.**

- Adequately trained staff will all work the same way, and reduce variation.

**Institute leadership.**

- Mere supervision is quota- and target-based

**Drive out fear.**

- Long term, it prevents workers from acting in the organization's best interests.

**Break down barriers between departments.**

- Use the 'internal customer', that each department serves other departments that use its output.

**Eliminate slogans.**

- It's not people who make most mistakes - it's the process they are working within.

**Eliminate management by objectives".**

- Deming saw production targets as encouraging the delivery of poor-quality goods.

**Remove barriers to pride of workmanship.**

- Many of the other problems outlined reduce worker satisfaction.

**Institute education and self-improvement.**

- Harassing the workforce without improving the processes they use is counter-productive.

**The transformation is everyone's job.**

- **“You do not have to do this. Survival is not compulsory.”**



# Ten Types of Innovation

The Doblin Group identified ten main types of innovation throughout the world.

Paul Davis of the Scanlon Leader Network synthesized:

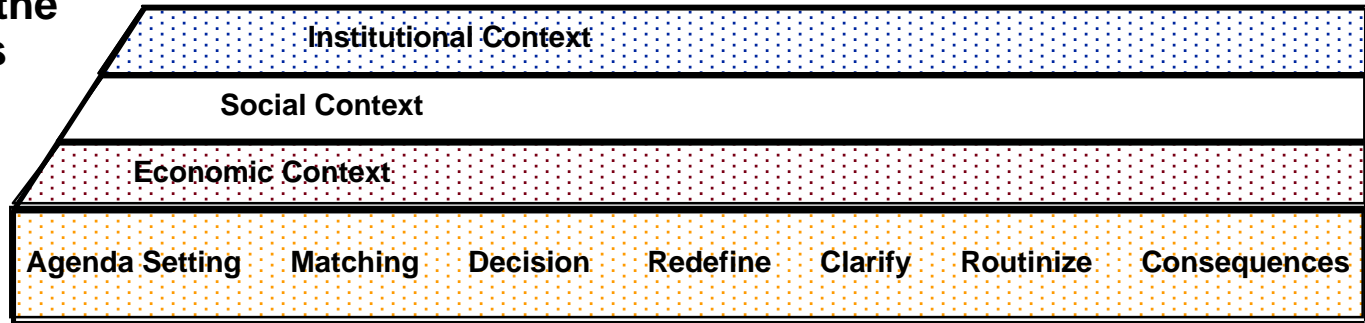
1. **Business Model**  
How do we make money?
2. **Networks & Alliances**  
How do we join forces with others to mutual benefit?
3. **Enabling Process**  
How we support the team of employees & managers?
4. **Core Process**  
How do we create and add value?
5. **Product Performance**  
How do we design our core offerings?
6. **Product System**  
How do we provide a platform to link multiple products or services?
7. **Services**  
How do we provide value to customers around our products & services?
8. **Channels**  
How do we get our services and products to customers?
9. **Brand**  
How do we communicate our offerings?
10. **Customer Experience**  
How do our customers feel when they interact with us and our offerings?

# Diffusion of Innovations

## Metacompetence in the Diffusion Process

(Diffusion Parameters)

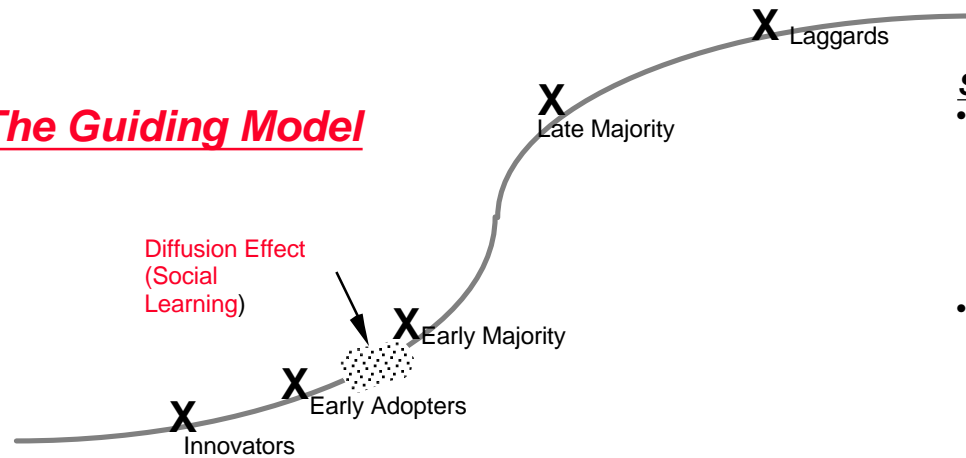
Context: Organizations



[Diffusion Process]

## The Guiding Model

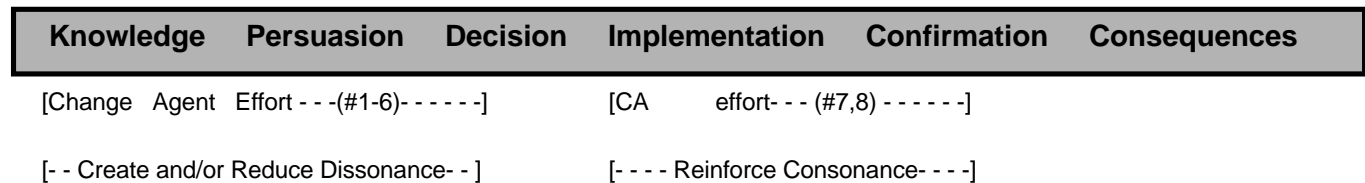
Primary Reference:  
 "Diffusion of Innovations"  
 The Free Press,  
 By Everett M. Rogers, 1983



