



INNOVATION



AUTHORS

Scott D. Anthony
Senior partner,
Innosight

Paul Cobban
Chief data and
transformation
officer, DBS

Rahul Nair
Manager,
Innosight

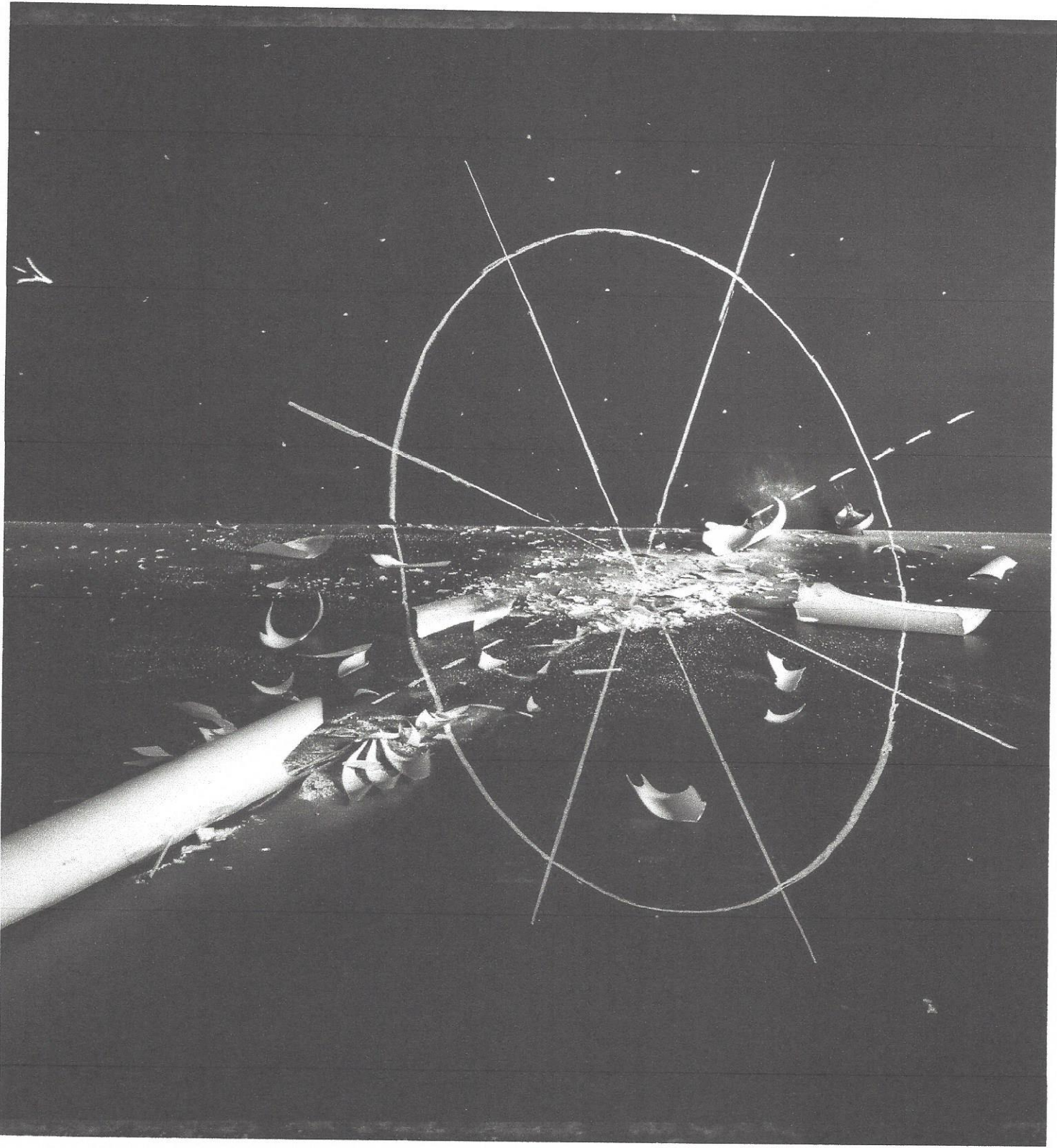
Natalie Painchaud
Director of
learning,
Innosight



PHOTOGRAPHER JOHN CHERVINSKY

Breaking Down the Barriers to *Innovation*

Build the habits and routines
that lead to growth.





INNOVATION



ABOUT THE ART

For 18 years John Chervinsky ran a particle accelerator for Harvard. His passion for science permeated his photography, which juxtaposes chalk drawings with real objects.



o catalyze innovation, companies have invested billions in internal venture capital, incubators, accelerators, and field trips to Silicon Valley. Yet according to a McKinsey survey, 94% of executives are dissatisfied with their firms' innovation performance. Across industries, one survey after another has found the

same thing: Businesses just aren't getting the impact they want, despite all their spending. Why? We believe that it's because they've failed to address a huge underlying obstacle: the day-to-day routines and rituals that stifle innovation.

