



WHITE PAPER



How HR and Talent Partnerships Can Drive Innovation Value



In this White Paper:

Innovation as a corporate competency is becoming more embedded within leadership mindset and organizational structures. This has attracted the attention of Human Resources (HR), Talent and Learning & Development (L&D) groups, who are playing a more active role in supporting this thinking. Forward looking employee-focused leaders see innovation as an opportunity to respond to changing business needs, build a new organizational framework, further engage employees and drive direct financial impact.

How this happens, what perspectives to consider, and what approaches are the best for an organization are still often misunderstood. This paper aims to address at least some of these questions.

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Overview

More than ever before, organizations recognize the need to build, engage and drive value from an innovative workforce, in order to support aggressive growth strategies. Within this environment the war for talent is firmly back on the C-suite's agenda. As a result HR, L&D and Talent leaders are feeling increased pressure to better engage employees (often in a targeted, efficient way), recruit and retain top talent, and enhance direct business value, all within the context of fewer resources at their disposal. A well-developed innovation program, often focused on a company's most innovative employees (intrapreneurs) can be an essential element to achieving each of these goals.

Workforce engagement levels have essentially remained unchanged over the past 10 years, despite repeated and sustained efforts at improvement by HR and business professionals. The April 2016 Gallup report excitedly indicated a 5-year high in US-based employee engagement (EE) levels, which was only 34.1% (it had decreased to 32.6% by June 2016)! None of these results are ideal. A 2014 Gallup report calculated the cost of disengaged workers in the US alone to range from \$350 – \$450 billion per year.

For HR / Talent leaders within established, mature organizations this issue is especially acute. Corporate recruitment and retention of top talent, with the most potential for leveraged business impact, has been a struggle over the past decade. There are a range of reasons for this, including:

- Startup and unicorn organizations are now well established across all market sectors, and they have been on a sustained and consistent hiring spree for top talent. These organizations offer a tantalizing package of alignment with social, lifestyle and aspirational values, often with great benefits and the potential for massive financial upside.
- The media has fueled this shift of societal attention, with startup and unicorn organizations generating headlines and stories highlighting examples of success and personal achievement. Corporate organizations often find it difficult to compete for media attention within this environment.
- The lack of career opportunities within established corporates over the past 10 years have created an environment that values entrepreneurship over steady employment. In fact, a recent survey by the Graduate Admissions Management Council found that 45% of Business school alumni who graduated in 2010-2013 opted to start a company upon graduating.
- The growth of startups and unicorns has been fueled by a constant stream of innovative products and services, which have attracted attention by consumers and potential employees. Employees want to associate themselves with cool design and opportunities to add societal benefit (no matter how tenuous).

In response to these factors, business and HR leadership within established corporate organizations are looking for new models and approaches to recruit top talent, engage existing employees and drive business value. Their focus is often on those that they see as the future of their organizations; the college educated, millennial workforce, who engage with work from a markedly different perspective than peers in different age groups. An increased focus on an organizations most innovative employees is seen as a new engagement model. The mandate for all HR and Talent leaders is clear. What is needed is a new approach to improve EE, retention and recruitment, which better incorporates innovative activities. This should help HR / L&D / Talent groups better align with business goals, build a more effective culture and generate leveraged financial impact.

What is an Intrapreneur?

An intrapreneur is an employee that is encouraged to generate and develop new ideas within the context and structure of an existing corporate organization. Simply put, an intrapreneur is an employee of an established (often large) organization with an entrepreneurial mindset.

With this context, it is also important to consider the difference between an entrepreneur and an intrapreneur. A 2013 study by Aloña Martiarena showed that intrapreneurs are more similar to standard employees than they are to entrepreneurs.

She writes:

“Specifically, comparing the decision-making of intrapreneurs to that of entrepreneurs, the former are significantly more risk averse, expect lower but less uncertain reward and are broadly endowed with a poorer set of entrepreneurial abilities; despite having higher levels of human capital they fail to recognize business opportunities and have lower confidence in their entrepreneurial skills.”

It is important to note these differences when working with intrapreneurs. The fact that these individuals exhibit less “entrepreneurial abilities,” is offset by their interest and knowledge to navigate the corporate organization.