### SYSTEM:

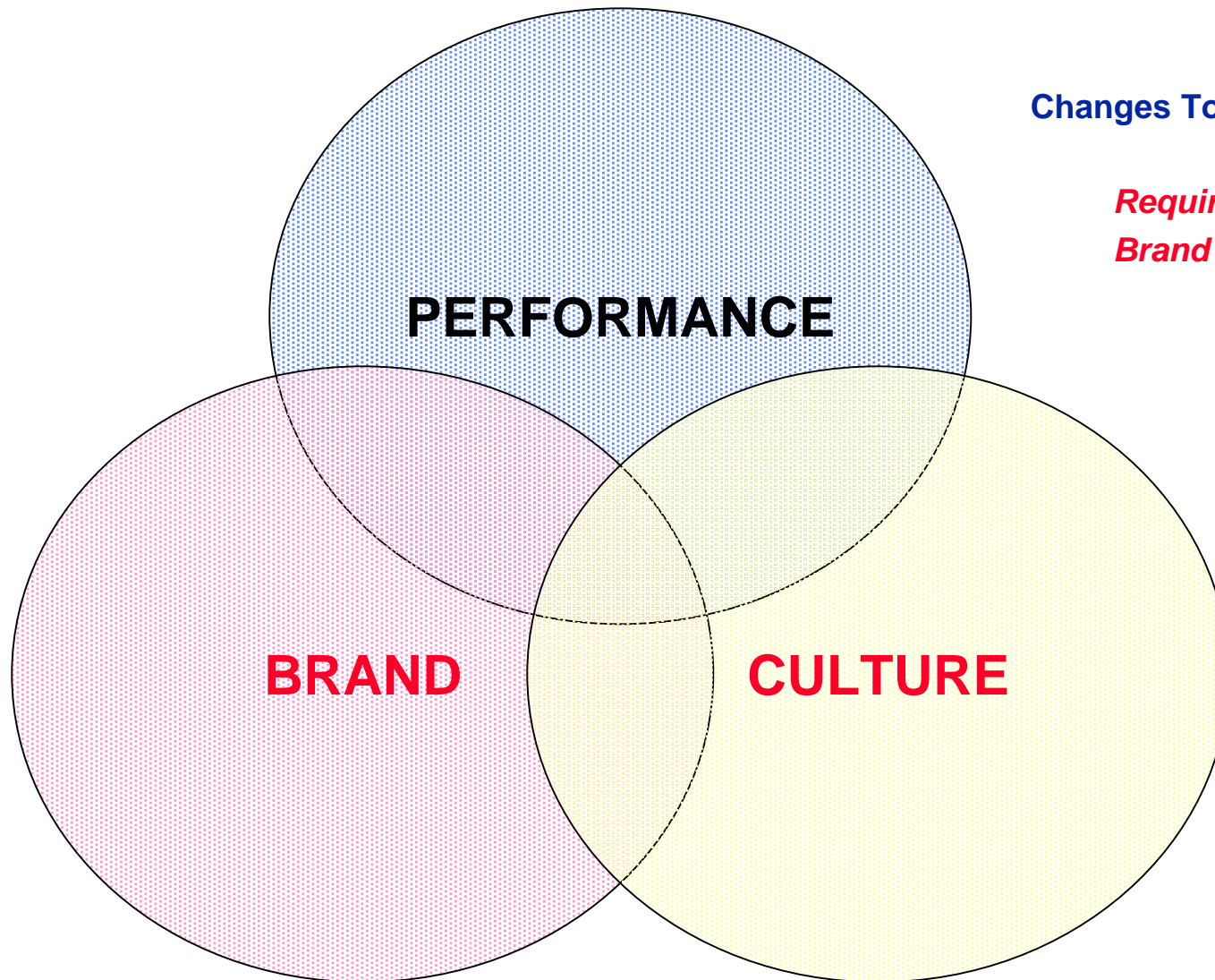
- Structural Characteristics
  - centralization
  - formalization
  - complexity
  - size
  - organizational slack
- Implementation Complexity

Individual Competence



Relative Advantage; Complexity; Compatibility; Trialability; Observability (Transferability) (Communicability)