Fortunately, it's possible to "hack" this problem. Drawing on the behavioral-change literature and on our experiences working with dozens of global companies, including DBS, Southeast Asia's biggest bank, we've devised a practical way to break bad habits that squelch innovation and to develop new ones that inspire it.

Like most hacks, our approach isn't expensive, though it does take time and energy. It involves setting up interventions we call BEANs, shorthand for *behavior enablers*, *artifacts*, and *nudges*. Behavior enablers are tools or processes that make it easier for people to do something different.

Artifacts—things you can see and touch—support the new behavior. And nudges, a tactic drawn from behavioral science, promote change through indirect suggestion and reinforcement. Though the acronym may sound a bit glib, we've found that it's simple and memorable in a way that's useful for organizations trying to develop better habits.

In this article we'll describe a variety of BEANs that firms have used to unleash innovation, the characteristics that make them effective, and how your organization can develop and implement its own BEANs. But first we'll briefly examine the behaviors that drive innovation and the barriers that thwart it.

Innovation Behaviors and Blockers

To us, innovation doesn't mean mere inventiveness. In our work we define it as "something different that creates value." It isn't just the purview of engineers and scientists, nor is it limited to new-product development. Processes can be innovated. Marketing approaches can too. Something different can be a big breakthrough, but it can also be an everyday improvement that makes the complicated a bit simpler or the expensive more affordable.

In our work and research, we've found that the most innovative organizations exhibit five key behaviors: They always assume there's a better way to do things. They focus on deeply understanding customers' stated and unstated needs and desires. They collaborate across and beyond the organization, actively cross-pollinating. They recognize that success requires experimentation, rapid iteration, and frequent

IDEA IN BRIEF

THE CHALLENGE

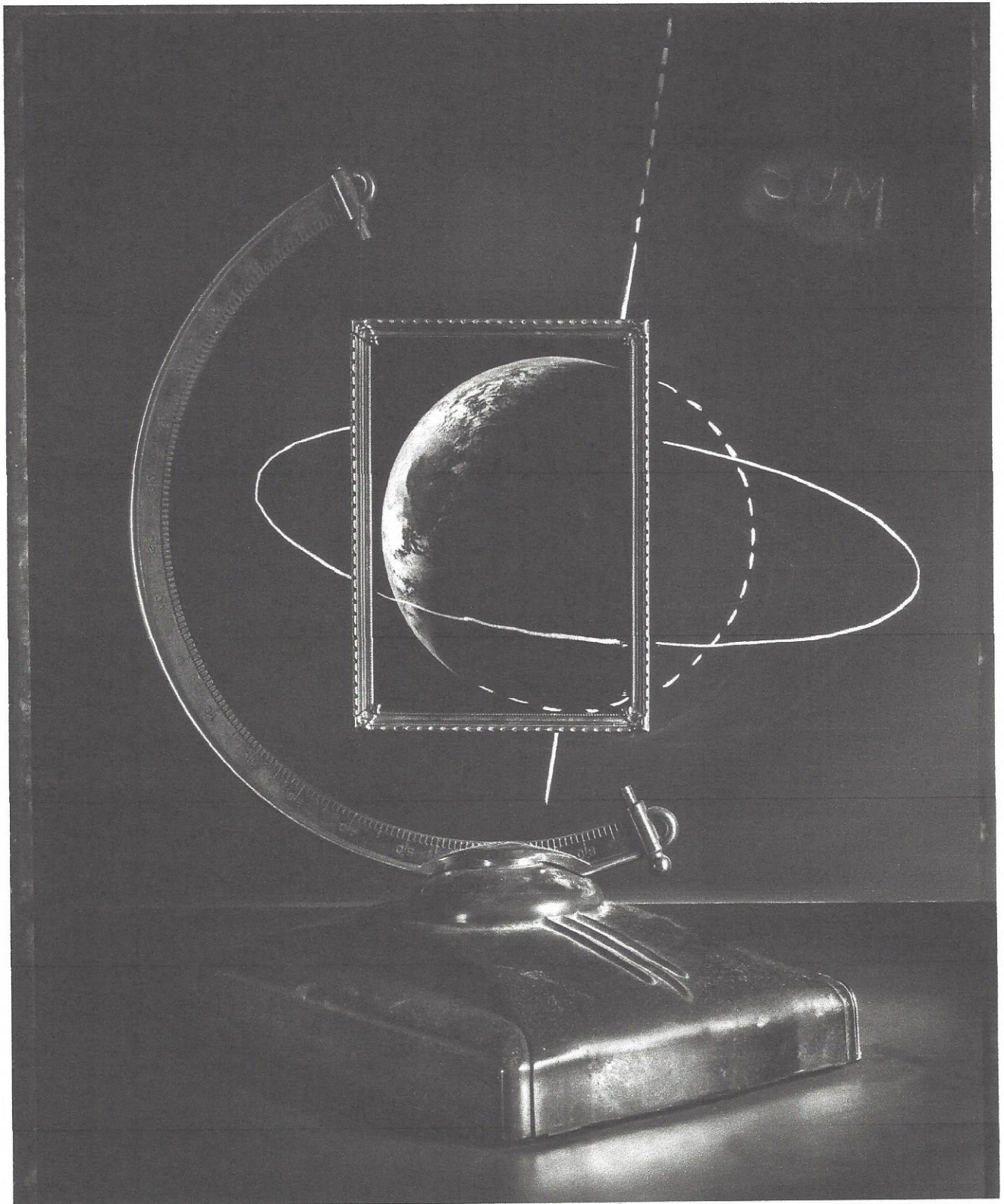
Companies' investments in innovation are stymied by the day-to-day routines and habits that stifle original thinking.

