

Boom and trust

Daniel Wain unlocks the 'energy within' entheo's Natalie Turner

As organisations strive and strain through the current economic storm, the survival-driven response might well be to batten down the hatches, then steer straight ahead, steady-as-she-goes. Those rocking the boat are most likely to end up walking the plank. But Natalie Turner believes that now is the very time when captains of industry, and indeed skippers of L&D, ought to be trying something new.

"In our ever-changing world," says Turner, "organisations also need to constantly change to maintain competitive advantage. That's just as true, indeed more so, during troubled times. The best chance any organisation has of surviving in the short-term, and thriving in the longer, is to continuously innovate and differentiate itself, pre-empting both consumers and competitors, and leveraging what makes it truly distinctive: its people".

Today, innovation doesn't just distinguish the leaders from the followers, as Apple's Steve Jobs once said, but the survivors from the fallen.

Such thoughts aren't new – many years ago, the management guru Michael Porter described innovation as "the central issue in economic prosperity" – but for Natalie Turner, 'founder creator' of innovation and change consultancy entheo, the main driver in the modern business world is the growth in services.

"Since the Industrial Revolution, the pace of change has increased exponentially and so, therefore, has



the need for companies to stay ahead," she told me. "The rise of the service sector means companies now need to innovate not just via new product development but through people. Sadly, though, most businesses still operate within paradigms of management thinking that were designed for an earlier age. Over the last century, there's been unparalleled growth in innovative products, services and technologies, but innovation in management and leadership has been scarce."

So why is such innovation a challenge? "The *status quo* is based on established models and structures, on conventional wisdom, on a factory mindset, in which people are treated as machinery,"

believes Turner. With an L&D audience, she ought at least to be preaching to the converted, if not the naturally subversive: in a knowledge economy, people equal innovation, which, in turn, equals survival and growth. *QED*.

But, with Google throwing up 112 million lines of enquiry for the word, what does Turner mean by 'innovation'? She points to work conducted by one of entheo's partner organisations, the Centre for Research in Innovation Management at the University of Brighton: "CENTRIM has identified six core organisational capabilities shared by successfully innovative organisations: focusing leadership; intelligent decision-making; deep competence; facilitative culture; active learning, and enabling structures and processes. HR, and particularly L&D, has a key role in delivering all of these."

entheo recently conducted its own study of HR professionals across the UK and continental Europe, and found, not surprisingly, a consensus that innovation remains important during a downturn. Yet this very research also found 80 per cent of respondent organisations spending less than 10 per cent of total corporate budget on innovation, with 26 per cent spending the grand sum of zero.

Despite 90 per cent of HR respondents believing innovation is a "strategic priority", 80 per cent don't have an innovation management system, 66 per cent lack systematic measurement of their innovation activities and 47 per cent don't even define employee competencies for innovation.

According to Turner, "most have good incremental, product-based processes – for example, changing the packaging, colour or flavour – but anything more radical or disruptive tends to get flushed out by the system itself". Hence entheo's work with clients as diverse as Logica, Ikea, Coca Cola, ITV and Lloyds Register to "create new products and services by building

the processes, climate and culture that bolster innovation capability”.

Turner explains that the company's name is Greek for 'enthusiasm': literally to be 'within energy'. However, she stresses that this is far from fluffy: "With innovation, the 'how' is at least as important as the 'what'. People need to be fired up, so they bring more of themselves to work, but they also need direction and focus for that energy."

"To create a truly innovative culture, one can't just enthuse people. They need supporting processes and measures. Otherwise, the result can be atrophy, negative behaviours or, at best, pockets of positive energy frustrated by a system that's against them. This is where HR, and L&D, can and should play a crucial role."

So, for example, within entheo itself, Turner started by defining the company values (including 'creative professionalism' and 'joyous enthusiasm') and the culture she sought, and then worked with her people to figure out what those looked like as tangible, everyday behaviours. Once those had been defined, her team built processes and structures around them, creating specific, measurable outcomes and results at both the individual and organisational level: this seems a refreshing approach, certainly given my own sorry experience of organisations' policies, procedures and protocols defining and driving culture, mindset and brand, rather than *vice versa*.

According to Turner, entheo's clients tend to be either smaller companies, who already 'get' innovation but need to remain nimble and maintain competitive advantage, or larger global organisations who have 'got stuck' and need to overcome structural or cultural barriers: "Often there's the paradox of success leading to increased size, which then mitigates against future innovation and growth. We aim to help companies turn the vicious cycle into a virtuous one."