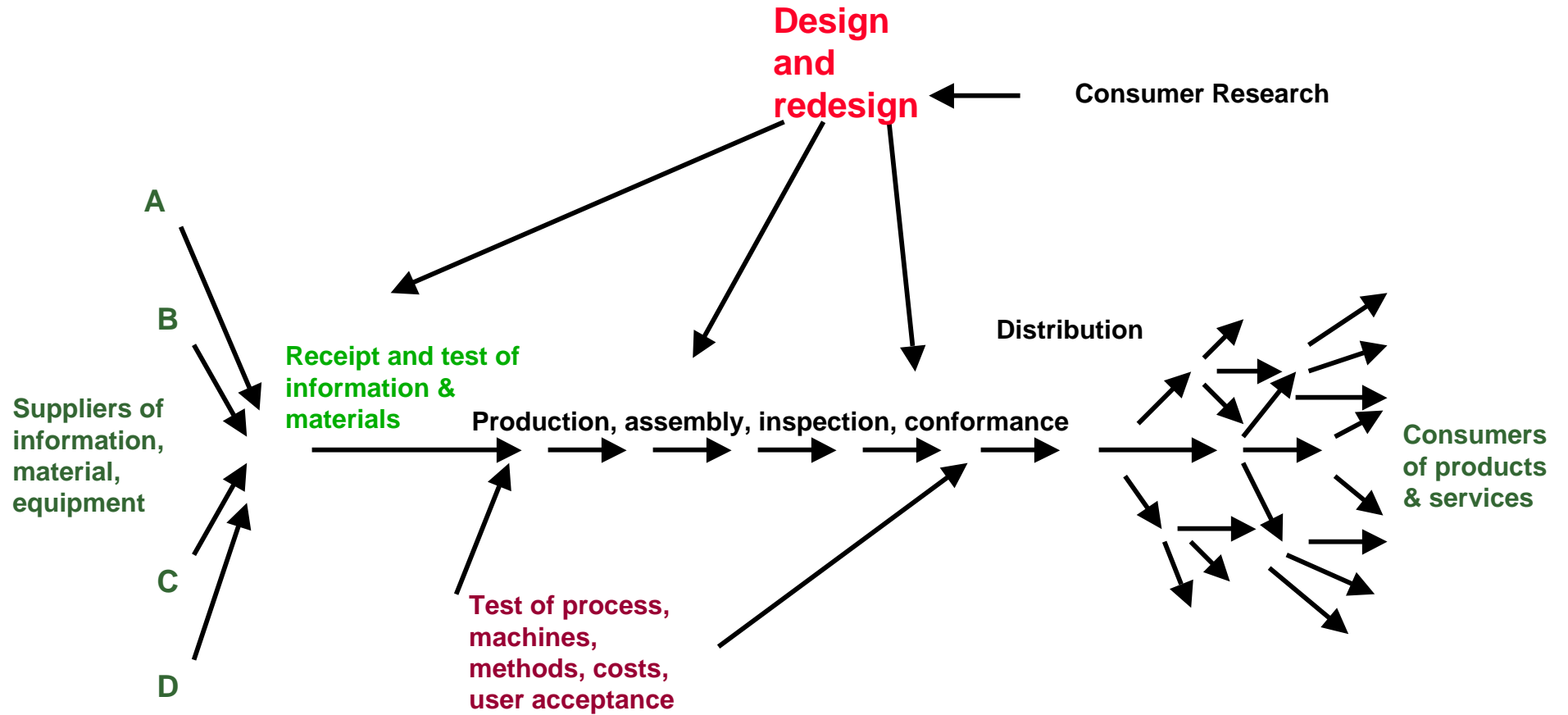
# Managing Change



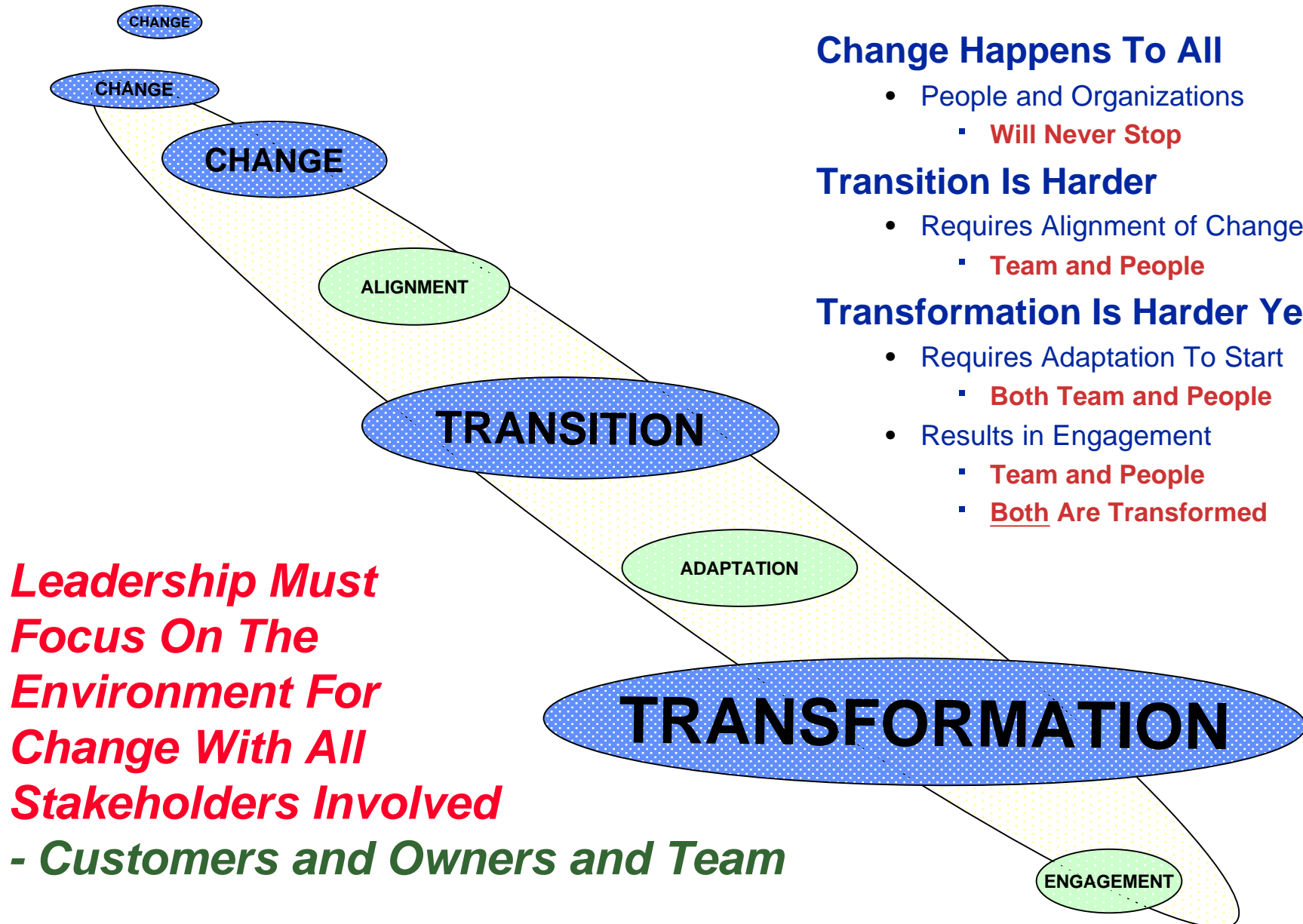
**Changes To Performance**

*Require Changes To Both  
Brand and Culture*

# Deming's System Model



# Leading The Change Process

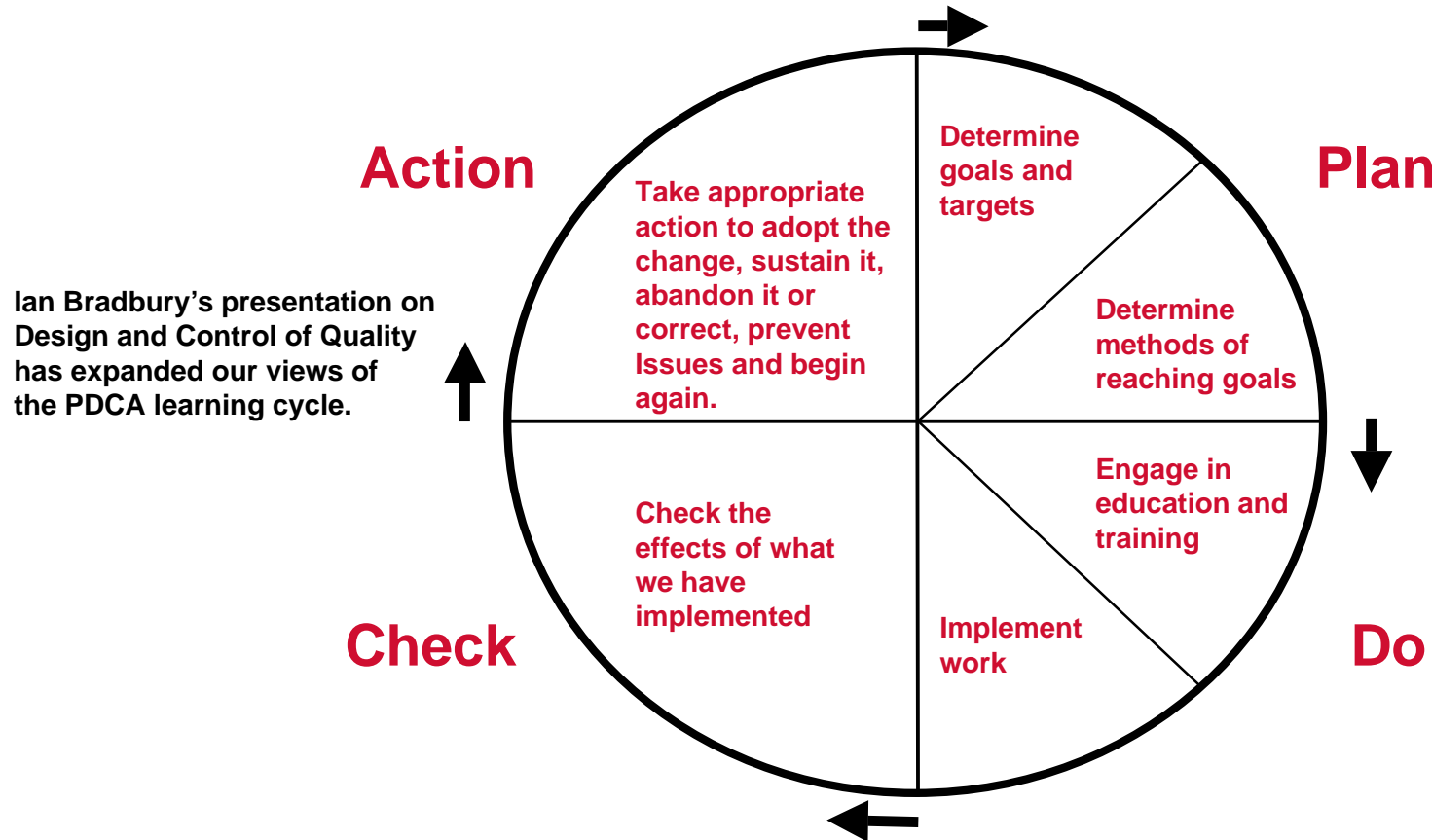


**Leadership Must  
Focus On The  
Environment For  
Change With All  
Stakeholders Involved  
- Customers and Owners and Team**



# P-D-C-A - Proceed (**CHANGE**) With Control

We **PLAN** what we want to accomplish over a period of time and what we will do to get there.  
We **DO** something that furthers the strategies and goals developed in our plan.