“Intrapreneurs create businesses inside businesses that transform novel ideas into profitable realities.” –**Noam Wekser**, *Thought Leader*

A New Innovation-Centric Approach to Employee Engagement, Retention & Recruitment

Progressive HR / Talent leaders have for some time been focusing resources and attention on supporting innovation activities (often aligned with a centralized program), in order to enhance EE results. In some circumstances, HR groups support existing activities created and often lead by an Innovation Program. Others are developing their own innovation-focused efforts, often in partnership with Innovation Program leadership. This sense of partnership between HR and Innovation can provide leveraged value to all stakeholders, in ways that;

- Drive business value aligned with corporate priorities,
- Increase the organization's capacity to innovate
- Align with the career goals of high-potential employees,
- Leverage positive influences across the organization, but with limited management and support resources,
- Actively direct the organization towards a cultural goal, such as a more nimble and innovative workforce, and
- Improve the recruiting "career perception" of the organization. This is especially true for millennials who "want to work for organizations that foster innovative thinking, develop their skills, and make a positive contribution to society" (Deloitte, The Millennial Survey 2014).

To achieve these objectives, HR, Talent, and Innovation leaders are focusing their efforts on:

- Strategic Planning
- Activity Development
- Results Tracking and Reporting
- Intrapreneur Network Development

■ Strategic Planning

In order to build a successful strategic framework to identify, build and support a more innovation-centric engagement approach, HR and Talent leaders—working with Innovation Program leadership—are focusing on developing clearly defined strategic roadmaps to effectively guide efforts going forward. As they go through this process, some (by no means all) key questions to be addressed include:

- What defines a more innovative employee base?
- Is innovation development a core part of the organization's goals?
- What challenges do innovative individuals within our organization face?

- Do current engagement measures—directly or indirectly—incorporate innovative behaviors?
- How can employee engagement efforts target particularly innovative employees (intrapreneurs)?
- What Innovation Program tracking mechanisms can or could be useful to HR or Talent leadership?

An innovation-centered strategic plan around engagement should provide an ongoing framework to guide the development in this critical area. Having this framework align with the goals of various stakeholders (including employees) enables innovation-centric activities to be incorporated into tracking engagement efforts.

As part of this process, HR, Talent and Innovation Program leaders often model their programs after best-in-class organizations and benchmarking to them. Much has been written about cultures at progressive companies such as Google, Apple, Facebook, etc. While this can be a productive exercise, with much to learn from these examples, the focus of Talent and HR leadership should also be on studying innovative companies in adjacencies to their current business or industry sectors. This helps provide examples of activities and results that are more relevant and have a better chance for success.

By identifying and aligning the goals of stakeholder groups (Corporate Leadership, Operations, HR and Talent and Innovation Program, employees groups, etc.) with a company's innovation goals (often lead by an Innovation Program), a more cohesive message is delivered organizationally. In turn, a clearer sense of company direction and a better understanding of how and where to add value is communicated.

Another consideration during the strategic planning process is to account for evolving goals and actions over time. As a culture of innovation matures across an organization, innovation perspectives and criteria should be incorporated more deeply in all talent related activities including recruitment, performance management, leadership development, EE and on-boarding processes. This changing level of activity and expected results should be accounted for in any multi-year strategic plan.

Taken further, over time EE tracking should focus more on generating direct financial impact. While HR and Talent groups have tracked the financial impact of EE for sometime, the calculation can often be viewed as “fuzzy”. By more clearly aligning EE with the development of new ideas that generate positive financial impact, corporate leadership will better appreciate the value of innovation investment, and EE activities by extension.

These strategic planning efforts can concentrate efforts on the organization's most innovative employees (intrapreneurs). Benefits to this approach include a more targeted / efficient focus on individuals that are interested in driving the development of new revenue streams and cost saving initiatives. Tracking their engagement in the organization, often as a network or group, shows a strong correlation between EE and increased profits. Further, embedding intrapreneurs throughout the organization can have spill over benefits in EE for other em-

ployees. More is written about intrapreneurs in the Culturevate whitepaper “The Urgent Intrapreneur Opportunity: An Introduction For Corporate Leaders” (www.culturevate.com/category/thinking/)

Activity Development

There is a wide range of activities and approaches that both HR, L&D, Talent and Innovation teams can develop together. Some examples of activities have been listed below:

