Words of Wisdom on Innovation

What does it take to create a truly new product? Denis J. Hauptly, vice president of technology strategy for Thomas Global Resources in Zug, Switzerland, offers the answer to that question in his new book *Something Really New: Three Simple Steps to Creating Truly Innovative Products.*

Hauptly ties his three steps to answers to three questions that every innovator must answer: (1) What tasks are the product really used for? (2) Are there any steps that can be removed from that task? (3) What are the very next tasks that the customer will want to perform after using this product?

Hauptly explains, "Each question builds on the answer to the previous question. The first step is foundational. It establishes our baseline. The second step takes the answer to the first question and shows how to apply it simply and effectively in the real world. Genuine innovation follows directly from the answers to the second question. The third step moves us from an individual product or service to workflow and thus presents opportunities to enhance customer loyalty and to enter entirely new product areas."

From Something Really New: Three Simple Steps to Creating Truly Innovative Products by Denis J. Hauptly. Copyright 2007, Denis J. Hauptly. Published by AMACOM, AMA's book division. For more information, visit www.amanet.org/books

Addressing Today's Psychological Recession

What is a "psychological recession"? It refers to employees' feelings of vulnerability, dispensability, and resentfulness at work. As Judith M. Bardwick, Ph.D., writes in her book *One Foot Out the Door: How to Combat the Psychological Recession That's Alienating Employees and Hurting American Business,* "Despite a relatively strong American economy, continuous downsizing, outsourcing, and unconscionable acts of corporate greed have left employees feeling as if their managements no longer value them."

The consequence, says Bardwick, is that as many as two-thirds of U.S. workers are either actively looking for new jobs or merely going through the motions at their current jobs. Bardwick states, "When people are perceived as a cost and not as a resource, when they are treated as a liability and not an asset, when no one seems to know or care that they are there, they don't work well, and they don't stay." Bardwick backs up her statement with hard-hitting research, including university studies, government reports, Gallup surveys, and other polls.

For instance, studies by The Corporate Leadership Council and the Society for Human Resource Management reveal clear connections between productivity and employees' views and feelings. Their data showed that:

1. Sixty-five percent of employees will change jobs when the economy is strong.

2. A full three-fourths of employees, 76%, said their commitment was up for grabs.

3. Seventy-one percent of HR professionals are concerned about the loss of employee involvement, and 61% are increasingly worried about productivity.

4. Eighty-eight percent of HR professionals are concerned about their organizations' relentless pressure on employees to do more with less.

Gallup finds employee discontent wherever workers feel that managers don't respect them enough to hear their input, managers focus on their weaknesses and not their strengths, and managers don't make use of employees' talents.

According to Bardwick, these bad management practices are costing companies customer loyalty. Disengaged employees don't offer top service.

Bardwick notes that a Gallup study found about 21% of organizations' customers are fully engaged and a like percent are engaged, for a total of 42%. She writes, "That's not good. It means that more than half of customers are not engaged: 30% are nonengaged and almost the same number actively disengaged, for a total of almost 60%."

Bardwick observes in her book, "Management practices that alienate people produce employees who don't

Strategic Enterprise 2.0:
Or How to Measure Twice and Cut Once BY VANESSA DiMAURO

Harvard Business School Professor Andrew McAfee is credited with coining the term Enterprise 2.0, which he defines as "the use of emergent social software platforms within companies, or between companies and their partners or customers." This new way of working is creating opportunities for organizations to get closer to their clients, prospects, and staffs. But too many organizations focus on the technology solutions without creating a strategy for the business behaviors needed to support the tools. They initiate a blog or a wiki to appear current, but they are not mindful of the business goals they need to support.

They should be giving consideration to strategic content and a plan of action.

Measure Twice: Developing a Robust Enterprise 2.0 Strategy

Some best practices for determining whether an Enterprise 2.0 strategy is right for an organization include the following measures:

The Enterprise 2.0 initiative must ultimately save time and money. The social network implementation must, over time, replace the ways an organization currently does some things in a more time-efficient, lower-cost, less-intensive way. For example, SAP recently leveraged an Enterprise 2.0 strategy effectively to lower sales costs and to attract more SMB customers.

The Enterprise 2.0 initiative must showcase thought leadership in a public and visible way. Organizations often have a great deal of internal thought leadership, a history of excellence, and/or a culture of innovation. There is often useful, untapped content that showcases thought leadership spread across the website, within the intranet, on people's desktops, or even within people thinking. A clear opportunity exists to leverage current content and create fresh content

in new and interactive ways. Take, for example, EMC which consistently uses Enterprise 2.0 efforts to test new markets and identify enterprise readiness for new technologies through the use of online community.