We **CHECK (Study)** the results of our actions to make sure we achieve what we plan.

We **ACT** by developing procedures to ensure our plans continue to be successful and by **changing** what is needed to achieve the initial goals.



# Problem Solving Approaches & Principles

## Breakthrough Approaches:

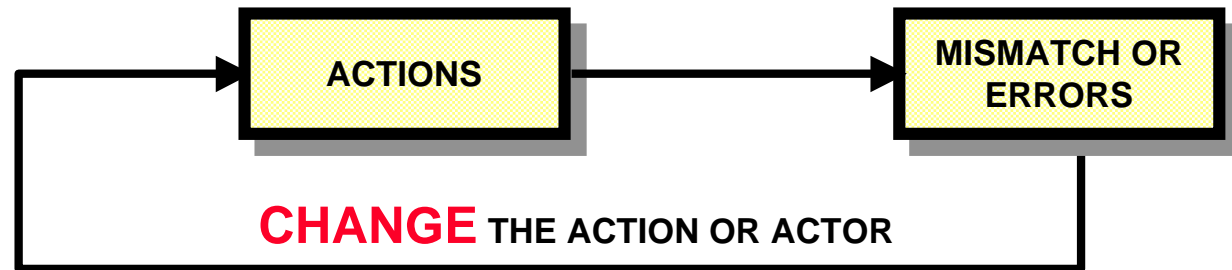
- A. **Do-Nothing**
- B. **The Chance Approach** focuses on the importance of the accidental in problem solving.
- C. **Affective Approaches** stress intuition, insight, feelings, and divergent thinking.
- D. **Rational Approaches** are characterized by structured, systematic, methodical, scientific processes.
- E. **Breakthrough Thinking** synthesizes the previous three approaches to provide an entirely new way to think.

## Breakthrough Principles:

1. **Uniqueness:** Whatever the apparent similarities, each problem is unique and requires an approach that dwells on its own contextual needs.
2. **Purposes:** Focusing on purposes helps strip away nonessential aspects to avoid working on the wrong problem.
3. **Solution-After-Next:** Innovation can be stimulated and solutions made more effective by working backward from an ideal target solution.
4. **Systems:** Every problem is part of a larger system. Understanding the elements and dimensions of a system matrix lets you determine in advance the complexities you must incorporate in the implementation of the solution.
5. **The Limited Information Collection Principle:** Knowing too much about a problem initially can prevent you from seeing some excellent alternative solutions.
6. **The People Design Principle:** The people who will carry out and use a solution must work together in developing the solution with Breakthrough Thinking. The proposed solution should include only the minimal, critical details, so that the users of the solution can have some flexibility in applying it.
7. **The Betterment Timeline Principle:** A sequence of purpose-directed solutions is a bridge to a better future.

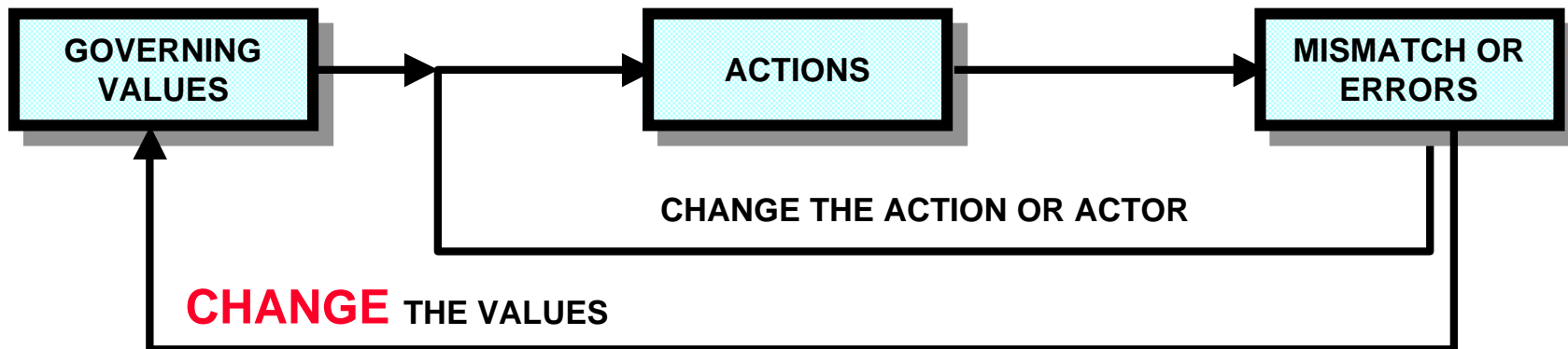
# Single Loop Learning - Double Loop Learning

## SINGLE-LOOP LEARNING



Invalid or Incomplete Information - Ineffective Roles & Policies, Designed Errors = *Fix Blame*