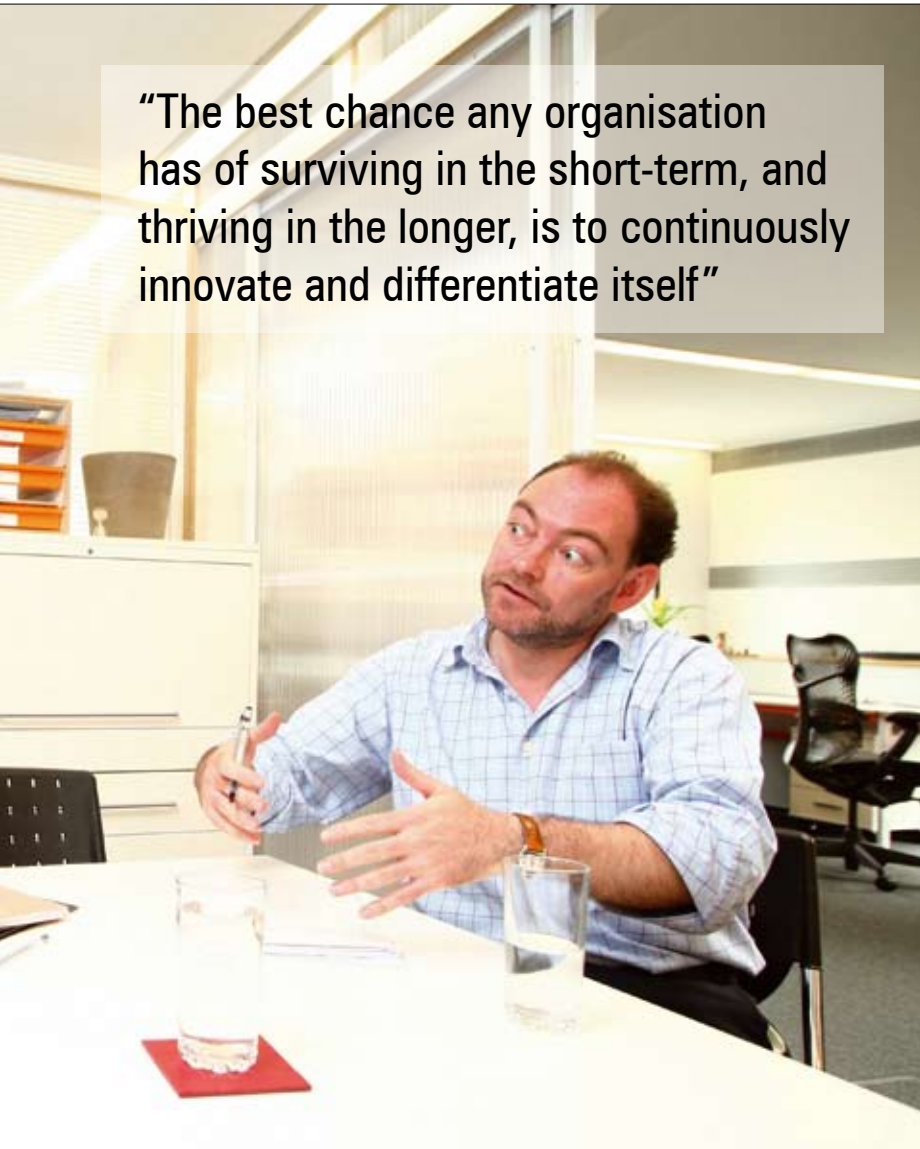


entheo itself has certainly proved something of a success story. After 15 years in senior corporate management roles, at companies such as BT and WPP Group, Turner set up entheo in 2006. Initially she literally worked out of her garden shed. Three years later, entheo boasts a permanent team of ten, supported by a pool of associate consultants, based at the award-winning visual arts venue of Rivington Place, in über-trendy Shoreditch, East London.

This cultural crucible seems suited to Turner, with her three degrees (BA in Politics, MSc in Social Psychology and MBA from Henley Management College)

and quixotic upbringing. The daughter of missionaries, she spent many years, before entering the corporate world, in the not-for-profit sector: bible smuggling, working with street children in Colombia, establishing a healthcare centre in the Philippines, writing speeches for the Labour Party. She won't be drawn on which was the most difficult brief. However, these experiences have clearly made her a compulsive collector of ideas and experiences. Her interests are myriad: neuroscience, string theory, quantum theory – for Turner, they all have relevance for organisational innovation, and entheo “works to make the implications and

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connections tangible and meaningful”.