- **Innovation Training:** This is seen as an increasingly important area of focus within organizations, and is a perfect partnership opportunity between Talent and Innovation teams. There are a range of skills needed to develop new ideas within established, corporate organization. Accordingly, organizations such as Pfizer, Intuit, Target and GE are establishing innovation-focused employee training programs, to spread these essential skills across the organization. This training may include ideation techniques, customer empathy, stakeholder mapping, business plan development, etc. In addition, these efforts should include information around relevant organizational priorities, industry trends and the appropriate resources / channels / processes that are available to support the development of new ideas.
- **Tools and Resources:** Aligned with training, employees can be given access to a range of tools, templates, articles, etc. that they can use to develop their thinking and ideas. These tools are often made available in online formats and can help employees move beyond an idea, to a more fully built out concept or solution. HR / Talent teams can provide support in a range of ways, such as integration of tools with LMS systems or even within physical spaces such as innovation centers or incubators.
- **Idea Development Time:** Setting aside work hours for employees to develop new ideas may seem like a very simple action, but it can be expensive, complex and often difficult to implement. Given the focus on redirecting employee resources, HR / Talent teams need to be an important player within the development and ongoing support of these efforts.
- **Incentives:** Organizations frequently enhance their existing incentive programs to more actively encourage intrapreneurial behavior. Incentives aligned with innovative thinking often complement corporate priorities and drive behavioral change over time. However, the existing processes may run counter to an intrapreneurial approach, so some rebalancing may be required.
- **Innovation Challenges:** These often internally -facing contests can be seen as an important opportunity to engage broad audiences within innovation development. Talent / HR

teams can support these efforts through a range of ways, even at a most basic level of directing the discussion towards a HR related topic (and executing the winning idea).

- **Leadership Support:** Securing active, visible and consistent leadership support around intrapreneurial efforts encourages success at all levels (participation by individuals, business unit support, funding, etc.). The reality is that HR / Talent groups often have better access to leadership than Innovation Programs, and so they should work together to form processes and structures to secure ongoing leadership support around innovative efforts.
- **Communication Plans:** Having an effective communication strategy in place will help promote the work of intrapreneurs and position them for more success. These efforts should be targeted at particular employee audiences and encourage awareness, participation and ongoing support.

Results Tracking & Reporting

Once a strategic framework is in place, HR and Talent leaders are better positioned to recognize how employees interact, at a tactical level, with innovation activities. This is also a good indicator of engagement, at a macro level, among differing employee populations.

Tracking employee involvement with innovation activities provides an excellent opportunity for HR leaders to identify individuals who may be driving business value. HR can use this information to recognize and reward their most innovative employees (intrapreneurs). Interestingly, these individuals may not fulfill existing models for success within an organization, and can be passed over for promotion. There is often a lag between the how leadership defines career success within their organization, and the established systems, behaviors and processes that actual reward behavior. This lag is often seen in transaction oriented and heavily regulated companies, where “creative” employees are seen as increasing the risk profile and simply rocking the boat. By involving these employees in intrapreneur efforts, the company can capitalize on their strengths while more appropriately supporting their career goals. Further, the resulting stories of success can be communicated as a model for positive innovative behaviors for other employees.

HR / Talent teams often test these approaches on their own staff, as a way to gain additional insight into their own teams. One benefit of this approach is that it limits internal perception risks. Another approach is to select a business leader who is already innovative in their own behavior and are willing to support new models for success within their organization.

Intrapreneur Network Development

For some time, organizations such as Pfizer, Intuit, Qualcomm, Nordstrom, Wells Fargo, Vodafone, Chubb, etc. have been building and managing innovation focused employee networks. These intrapreneur networks, often called Champions, Catalysts, Spark, etc., are designed to support groups of intrapreneurs. While the style and approach to these networks varies amongst these organizations, they all include active partnership between centralized innovation programs and stakeholders such as HR and Talent groups.

These networks can incorporate many of the elements and activities outlined within this document, often in parallel to efforts focused on a broader range of employees. While great at engaging employees, these networks should also be utilized to develop broad pools of talent that can drive the progress of new ideas and enhance the associated impact to the organization.