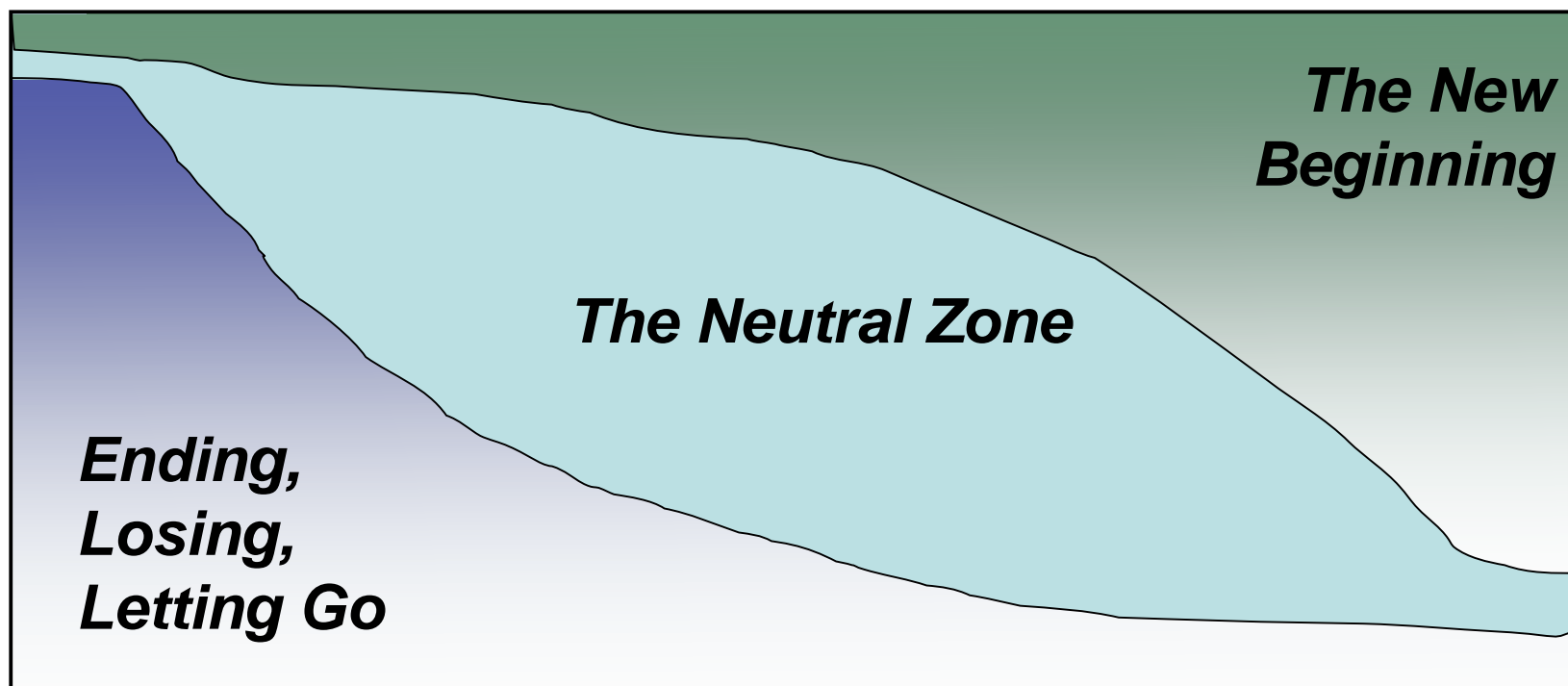
## DOUBLE-LOOP LEARNING



Valid Information - informed Choices - Monitored Implementation = *Fix System*

# Bridges Model

- Managing Transitions - Making The Most of **Change**
- Three Phases
  - Ending, Losing, Letting Go
  - The Neutral Zone
  - The New Beginning



# Kotter Model

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- **Eight Stage Process of Creating Major Change**
  1. Establish A Sense of Urgency (INCREASE URGENCY)
  2. Create The Guiding Coalition (BUILD THE GUIDING TEAM)
  3. Develop a Vision and Strategy (GET THE VISION RIGHT)
  4. Communicate The Change Vision (COMMUNICATE FOR BUY-IN)
  5. Empower Broad Based Action (EMPOWER ACTION)
  6. Generate Short Term Wins (CREATE SHORT TERM WINS)
  7. Consolidate Gains & Produce More Change (DON'T LET UP)
  8. Anchor New Approaches In The Culture (MAKE CHANGES STICK)
- **Eight Steps For Successful Large Scale Change**
  - Leading Change
  - The Heart of Change
  - A Sense of Urgency

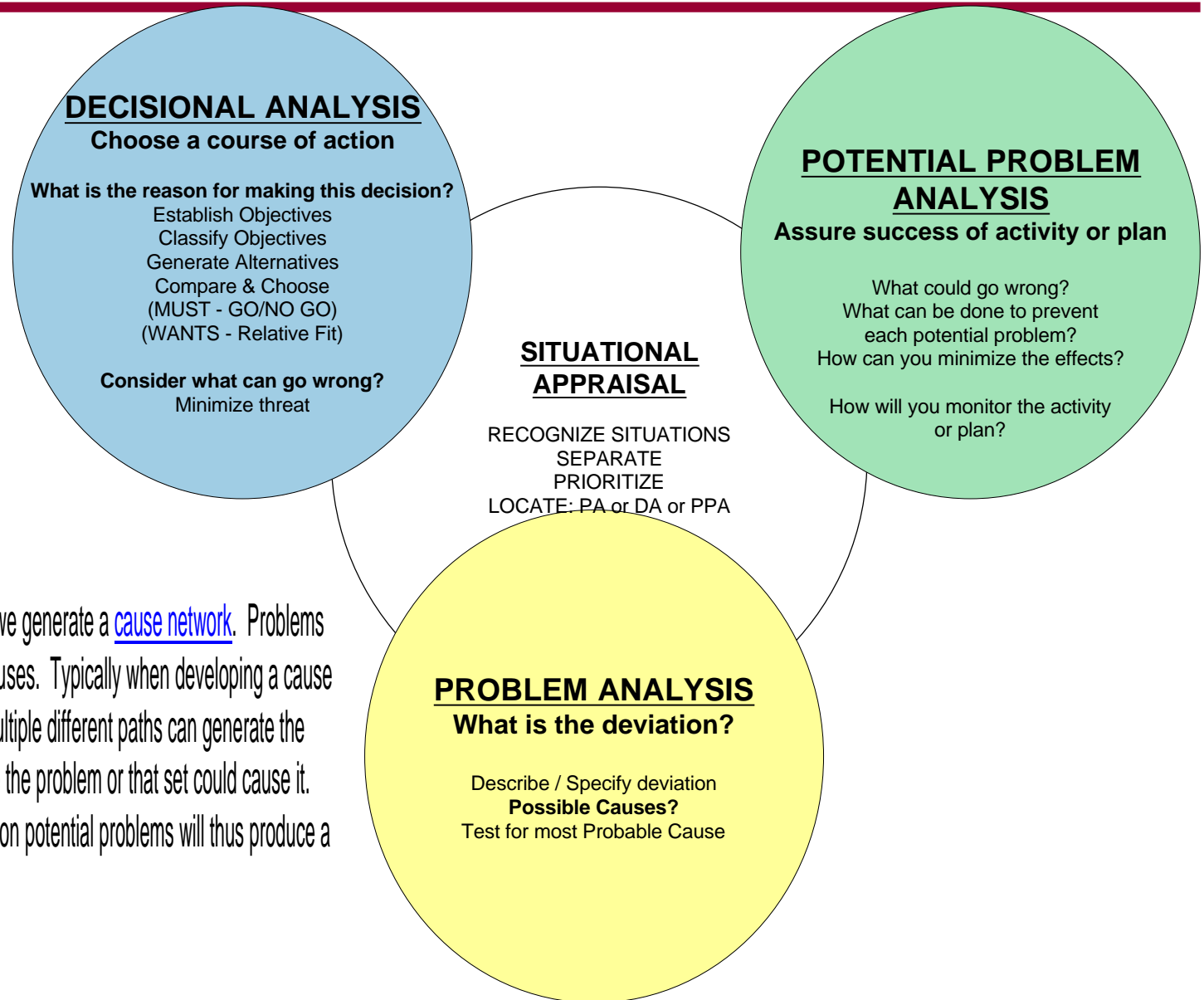


# Promoting Actions and Cause Networks

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- **What is a promoting action?**
  - Making something better happen **with a change!**
- **When do we need it?**
  - **When we want a future better than the the current state.**
  - **When we want improvement.**
    - Both potential problems and potential opportunities have causes.
    - Improvement comes from promoting the causes of potential opportunities rather than from correcting and preventing problems.
  - **Anticipating potential problems (future bad events) and addressing them maintains the status quo.**
  - **Anticipating potential opportunities (future good events) and addressing them works toward improvement.**

# Cause Networks



## DEVELOP CAUSE NETWORK(S)

For each of the potential problems we picked, we generate a [cause network](#). Problems have causes. Potential problems also have causes. Typically when developing a cause network for a potential problem, we find that multiple different paths can generate the same problem. This set of causes could cause the problem or that set could cause it. Using the physics of cause effect relationships on potential problems will thus produce a cause network display with [OR gates](#).