THE SOLUTION

Leadership needs to identify these innovation blockers and neutralize them with interventions called "BEANs"—behavior enablers, artifacts, and nudges.

THE OUTCOME

The bank DBS used this approach to unleash innovation at a tech-development center. Engagement scores rose 20%, and the center was named a great place to innovate.





INNOVATION



Kindergartners usually beat MBAs in contests to use spaghetti, tape, and string to build the tallest structure that will support a marshmallow on top.

failure. Last, they empower people to take considered risks, voice dissenting opinions, and seek needed resources.

None of those behaviors is surprising. It's just puzzling that they aren't more common. After all, as children, most of us were creative, curious, collaborative, and risk taking. But once we went to school and, later, to work, those behaviors got quashed. Students and employees are taught there's a right way to do things. That raising questions and expressing dissent, even benignly, is risky. As people learn those rules, the innovation muscles that were toned in their youth atrophy. That may explain why kindergarten graduates generally outperform new MBAs on "the marshmallow challenge," a timed competition to use spaghetti, tape, and string to build the tallest structure that will support a marshmallow on top.

Ask executives what stands in the way of innovation, and they'll point to real barriers, such as a lack of time (few executives or organizations have slack capacity to spend on new thinking); the perception that doing things differently produces no benefits, just costs (and possibly punishment); a lack of innovation skills; and a lack of infrastructure for bringing ideas to fruition. But one of the biggest impediments is organizational inertia. As an executive once said to us, businesses are "organized to deliver predictable, reliable results—and that's exactly the problem." A major paradox managers face is that the systems that enable success with today's model reinforce behaviors that are inconsistent with discovering tomorrow's model.

If you don't address inertia, efforts to eliminate other blockers won't work. Give people more time in an environment stifled by inertia, and they'll simply have more time to do things the old way; give them new skills, and those will go to waste if they don't fit with existing routines. Fortunately, you can combat both inertia and other blockers with BEANs. Now let's look at an initiative that did just that.

Breaking Down Innovation Barriers at DBS

When Piyush Gupta took over as CEO of DBS, in 2009, he began a multipronged effort to transform it from a stodgy, regulated bank into an agile technology company—or, as he put it, "a 27,000-person start-up." Once mocked locally as

"Damn Bloody Slow" (for its notoriously long lines), DBS is now considered a global digital leader in financial services, and in 2019 it became the first bank to simultaneously hold the titles "Bank of the Year" (*The Banker*), "Best Bank in the World" (*Global Finance*), and "World's Best Bank" (*Euromoney*).

But back in 2016, DBS was still on its journey. When its top leaders gathered in Singapore to talk about how the bank was progressing, all agreed that though it had made headway, much work remained. In their discussion they identified dysfunctional meetings as a major blocker that entrenched organizational inertia and hindered innovation. Most meetings at DBS could charitably be described as inefficient. They would often start and run late, eating up time that leaders could otherwise have spent on innovation. Sometimes decisions were made, and sometimes they were not. People would dutifully arrive at meetings without a clear sense of why they were there. Some participants were active, but many sat in defensive silence. It's this last point that's most salient. Meetings, leadership concluded, were suppressing diverse voices and reinforcing the status quo.

To change that, DBS introduced a BEAN it called MOJO. It was informed by research at Google that showed that equal share of voice and psychological safety were critical to high-performing, highly innovative project teams. MOJO promotes efficient, effective, open, and collaborative meetings. The MO is the meeting owner, who's responsible for ensuring that the meeting has a clear agenda, that it starts and ends on time, and that all attendees are given an equal say. The JO—or joyful observer—is assigned to help the meeting run crisply and to encourage broad participation. The JO, for example, has the authority to call a "phone jenga" that requires all attendees to put their phones in a pile on the table. Perhaps most important, at the meeting's end, the JO holds the MO accountable, providing frank feedback about how things went and how the MO can improve. Even when the JO is junior, he or she is explicitly authorized to be direct with the MO. The presence of an observer and the knowledge that feedback is coming nudge the MO to be mindful of meeting behavior.

