

Are radical innovations a thing of the past?



Andrew Hill
On management

It is a rash commentator who calls the end of history. Such declarations, as Francis Fukuyama discovered, tend to be made on the eve of wrenching change. Even so, despite the mass of management thinking forced between hard covers and carpet-bombed weekly on to cowering readers, it is hard to identify radical innovations from the past decade and tempting to think great breakthroughs are no longer possible.

Plenty of thinkers would beg to differ. Ten years after *Good to Great* was published, Jim Collins is back as co-author of a new book, *Great by Choice*, touted as “groundbreaking” despite its derivative-sounding title. Michael Porter believes “creating shared value” will mark a turning point in economic history, though critics claim his latest idea is corporate social responsibility under a new guise. Gary Hamel, meanwhile, is promoting the open-access Management Innovation eXchange – “the MIX”, an online clearing house for management ideas – as the vehicle for nothing less than a reinvention of the discipline.

In May, Prof Hamel blogged that “the emerging ‘social technologies’ of Web 2.0 are likely to transform the work of management root and branch”. He laid down an “e-gauntlet” to organisations to share ideas about how they were becoming “more adaptable, innovative, inspiring and accountable”. A few cynics have fallen into the MIX (though the contributor who offered a lapidary contribution headlined “innovation sucks” seems to have disappeared from the site). But the winners of

the first phase of the prize mostly defy scepticism – mainly because the improvements they propose seem to be working in practice.

My favourites? Dutch civil servants have beaten bureaucracy to share spare office space, improving collaboration and cutting costs. Morning Star, a Californian tomato-processor with no formal hierarchy, has put online the “colleague letters of understanding” it uses instead of job contracts. Individuals outline their “commitments”; colleagues review and rate how they have fulfilled them. Stanford University’s James Fishkin is pioneering a better way for complex organisations to consult diverse groups of stakeholders – the “deliberative corporation” – and reach well-informed decisions, unskewed by accidental bias or special pleading.

The rhetoric of the seven winning pitches – or “hacks” as the MIX annoyingly insists on calling them – is lofty. Rite-Solutions, an employee-owned software company, says its “innovation engine” to make every member of staff feel more relevant is “provoking and aligning individual brilliance toward collective genius”. But none of these winners offers a root and branch transformation. Best Buy’s initiative has led to better in-store signage at the electronics retailer; the one from Essilor, which makes spectacle lenses, has improved training. Very few winners come from organisations in the fast-developing markets of Asia or Latin America. Only a minority – including Morning Star and Rite-Solutions – upend the traditional corporate structure. Cemex, the Mexican

cement company, says its internal collaboration platform was the response to “challenges set by the CEO and executive committee” – about as top-down as you can get.

Lenny Mendonça of McKinsey, co-sponsor of the prize, says that with “technology outpacing traditional vehicles” for such ideas (books, academic journals), one aim was to provide a forum for new ideas that might not otherwise get aired. It is early days, more challenges are planned, and it is no bad thing to make a series of small bets.

Prof Hamel says the pace of change is putting pressure on organisations to make more radical changes. New tools allow companies to exploit collective wisdom in unprecedented ways, and younger workers – the “digital natives” – are impatient with old hierarchies and value systems. “I would be willing to stake my reputation that we will see more dramatic change in the way management is organised in the next 10 years than we’ve seen in the last 60 or 70,” he told me last week.

But while I’d be happy to be proved wrong, I think the technology fuelling these small-scale improvements makes a “eureka” moment less likely. As in product innovation, the fact that managers can identify, share and match advances, favours rapid evolution, rather than revolution, with best practice continuously revised and improved. Progress, yes: but more by leapfrog than by giant leap.

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