# Purpose of Promoting Actions

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- The purpose of promoting action is to find a pattern of interrelated causes that will lead to an opportunity to **change**  
and  
to identify what intervention (if any) is appropriate so that the set of causes will generate the opportunity **or change**.
  - Engaging in potential opportunity analysis is one way to generate improvement, generate a future better than the status quo.
  - Corrective action is fixing things.
  - Preventive action is maintaining things, not letting them get worse.
  - Promoting action is making things better than they are now.
  - Each activity has a different purpose but each requires an understanding of cause effect relationships – physics.

# Potential Opportunity Analysis

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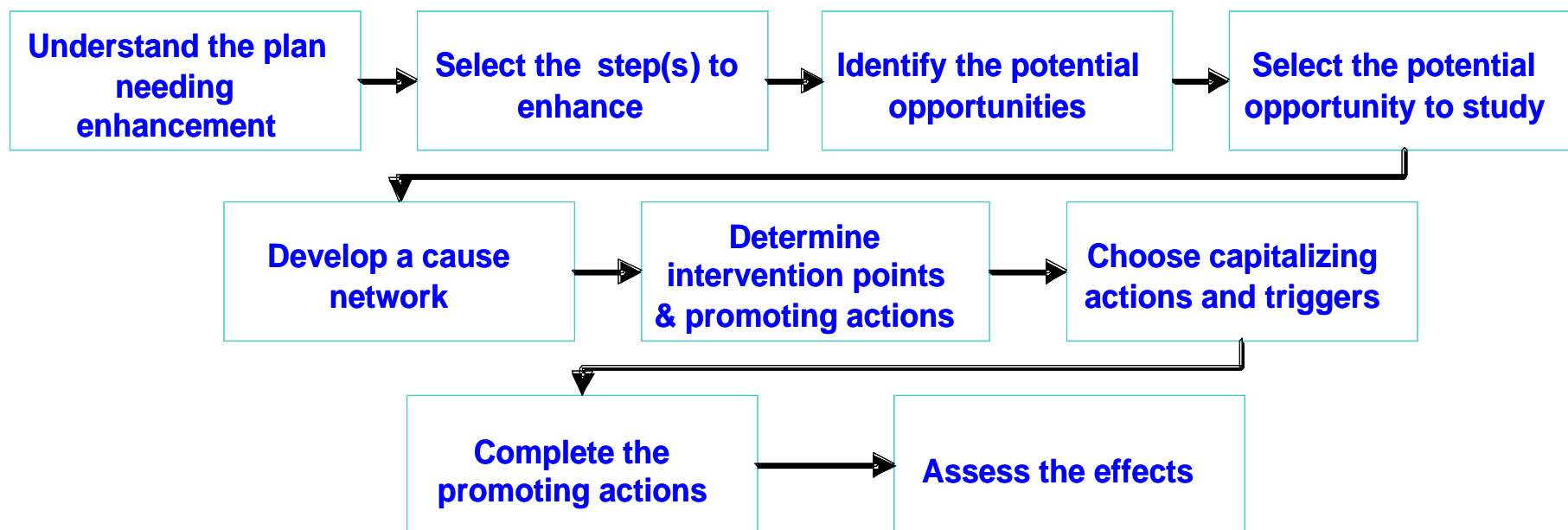
- **Promoting Action**

- **Potential opportunity analysis directs efforts at getting a plan to go better than expected.**
- **It aims at causing better than expected effects by**
  - Identifying opportunities,
  - Studying their possible causes, and
  - Acting to promote those causes.
- **Compared to the thinking underpinning corrective action and preventive action, it is the least used of the three thinking processes.**
- **It is likely the most powerful of the processes in terms of better futures.**
- **We create the future by what we do in the present.**

# Promoting Action & POA

- Opportunities have causes worth pursuing.
  - Risk reduction an automatic response of importance.
  - Opportunity enhancement / promoting actions are uncommon.

## Potential Opportunity Analysis & Promoting Action





# Promoting Actions & POA Steps

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- **Understand the plan and purpose of the change**
  - What is the context?
  - Who do we involve to help us in this purpose?
- **Select the steps to enhance**
  - Are we experts?
  - How simple is the step?
  - How much extra time is in the schedule?
  - Can alternate resources cost less or add more value?
  - How significant is the gain if we succeed?
- **Identify the opportunities in each step of the plan**
  - What benefits the system as a whole?
  - How would this fit in?
  - What would this lead to?
  - What is the likelihood of this happening?
  - What is the magnitude of the benefit if it occurs?
  - Which opportunities should we study?

# Developing Cause Networks

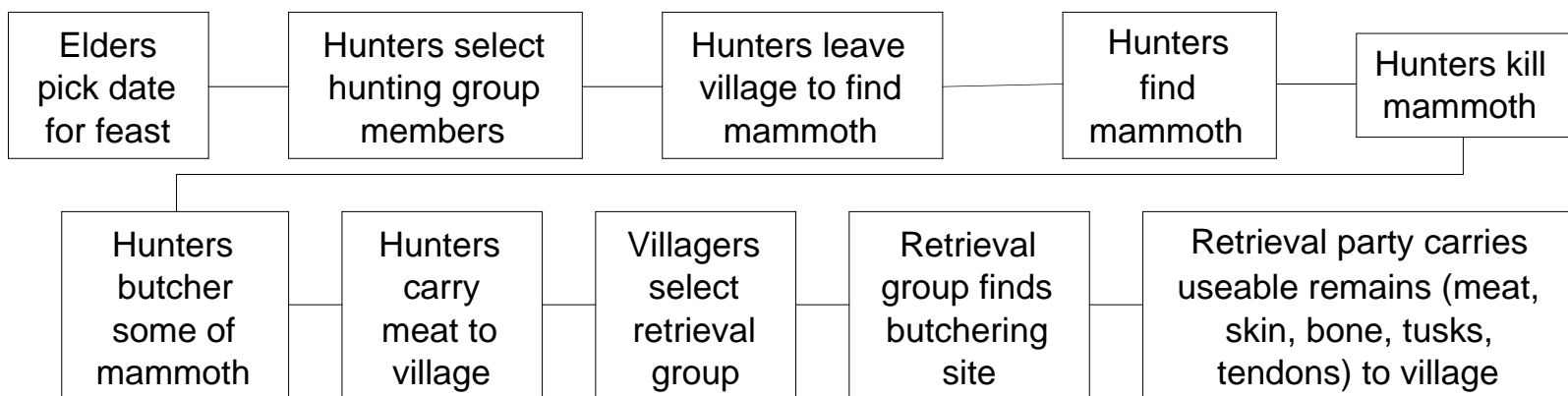
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- **Generate a cause for each opportunity to change**
  - Sometimes multiple causes and paths exist
- **Choose intervention points for causes**
  - List possible promoting actions to make cause materialize
  - Investment Thinking the order of the day
    - **Green Hat and Lateral Thinking tools (de Bono) are useful**
- **Select most appropriate actions for desired effects**
  - Keep unintended consequences in mind
  - Choose capitalizing actions
  - Incorporate into plans
- **Define what, why, how, who and when actions taken**
  - Especially the triggers for the actions
- **Act as planned**
- **Assess the effects (PDSA)**