This approach, supported by physical reminders in meeting rooms (small cards, wall art, and fun paper cubes that can be tossed around) and a range of measurement and tracking

tools, has had a powerful impact. Meetings at DBS no longer run late, saving an estimated 500,000 employee hours to date. Meeting effectiveness, as gauged by ongoing employee surveys, has doubled, and the percentage of employees who say they have an equal share of voice in meetings has jumped from 40% to 90%. Improved efficiency and effectiveness doesn't mean meetings have become dull, however. Living up to their moniker (which reinforces a broader effort at DBS to "make banking joyful"), JOs have even been known to give their feedback in verse. And legends have spread. At one meeting the observer bravely told a senior executive who had lost his cool that the blowup had shut down all discussion. The executive welcomed the feedback, promising to do better next time. It's a story that still circulates, reinforcing the behavioral change DBS hoped to drive with MOJO.

The Keys to Effective BEANs

Over the decades a lot of research has examined why it's so hard for people to break bad habits. Recently, popular books exploring the problem—such as *Switch*, by Chip and Dan Heath; *Nudge*, by Richard Thaler and Cass Sunstein; *The Power of Habit*, by Charles Duhigg; and *Thinking, Fast and Slow*, by Daniel Kahneman—have offered readers a range of practical tools to help. In developing the BEANs solution, we've built on the insights of those academics and practitioners, who've consistently found that it's critical to engage both people's rational, logical side and their emotional, intuitive side. We also drew ideas from long-standing programs like Alcoholics Anonymous and Weight Watchers, which use a combination of mantras, nudges, and social interactions to change people's patterns, and from the science of motivation, which describes how goal setting, achievement, and social comparison and encouragement reinforce desired behaviors.

In our own research we collected some 130 examples of interventions that promoted better innovation habits, which we found either at clients we were working with or by reading through case studies from the Innovation Leader information service and corporate cultural documents compiled by Tetra, a Boston-area start-up. Then we and a team from Innosight analyzed those interventions and tested them at a variety of organizations. We determined that successful BEANs typically are:

Simple. Interventions that are easy to adopt and remember gain traction much more quickly.

Fun. When an activity is engaging and social, it's intrinsically rewarding, which makes people more likely to do it—something the science of motivation has long recognized.

Trackable. The ability to monitor performance and compare it against that of others is a powerful motivator. (This is why activity trackers like Fitbit have helped many develop

BEANs Across Businesses

We've identified more than 100 examples of behavior enablers, artifacts, and nudges at work within organizations across industries. While they're all very different, they all serve the purpose of breaking undesirable organizational habits and encouraging new ones. Here are some of our favorites.

OFFER A KICKBOX

Organization Adobe

Goal Encourage experimentation and simplify innovation

Description Employees apply to receive a red "kickbox" that contains do-it-yourself innovation training, including exercises to perform and a checklist for developing a new product or service idea and pitching it to management. It also contains a prepaid \$1,000 debit card to use in validating the concept.

"owners," and planning how to minimize threats.

PLAY LUNCH ROULETTE

Organization Boehringer Ingelheim

Goal Encourage collaboration and cross-pollination

Description Lunch roulette is a company website that randomly pairs employees for meals. Participants select a date and a location, click a "match me" button, and simply show up with open minds and a willingness to network.

CREATE A FAIL WALL

Organization Spotify

Goal Eliminate fear of failure and learn from mistakes

Description The "fail wall"—a whiteboard with Post-its that publicly celebrates project failures—serves as the starting point for engineering-team postmortems that examine what has been learned and how to prevent similar failures in the future.

GO LIVE FROM DAY ONE

Organization Airbnb

Goal Empower employees with a sense of purpose and responsibility

Description During the first day of Airbnb's orientation boot camp, engineers are encouraged to push code directly to the website.

CONDUCT A PREMORTEM

Organization Atlassian

Goal Identify threats to new initiatives and develop a defense against them

Description Before starting a project, teams meet to discuss how it could fail, doing a seven-step exercise that includes a structured cross-examination (in which a group arguing the "success" case questions a group arguing the "failure" case and vice versa), voting to gauge risk severity, assigning risk

USE GAMES TO DEVELOP LEADERS

Organization Tasty Catering

Goal Help employees think and act like owners

Description Associates, all of whom are given full visibility into the organization's financials, play a weekly game in which each makes a forecast for a line in the P&L. The projections are then compared with the actual figures. Winners are celebrated and deviations are analyzed, feeding into efforts to identify patterns and generate ideas for further boosting performance.

Getting Granular About Innovation Behaviors

Too frequently, executives say they want to boost innovation but aren't specific about what that means. Organizations need to get precise about the behaviors they'd like to see. A good approach is to have employees in focus groups on innovation supply endings to the question "Wouldn't it be great if we..." Below are examples of various kinds of suggestions that have been generated in such brainstorming sessions:

QUESTIONING THE STATUS QUO

- Were perpetually paranoid about the future?
- Kept an open mind, constantly asking "What if?"
- Avoided shutting down new ideas by saying "This is the way we do things here?"
- Adopted a problem-solver, versus a fault-finder, mindset?