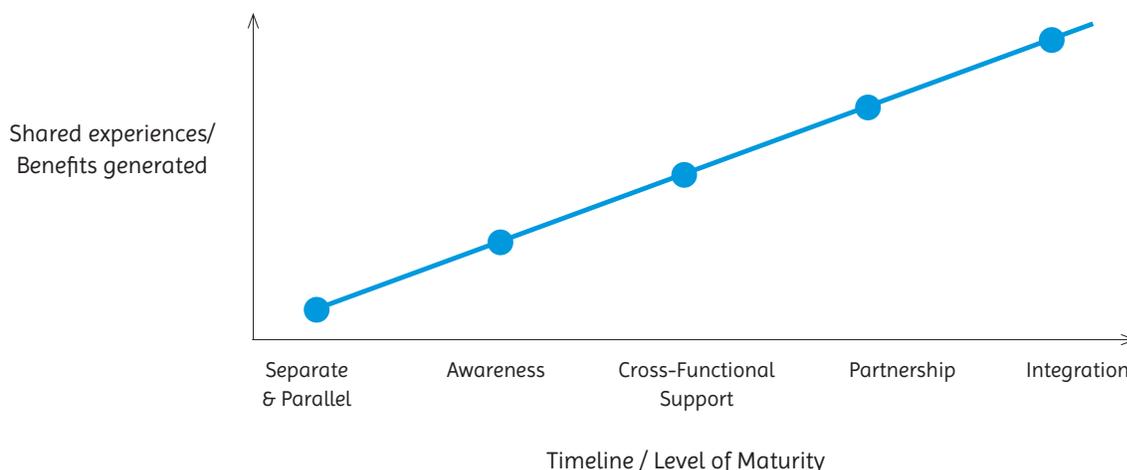
mindset and identifying individuals who may be better positioned to drive business and KM value over time. Both KM and Innovation activities and channels can be directed towards network members to achieve leveraged results.

Maturity Model

Depending on a company's culture and organizational structure, the opportunities for partnership between HR / Talent groups and Innovation Programs can be approached at various degrees of interconnectivity.

The following outline outlines the stages of maturity in terms of partnership between Innovation Programs and HR / Talent teams (assuming that they are already established within the organization). It is important to note that relations between HR / Talent and Innovation need not follow a linear trajectory, but in order to guide thinking we have proposed a maturity model for determining the state of partnership between these groups.

their knowledge map. Ideation exercises help to bring out knowledge sets, explicit or tacit, that may be unused in the context of an employee's everyday work. KM members joining Innovation Workshops would ultimately be mutually beneficial.



■ Stages

- 1) Separate and Parallel:** At this point there is no level of partnership between groups, or even awareness of activities that each group is undertaking. For both groups this is an inefficient model of development.
- 2) Awareness:** This basic stage of relationship maturity includes gaining awareness of objectives, personnel and activities between groups. It may also include sharing strategic and tactical plans in order to better align efforts. For Innovation, this stage may include familiarizing Innovation teams or networks with HR / Talent resources. For HR / Talent, this may include learning more about Innovation approaches, resources, activities and experts.
- 3) Cross-functional support:** This stage includes both functional groups supporting each other's activities and actions. For example, HR / Talent may promote an Innovation campaign through their existing communication channels. At this point, the support is more related to one group playing a supporting role to the other's primary activities.
- 4) Partnership:** This stage includes co-developing or sharing activities and initiatives that are closely planned and aligned. For example, both groups may partner around a developing a response to a new marketplace opportunity, with combined strategic and tactical planning. A result could be the delivery of a series of activities and actions related to that issue, in a coordinated and supportive manner.
- 5) Integration:** This stage occurs on a larger, organizational level. Integration may be driven by senior leadership and may include a common leader or steering committee across both functions. A less mature form of integration may include a cross-functional team in which the members gain an additional title and area of responsibility while continuing to work for separate units.

Conclusion

HR and Talent leadership need to consider approaches that support innovative activities, in order to improve EE, recruitment and retention results (and drive business value). Taking this approach helps generate leveraged success for both HR and Innovation Program groups, employees and the organization more broadly. In addition, it helps draw the HR function closer to driving tangible business value, which has always been a goal, but has often been difficult to achieve or quantify.

■ About the Author



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Anthony is the CEO of Culturevate (www.culturevate.com), working to train and engage employees around innovative thinking, working with some of the world's leading universities. He is also the COO of ExOxo (www.exoxo.co), that is helping companies thrive in an era of exponential change. Anthony has 20+ years' experience in the innovation development, consulting, marketing and corporate strategy space. He has advised companies as diverse as Pfizer, USAA, U.S. Postal Service, Johnson and Johnson, ADP, Fidelity, etc. He led the wildly successful innovation program at The Bank of New York Mellon amongst a range of roles in both corporate and startup organizations. He has a Masters of Commerce from The University of Sydney and lives in New York City. Being a geek at heart, he loves the challenge of working with new clients and better understanding their challenges and opportunities.

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Library – Customized innovation-focused online library encourages employees to develop new ideas with templates, articles and videos.

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