# Promoting Action Example

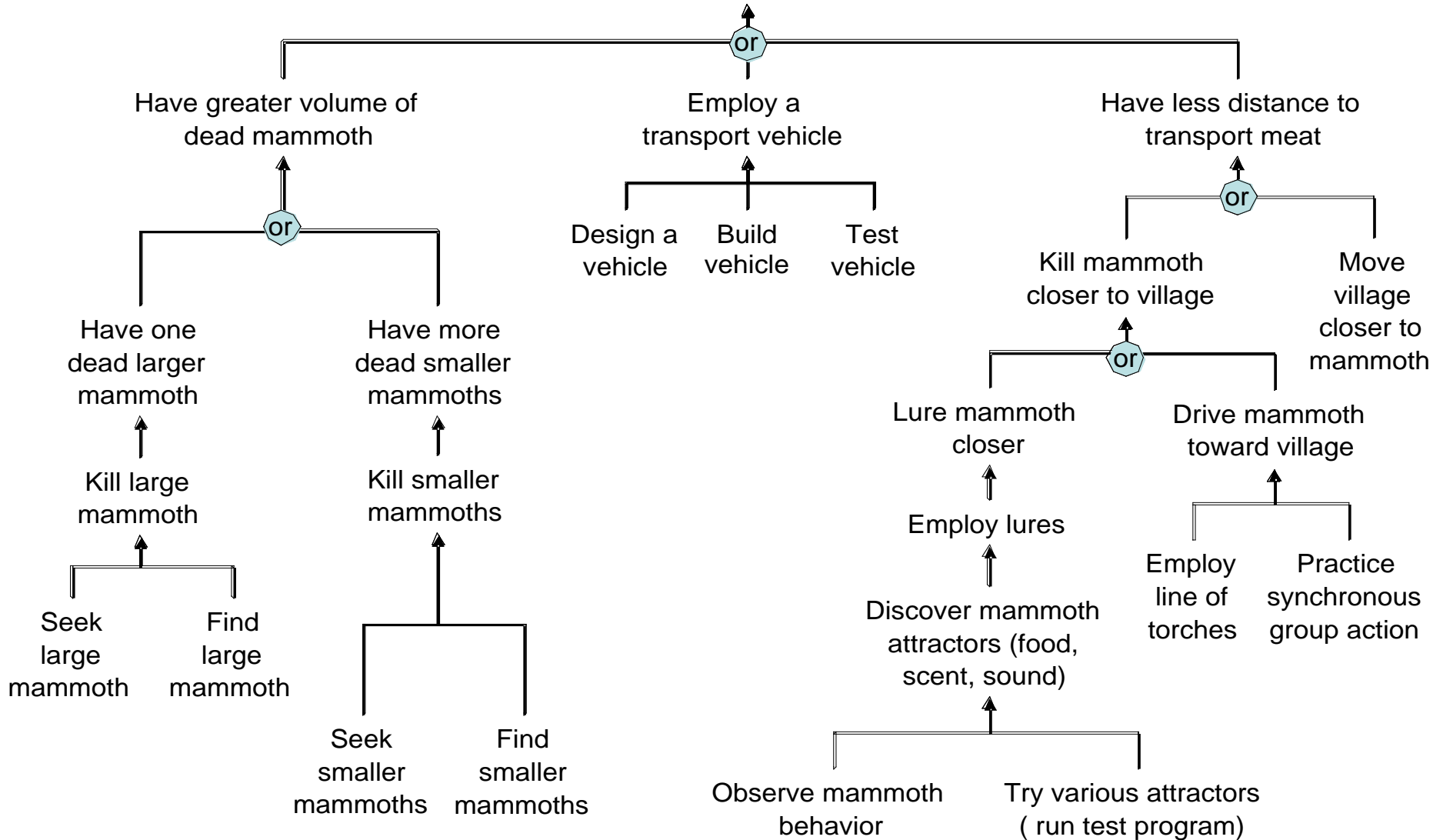
- **Tim Higgin's hilarious, but great example:**
  - In this example, we place ourselves at a time back when mammoth were hunted.
    - A **necessary condition** for hunting mammoth is live mammoth.
    - We have a plan for obtaining mammoth meat.
    - We are technologically deficient compared to today's gadgetry.
    - We are not mentally deficient.
    - We realize that plans can be improved.
    - So we elect to apply some potential opportunity thinking to our plan.

Sequence / **timeline** / flow of events aka existing plan for obtaining mammoth meat