FOCUSING INTENSELY ON CUSTOMERS

- Spent more time with customers to understand their jobs to be done?
- Regularly created customer profiles and customer journeys?
- Ensured all solutions were rooted in addressing key customer needs and problems?
- Had deep insight into how customers made decisions between different solutions?

COLLABORATING BETTER

- Built cross-functional teams with expertise and viewpoints from different parts of the organization?
- Emphasized collective, versus individual, goals?
- Were transparent and frank while remaining respectful?
- Provided visibility and transparency on initiatives?

EXPERIMENTING

- Planned for different scenarios and alternative outcomes?
- Constantly asked ourselves, "What don't we know?" and "How can we learn more?"
- Designed experiments to learn more about key assumptions?
- Rewarded teams for intelligent failure?

EMPOWERING

- Trusted more junior employees to carry out tasks without having to get approval?
- Looked for ways people can bring ideas forward or speak up when something isn't working?
- Owned the outcomes of our decisions without shirking responsibility or playing the blame game?
- Set teams up for success by removing obstacles and providing resources and support?

better exercise habits.) So it's critical for BEANs to include a mechanism for measuring their results.

Practical. The best BEANs are smoothly integrated into existing meetings and processes and don't require major changes or entirely new routines.

Reinforced. People often need physical and digital reminders to keep using the new habits.

Organizationally consistent. One of the most cited papers in the change literature is Steven Kerr's 1995 classic "On the Folly of Rewarding A, While Hoping for B." Effective BEANs don't encourage people to do one thing if the company punishes them for that behavior or rewards them for something else.

You can see how all these characteristics come together in MOJO. Another example of a well-crafted BEAN from DBS is the Gandalf scholarship. While Gandalf is the wizard in J.R.R. Tolkien's Lord of the Rings series, the scholarship's name also references DBS's aspiration to be compared to the digital technology giants Google, Apple, Netflix, Amazon, LinkedIn, and Facebook; plop DBS between Netflix and Amazon and you get the acronym. Any employee can apply to receive S\$1,000 (about US\$740) to spend on a project of his or her choice—a course, books, a conference—that supports DBS's goal of becoming a learning organization that constantly questions the status quo. The only condition is that winners must teach what they've discovered to their colleagues. As of the fall of 2019, the bank had granted more

than 100 scholarships in areas from artificial intelligence to storytelling for managers, with the average recipient teaching close to an additional 300 people. DBS has recorded many of these "teach-backs" and posted them on an online channel with related articles and other information, creating virtual artifacts that have been viewed more than 10,000 times. The bank estimates that each dollar it spends on the scholarships has a positive impact on 30 times as many employees as a dollar spent on traditional training does.

Another good example of a BEAN comes from the Tata Group, India's largest conglomerate. Every year the company holds a celebration honoring innovation accomplishments across its sprawling collection of business units, which range from tea to IT consulting to automobiles. One of the most coveted awards given at that gathering is called Dare to Try. As the name connotes, it goes to a team that failed but in an intelligent way. In the company's words, "Showcasing a growing culture of risk-taking and perseverance across Tata companies... [Dare to Try] recognizes and rewards novel, daring and seriously attempted ideas that did not achieve the desired results." Dare to Try is a substantial program, attracting hundreds of applications annually. Promotions for it help nudge innovative behaviors like embracing risk and tolerating failure. The award itself—a trophy—and the high-visibility public summary of the event are artifacts that effectively reinforce Tata's innovation culture.

How to Build a BEAN

While many BEANs, such as MOJO, have sprung up organically, we've created a three-step process companies can use to develop them. We've tested and refined this process through repeated application at DBS and other organizations in a range of industries.

Several of the tests took place at a technology development center in Hyderabad, India, that DBS had set up as part of its digital transformation. The new center was taking over previously outsourced operations such as the design and support of customer-facing mobile applications, and it presented the company with the opportunity to build a more entrepreneurial culture from scratch.

The center's office design mimicked what you'd see at any hot young tech venture, with open space, foosball tables, snack bars, and the like. Its recruitment processes, borrowed from innovative companies like Netflix, were designed to attract distinctive talent. But when the lights went on, it quickly became clear that employees' day-to-day experiences there had little of that start-up feeling. The engineers fell into well-worn routines, working methodically and avoiding fast-paced experimentation. While employee engagement scores weren't terrible, they were notably short of DBS's aspiration.

To turn things around, a group of Innosight consultants and DBS Technology & Operations change agents (which we'll call the culture team) decided to develop BEANs that would disrupt the unwanted habits and promote new and better ones.