The Enterprise 2.0 initiative strategy must enable a greater sense of connectedness between the organization and its clients and prospects. While it is important to be outward facing as an organization, the customer care value proposition must remain top of mind in all Enterprise 2.0 experiences that are initiated.

Cut Once: The Art of Measuring Enterprise 2.0 Success

Once the strategy is firmly accepted pan-organization, and a plan is in place for execution, the next necessity is measurement of the success of the Enterprise 2.0 efforts. It is important to measure the outcomes with precision and rigor.

Some of the key areas for focus include the following:

- Interactivity ratios—which determine who is using which areas of the site most and least frequently
- Number or nature of deliverables from thought leaders and content creators
- Cost/ROI metrics and measures on a quarterly basis
- User retention statistics
- Press and goodwill generated by users

These are just some examples of the powerful metrics that should be programmatically tracked to assess the impact of an Enterprise 2.0 initiative. There are many more metrics possible, and time should be devoted to identifying the key indicators of success as with any effective marketing program. Through the careful execution of the strategic goals, there is a great opportunity to change the way a company connects with its clients, prospects, and staff.

Vanessa DiMauro is principal of Leader Networks, which works with companies to leverage technology for two-way communication and customer care. For more information, visit www.leadernetworks.com or e-mail Vanessa at vdimauro@leadernetworks.com

---

Addressing Today's Psychological Recession

care. Employees who are alienated have no interest in working hard, much less in being creative and innovative. Employees who are alienated produce customers who are alienated."

What can organizations do? For starters, Bardwick suggests that companies:

- Maximize genuine communication, reverse mentoring, and opportunities for leadership in the ranks to create significant relationships between bosses and their workers.
- Customize job responsibilities and rewards to the priorities and preferences of different employees to strengthen bonds with diverse people and humanize the workplace.
- Achieve the best fit between what the organization can offer and what an individual worker requires or desires, starting at the hiring stage.

Based on the book One Foot Out the Door: How to Combat the Psychological Recession That's Alienating Employees and Hurting American Business by Dr. Judith M. Bardwick. Copyright 2007, Dr. Judith M. Bardwick. Published by AMACOM, an AMA division. For more information, visit www.amanet.org/books

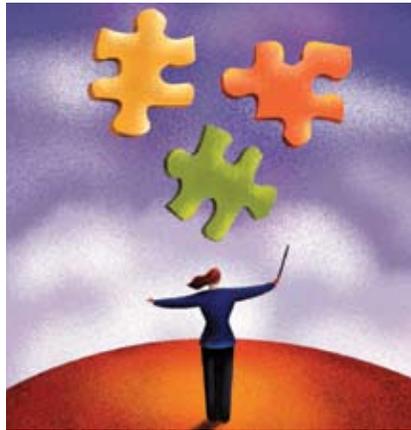# Cultivating Leaders in the 21st Century Business Setting

BY STEVE GRAVENKEMPER, Ph.D.

Today's senior managers understand turning today's employees into tomorrow's leaders cannot be left to chance, since an organization's success or failure is ultimately judged by the strength and fortitude of its people. The best leadership development programs start with the involvement of senior leadership.

Cultivating talented leaders within an organization yields two key advantages. First, leaders developed within the organization have a comprehensive understanding of the organization's culture. Second, employees appreciate organizations whose leaders make an active investment in developing their leadership skills.

Building a Model for Leadership Success

The first step for successful leadership development programs is identifying leadership skills and behaviors that are linked to the organization's strategy for business success. The most effective leadership development initiatives demonstrate to participants where they stand relative to the leadership success model. This process includes assessing key strengths and identifying areas for needed improvement, helping tomorrow's leaders continually build on their strengths and target areas for specific improvement.

Creating Individual Leadership Action Plans

The best action plans are specific, targeting precise behaviors to increase chances for success. They are practical, focusing on injecting new skills directly into the work setting. They provide direct and meaningful feedback, providing reinforcement of desired behaviors and a means to continually improve unsuccessful behaviors.

The best action plans also offer built-in checkup periods for monitoring progress; left unmonitored, the impact of the leadership development initiative is lost.

Action Learning Promotes Real-Time Leadership Development

Action learning has become a popular tool in the development of top talent and high-potential employees.

In typical action learning initiatives, the senior executive team assembles a cross-functional team of staff members with exceptional leadership potential. After senior executives identify an organizational challenge for the team to address, cross-functional team members meet and receive their assignment.

Leadership Cultivation: A Strategic Necessity

Forward-thinking organizations focused on developing tomorrow's great leaders recognize leadership development is an important strategic business objective. This realization helps retain top talent, and ensures the next generation of leaders is prepared to take the organization to new heights of success.