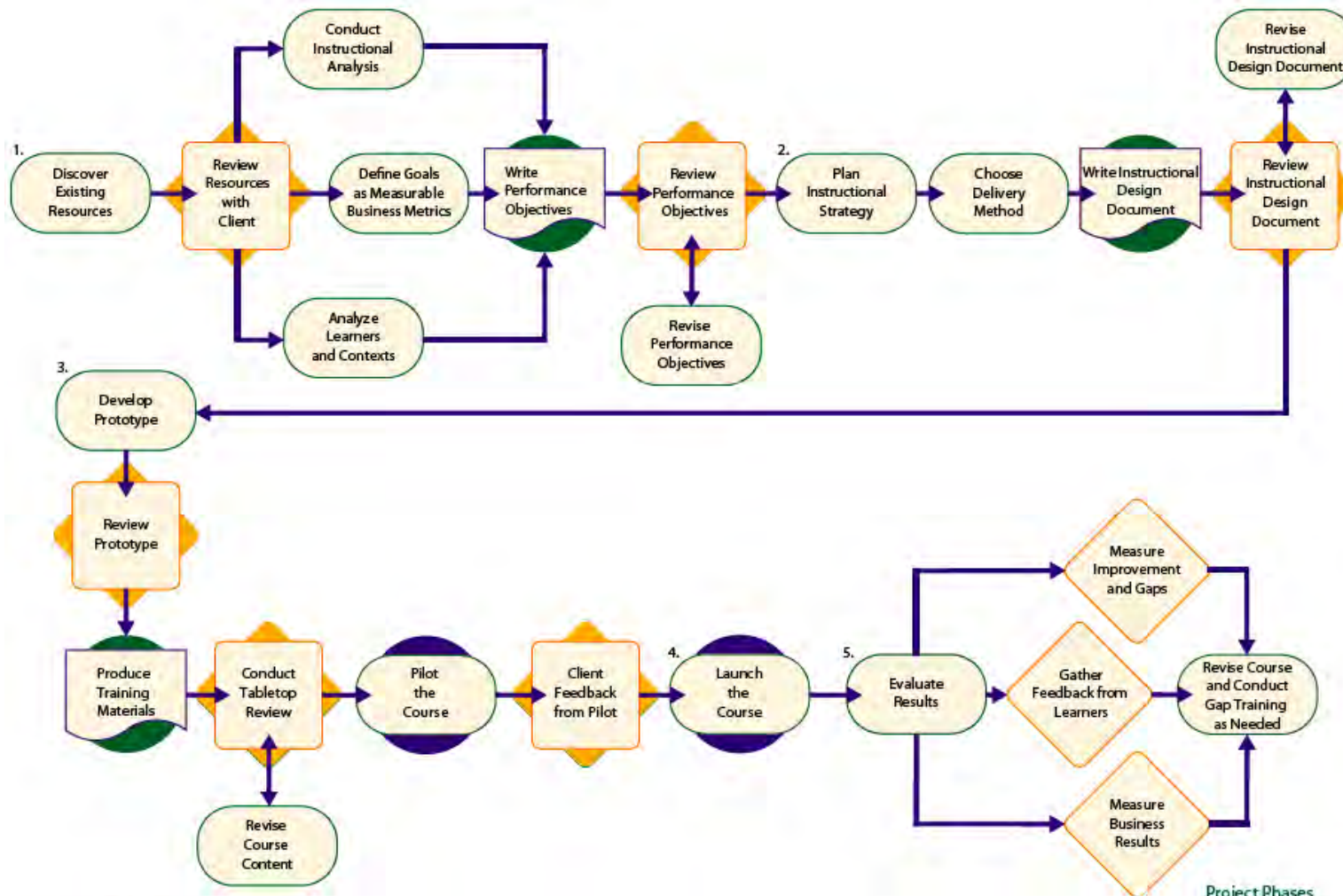


# Mammoth Cause Network

## Transport more meat than usual



# ADDIE Model



- Project Phases**
1. Analyze
  2. Design
  3. Develop
  4. Implement
  5. Evaluate

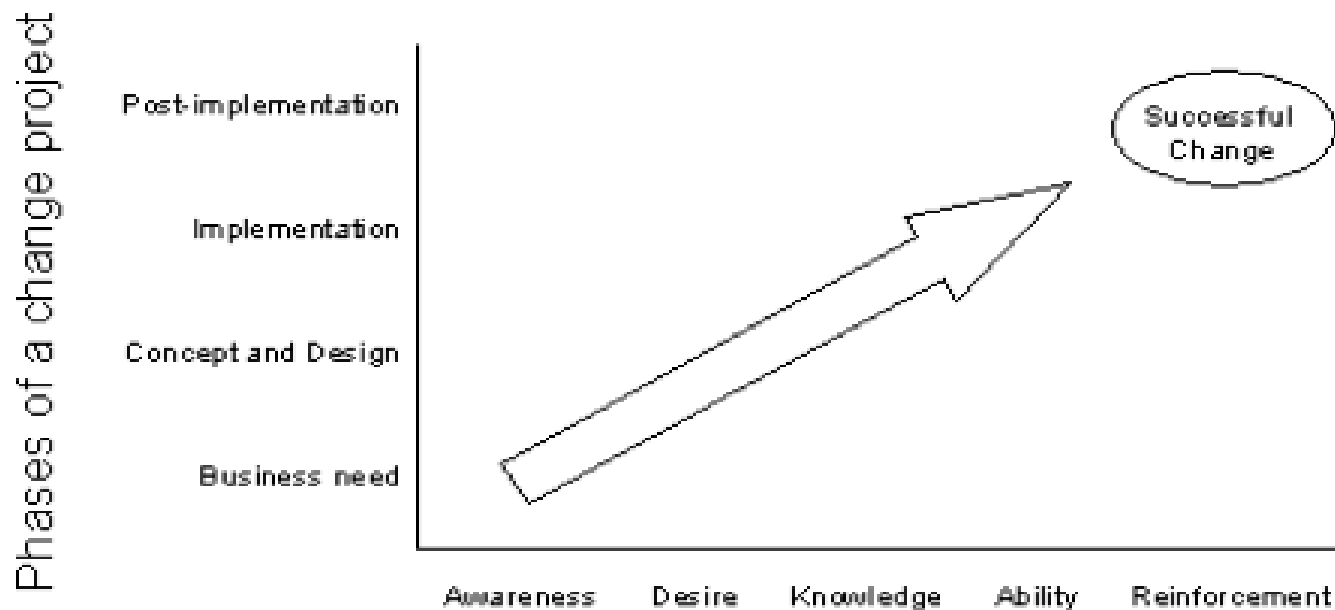


Instructional Design Process for Custom Projects

Learn more about the ADDIE model at [www.intology.com/addie/](http://www.intology.com/addie/)  
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# ADKAR Model of Change

- ADKAR is a goal-oriented **change** management model
  - Allows change management teams to focus their activities on specific business results.
- Initial use to determine if change management activities were having the desired results
  - Communications, Training, Projects
  - Anything during organizational change.
- Origins in aligning traditional change management activities to a given result or goal.



Phases of change for employees



# Lunch!

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- **Let's collect our lunch!**
- **Room will be secure**
- **Staff will take your drink orders**
- **While you dine, discuss this**
- **Make sure everyone is heard from**
- **Be prepared to share your answers to the following questions!**

# TABLE DISCUSSIONS

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## AT EACH TABLE DISCUSS:

- **WHAT ARE OUR NEXT ACTION STEPS?**
  - **What did I learn here?**
  - **What do we need to discuss next?**
  - **Who else should be here?**
  - **What will we do with this learning?**
  - **When do we meet again?**



# Future Agenda

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## Future Discussions = 3 Weeks + 1 Weekday

- July 22nd, 2011 = Complacency vs. Urgency = *The Danger from Too Much Success*
  - August 15th, 2011 =
  - September 6th, 2011 =
  - September 28th, 2011 =
  - October 20th, 2011 =
  - November 21st, 2011 =
  - December 8th, 2011 =
- 
- What Are Your Ideas?



# Other Subject & Speaker Suggestions

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- Accelerated Learning
- Benchmarking
- Brainstorming
- Civility - Lack of it Costs up to \$300 Billion Annually (possible guest speaker - Pattie McNeil)
- Comparisons of Quality Management Systems
- Continuous Improvement
- Design & Control of Quality (possible guest speaker - Ian Bradbury of Peaker Services, Inc.)
- Effective Measurement for Training & Development Initiatives
- Evolution of Profound Knowledge (possible guest speaker - Ron Moen)
- Gipsie Ranney (possible guest speaker)
- Having Difficult Conversations - Principles and Tools
- How to Plan the Perfect Meeting
- Influence (Influencing Your Leader and Your Team)
- InThinking, Investment Thinking, Thinking Roadmap
- Intrinsic Motivation vs The Carrot & Stick Approach
- Lean Project: Eliminating the Waste In Performance Reviews (possible guest speaker - R. Steele of Peaker Services)
- Mentoring & Partnership Between Generations (Baby Boomer, GenX, GenY, Transition to Future)
- Quality Assurance Through Proofing
- Six Sigma - Tool or Trap?
- Training vs. Learning - What Makes The Difference in Performance?
  
- What Are Your Ideas?

# **CQI LEARNING LUNCH**

**Innovation and the Alternatives -  
*Why Survival is not Compulsory!***