STEP 1 Specify the desired characteristics. First the team outlined what kind of organizational traits it wanted, describing a culture that would be agile, learning-oriented, customer-obsessed, data-driven, and experimental. It then listed behaviors under each of them. For example, under "experimental" were aspirational statements such as "We rapidly test new ideas," "We believe in lean experimentation," and "We fail cheap, we fail fast, and we learn even faster."

STEP 2 Identify blockers. Next the team looked for things that were getting in the way of the innovative behaviors. To uncover these, members sat in on staff meetings, conducted diagnostic surveys, interviewed center employees one-on-one in confidence, and reviewed "day in the life" journals that developers kept for a week.

Among other issues, the team found that many employees felt they lacked context for their work—an understanding of how their project fit with the broader strategy and what was expected of each person working on the project and of the project overall. Some employees also felt that surfacing problems was taboo, and so they stewed in silent frustration. And some simply felt stretched so thin in their day-to-day work that they lacked time to experiment.



INNOVATION

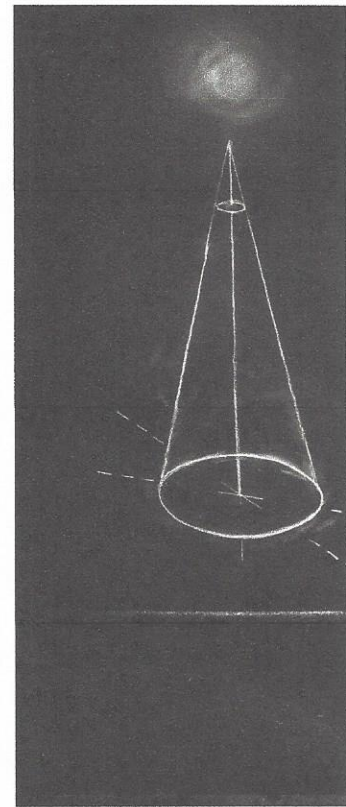
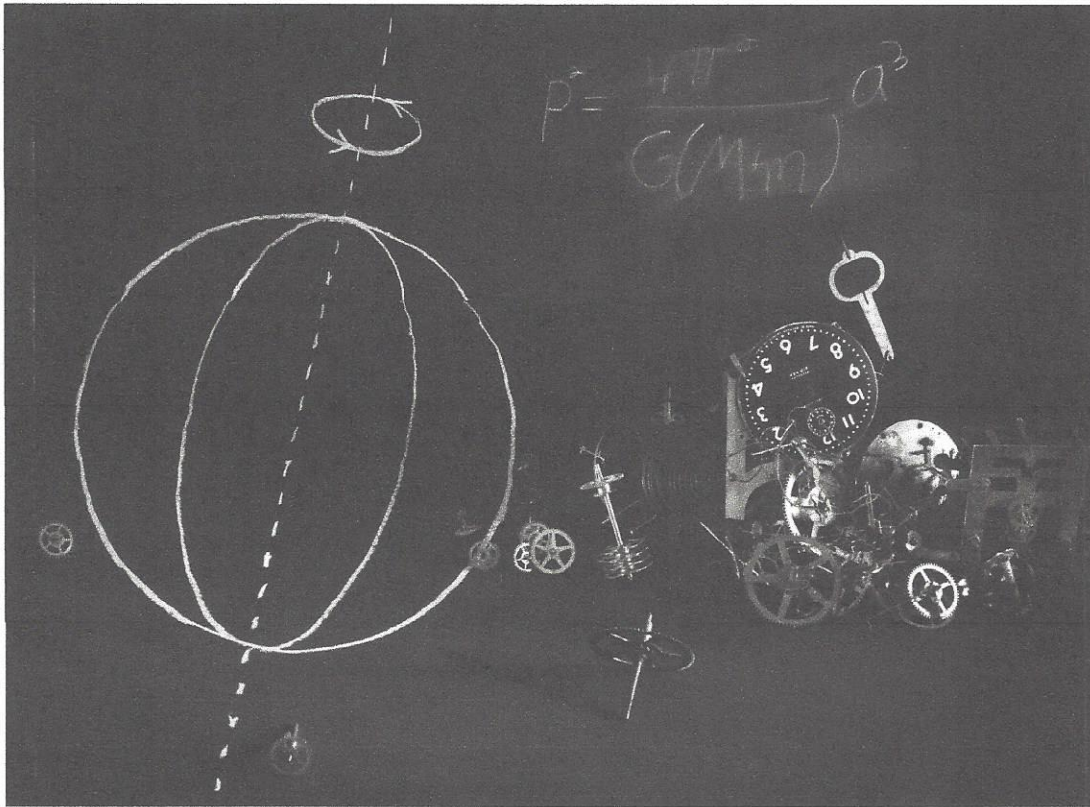
Note that the team was very precise in describing the behaviors it was seeking and their blockers. This is critical; if you don't do this when developing BEANs, you may end up with ersatz blockers or laundry lists that are difficult to tackle. A simple way to identify specific changes you'd like to see is to gather groups of employees and ask them to complete two sentences: "Wouldn't it be great if we..." (which surfaces the behaviors; see the sidebar "Getting Granular About Innovation Behaviors") and "But we don't because..." (which helps pinpoint the blockers).