Steve Gravenkemper, Ph.D., leads the organizational development and personnel assessment practice at Plante & Moran, PLLC, the nation's 11th largest public accounting and management consulting firm. For more information: steve.gravenkemper@plantemoran.com

Learning Better Leadership from Football

The speed and execution in the game of football contain great lessons for business leaders interested in winning at work. So Clinton O. Longenecker, Greg R. Papp, and Timothy C. Stansfield contend in their book *The Two-Minute Drill: Lessons for Rapid Organizational Improvement from America's Greatest Game* (Jossey-Bass).

The authors explain, "Winning in football today is all about teamwork, utilizing offensive and defensive talent, and developing and executing well-designed game plans." Likewise, teamwork is critical to executing and accelerating change and improvement in today's businesses. They see the same two-minute drill in football enabling corporations to accelerate sales growth, implement a lean manufacturing initiative, or roll out an improved customer relationship management program.

Longenecker, Papp, and Stansfield suggest you assume that you are the quarterback. As such, you are responsible for the following:

Know the score and define winning. Ask yourself how the organization is performing and what you really want to achieve. Share that information with team members.

Develop a scouting report. Going into any change effort, it is critically important to know your talents and those supporting you, as well as potential opponents to your change plans.

Create a sense of urgency. It's important to raise operational levels to implement a plan for rapid change.

Develop your winning two-minute drill package. Now it's time to take ownership of the effort. Identify the people you will need and the right plays to use.

Execute the right plays. The key here is execution, write Longenecker, Papp, and Stansfield. "Manage the clock and keep the team hustling."

Close out the game, then celebrate. Before you take bows, be sure that the score holds up. Don't celebrate until you know you are winning.

Conduct a post-game analysis. Analyze what happened to learn from the experience.

LEADERSHIP

On Leadership Legacies. Despite most organizations' emphasis on the bottom line, a recent survey shows that for many business leaders, success is not enough. These high-achievers make the shift from "success thinking" to "significance thinking" and the legacy they want to leave behind.

MANAGEMENT

Become a Motivating Manager. Do you create a motivating work environment? These five tips from the authors of *The Manager's Desktop Consultant* will help you inspire your people to give their best.

HR/TRAINING

The Role of HR in High-Performing Companies. It's up to HR professionals to help find, develop, and leverage the right human capital, an undertaking that is as integral to high-performing companies as the creation of a strong business plan.

GLOBAL PERSPECTIVES

Minding Your Global Manners. The world may be a global village, but there are still many differences between cultures. These tips from a business manners expert will help you avoid any international incidents.

Book of the Month

Black Belt Negotiating: Become a Master Negotiator Using Powerful Lessons from the Martial Arts by Michael Soon Lee with Sensei Grant Tabuchi (AMACOM, 2007).
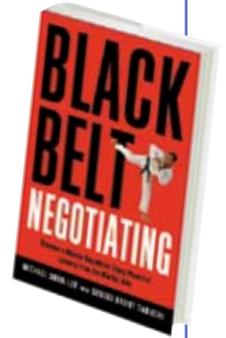
Before your next negotiation challenge, get in touch with your inner Bruce Lee. Learn how to combine calm focus with overwhelming force to win any negotiation.

AMA Conferences/Special Events Calendar

JAN. 16, WEBCAST • Effective Performance Reviews: What Managers Can Do to Start the Year Off Right. For most managers, the toughest discussions are coming up soon in the form of annual performance reviews. Turning these from a difficult conversation into a positive, goal-setting activity requires planning and practice. This webcast provides rules of thumb to help you prepare for your discussions in a way that invites balanced participation, stays true to your message, focuses on performance, and reduces defensiveness.

JAN. 23, WEBCAST • Building a Qualified Sales Pipeline: What's Working Now. Finding and qualifying new leads is critical to driving your sales success. This webcast explores fresh prospecting strategies to jump-start your 2008 business: who to call, what to say, powerful networking techniques, and proven approaches to using customer-centered messaging.

JAN. 30, WEBCAST • Charles Handy on Life, Work, and Organizations. Charles Handy is one of the world's most influential living management thinkers, having inspired and enlightened others for decades in his books and presentations. In this webcast, he shares his special brand of wisdom, giving you uncommon insight into management…as well as the choices we all have to make in our lives.

FEB. 20, WEBCAST • Making the Transition from Selling to Sales Management. Sales organizations are often compared to sports teams. As sales manager, your role is to arm your team with the tools and resources it needs to attain peak performance and stay in the game. This webcast explores the new skills, abilities, knowledge, expectations, and characteristics associated with successful sales managers, in addition to proven techniques for managing in, out, up, and down your organization to accelerate sales performance.

177436

1601 Broadway
New York, NY 10019-7420

American Management
Association International®