STEP 3 Come up with interventions. Last the culture team designed ways to eliminate the blockers. To get things going, it facilitated a pair of two-day workshops with senior leaders, one in Hyderabad and the other in Singapore. After discussing the desired behaviors and their blockers, participants broke into small groups for structured brainstorming. Each group was given examples of BEANs from other organizations for inspiration (see the sidebar "BEANs Across Businesses") and, to devise new ones, used a simple template that had the group specify the behaviors sought, the habits blocking them, and the enablers and nudges that would help employees break through them. All the participants then reassembled to review 15 proposed BEANs and vote on a few to implement.

Here are three interventions that were created to tackle lack of context, voice, and time at the center:

Lack of context. This blocker reinforced employees' sense that their business-as-usual approach was good enough. The BEAN targeting it was a "culture canvas" inspired by Alexander Osterwalder and Yves Pigneur's canvas that maps out the key elements of a business model. The culture canvas is likewise a simple one-page, poster-size template. On it, project teams articulate their business goals and codify team roles and norms. Filling it out helps them gain a clearer sense of expectations, organizational context, and who does what. Giving teams clarity about their goals and the scope to push boundaries further empowers their entrepreneurial spirit. The resulting physical artifact, which includes photos and signatures of members, serves as a visual reminder of teams' commitments.

Lack of voice. A BEAN called "team temp" was devised to liberate employees to speak up when they saw problems. The web-based app, to be used at the first meeting of the



week, gauges a project team's mood by inviting members to anonymously enter a score from 1 (highly negative) to 10 (highly positive) and pick a word to describe how they're feeling. This quickly reveals if the team has an issue (a string of 1s and 2s is pretty telling) and prompts a discussion—led by the team leader—about what's going on and how it can be addressed. Because the app tracks team sentiment over time, it also gauges whether interventions are working.

Lack of time. To bust this blocker, the culture team created the “70:20:10” BEAN. Inspired by Google's practices, it gives software developers explicit permission to spend 70% of their time on day-to-day work, 20% on work-improvement ideas, and 10% on experiments and pet projects. By formally freeing up chunks of time for unspecified experimentation, 70:20:10 encourages innovative thinking. To reinforce it, the culture team also created a ritual in which developers shared the learnings of their experimental projects with one another.

These and the other BEANs selected were initially tested by pilot teams in Hyderabad. Their impact was carefully measured, improvements were made, ineffective BEANs were discarded, and effective ones were rolled out more broadly and tracked. As a result of the 70:20:10 BEAN, for example, teams automated several manual processes, shaving man-hours off key tasks, and developed other innovations. (The

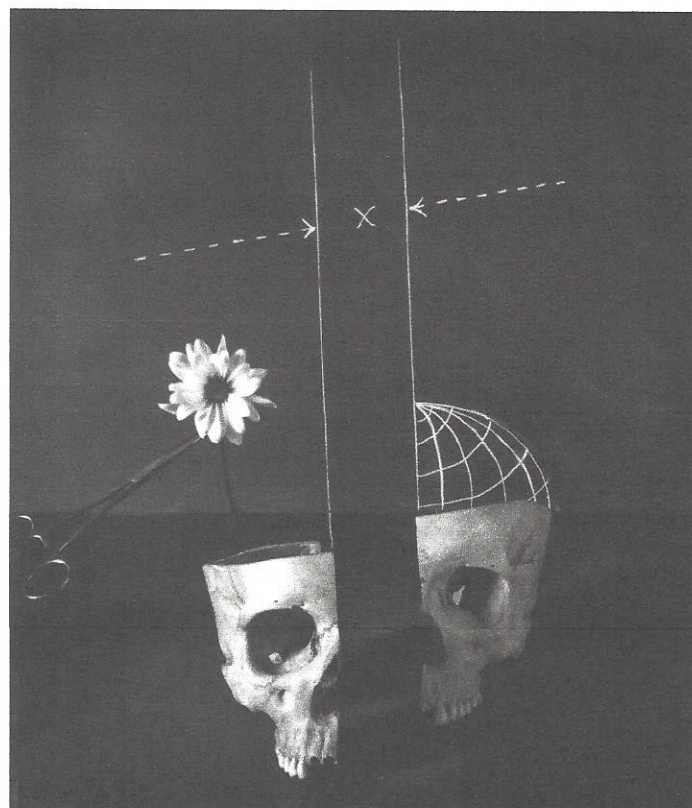
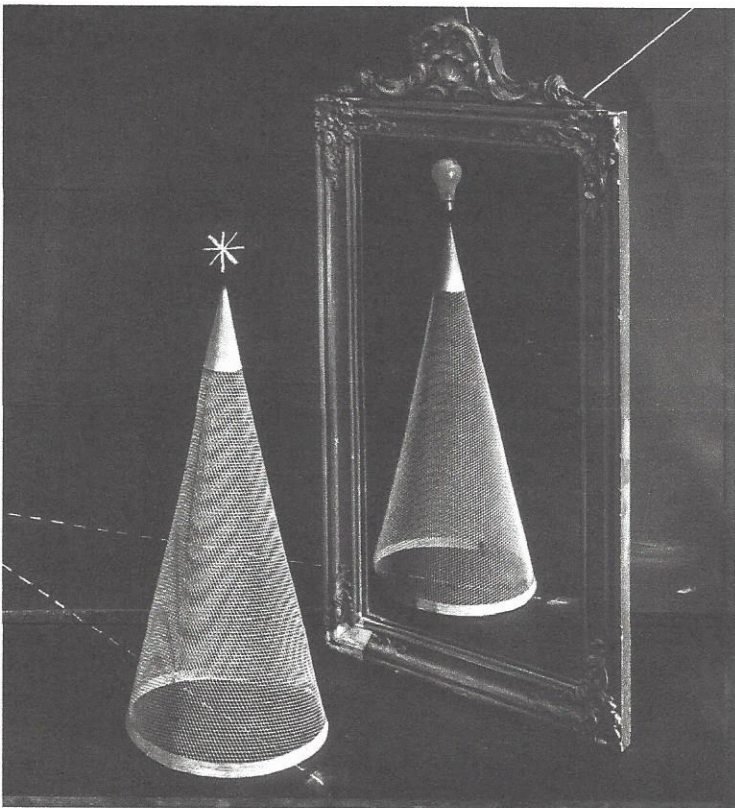
initial version of an app to track and improve MOJO results came out of one developer's time for experimentation.) Meanwhile, leaders increased the amount of time they spent walking the halls and modeling the new ways of working.

A year after the interventions began, employee surveys showed that workers' engagement scores at Hyderabad were up 20% and that customer-centricity had risen significantly. In 2018 LinkedIn named the development center one of the top 25 places to work in India, and in 2019 it won a prestigious Zinnov Award as “a great place to innovate.”

From “Innoganda” to Impact

Though the DBS story started with a call to action from its CEO, the work in Hyderabad operated several rungs lower in the organization. Indeed, one of the powerful things about BEANs is that they can be effective at the level of a team, a department, or a business unit, or companywide.

A few words of caution before our parting advice: Companies seeking to spark innovation often copy artifacts they see in other innovative companies. Maybe they install a well-stocked cafeteria with bright colors or provide scooters. But quick-and-easy artifacts that are bolted on and don't connect with day-to-day behaviors won't work.



One of us, Scott, observed an instance of this when he visited a socially oriented venture in Cambodia. It employs thousands of poor artisans, who create garments, carvings, statues, and more. One silkworm farm connected to the venture had put out a bright-blue box and invited workers to leave in it feedback and ideas “for you, for your colleagues, and for your well-being.” Sounds inspirational, right?

There was just one problem. The rusted lock on the box betrayed that it hadn’t been opened recently—or maybe ever. Such “innoganda”—innovation propaganda—just serves as a painful reminder of the things leadership is not doing. While it may generate a burst of energy at first, it will surely lead to cynicism over the long term.


Even the best BEAN can turn into innoganda without the right support—without (at the risk of torturing the metaphor) someone to tend the soil. When DBS began its journey, many employees, especially leaders, believed that innovation was the preserve of scientific and creative types. To counter that, a DBS team tasked with encouraging cultural change launched programs to teach employees how to innovate. For example, the team partnered with HR to create weeklong events in which executives got three days of training on digital concepts and then took part in a 48-hour

“hackathon,” joining people from real start-ups to create prototypes for apps solving real business problems. On the final afternoon the prototypes were pitched to the CEO.

Having executives experience the new mindset and behaviors the company wanted to promote helped make the programs it implemented practical, authentic, and organizationally consistent. Now, when DBS launches new BEANs, they’re met not with eye rolls (or, worse, active resistance) but with game curiosity. As BEANs have taken root and proved their value in ways that directly benefit employees and the organization, they’ve been embraced.

If more and more companies methodically dismantle blockers to innovation and encourage employees to experiment, perhaps we will finally see the gap close between leaders’ innovation goals and reality. Remember, when the people in your organization were children, they were brimming with curiosity and creativity. Your job is to bring that youthful spirit back to life. ☺

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 **SCOTT D. ANTHONY** is a senior partner at Innosight. **PAUL COBBAN** is the chief data and transformation officer at DBS. **RAHUL NAIR** is a manager at Innosight. **NATALIE PAINCHAUD** is the director of learning at Innosight.