One of the company’s offerings is a leadership boot camp inspired by Barack Obama. Says Turner: “We use Obama as the inspiration piece for participants to identify their own leadership capabilities and skills, to make them real and deep and authentic, for example by storyboarding their own vision, writing their own campaign speech and designing their own communication platform.”

This magpie of management practice has teamed up with some impressive names, including the US-based Barnes & Conti who have codified the ‘Innovation

Journey’ into five stages: searching, exploring, committing, realising and optimising. “Each stage demands defined skills,” says Turner. “For example, ‘searching’ requires managers to frame the enquiry, facilitate creativity, identify opportunities and, finally, hunt and gather ideas. These capabilities provide a shorthand for management development.”

Turner acknowledges that a key part of L&D’s role in innovation is to leverage the strengths of each individual. I’m reminded of the African wild-dog: the most successful hunter in Africa. None is stronger than the lion or faster than the cheetah but they

work as a team, with each dog recognising, and playing to, its strengths, allowing its pack-mates to compensate for what the mealy-mouthed might call its ‘areas for development’.

But how does L&D play to its strengths within the innovation pack? If organisational change and continual innovation are business priorities, they naturally need to be top of the HR agenda. But how easy is ‘innovation’ for a function not readily seen as even abutting the cutting-edge? For Turner, “any good HR person should be kept awake at night thinking ‘how do I become more strategic and how do I improve the value of what I do?’ Innovative HR recognises the need to create a learning and knowledge-sharing culture that can provide the catalyst for innovation”.

Turner believes that “success depends upon the individuals who get innovation and champion it. L&D needs to look at how innovation capabilities can be linked and embedded throughout the organisation, via such fundamental processes as recruitment, engagement and reward. Because innovation is driven by the harnessing of people’s energy and enthusiasm, HR has to play an active role: developing a more agile organisation through itself creating a more innovative function, one which can respond flexibly and quickly to change”.

entho’s research shows HR is not perceived as the most innovative profession, even by itself. Indeed, in most organisations, HR runs finance a close race in the risk-averse stakes. “Too often L&D is seen as too tactical, bite-size or one-off, whereas learning has to be strategic, joined-up and continuous,” says Turner.

“Most HR people are risk-averse, afraid of failure. Because most organisations are. That’s why they fail. L&D needs to enable a culture of risk-taking, because the glorious paradox of success is that you need failure to achieve it. As any inventor knows, great ideas aren’t born

perfect but are forged in the furnace of trial and error.”

To really innovate, employees must feel assured that failure is not only allowed but encouraged. As the Nobel Prize winning physicist Niels Bohr said, “mistakes are at the heart of progress, so our challenge is how to make more mistakes faster”.

This is why Turner believes organisations have to develop intrapreneurial skills: “Most organisations talk about ‘entrepreneurs’ when they really mean ‘intrapreneurs’. Speaking generically, our research has shown that intrapreneurs need both strategic and tactical thinking – big thinkers who can operate in small ways – plus commercial acumen, the ability to communicate inspiringly and, of course, the desire to innovate.” She is supported by Wikipedia: “An intrapreneur is the person who focuses on innovation and creativity and who transforms a dream or an idea into a profitable venture, by operating within the organisational environment.”

However, she feels that few organisations actively develop intrapreneurial skills despite the clear and certain need. entheo’s recent research found only 16 per cent of organisations actively, consciously, developing them, yet 62 per cent of HR respondents agreeing they were highly relevant for their senior leaders.

Turner believes intrapreneurs should “act as catalysts, injecting creativity with a commercial edge into the organisation and positively influencing and inspiring others, while looking for opportunities to deliver a value-add service in a cost-effective way”. One could argue that this isn’t a bad descriptor of the L&D role itself.

As can be seen from her contacts at CENTRIM and Barnes & Conti, Turner is a consummate networker, walking her own talk. One of entheo’s most intriguing recent collaborations is with Dr Karen Stephenson, a corporate anthropologist and founder

of NetForm – “an innovative enterprise software company” based in the US. Stephenson reached international prominence thanks to a 2000 *New Yorker* article by Malcolm Gladwell.

However, Stephenson’s study of social networks is of much greater longevity and rigour. Fundamentally, like Turner, she believes that it is social, not human, capital that is the true dynamo of innovation. Turner frames it thus: “When an employee leaves, their relationships die. When they join, they don’t arrive alone. Hence the importance to innovative

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organisations of social networks, for the whole can be infinitely greater than the sum of its parts.”

Underpinning this belief is what Stephenson calls the Quantum Theory of Trust: a new but growing academic field of social network analysis, originating in the complex mathematics used to explain sub-atomic physics. Don’t ask. Essentially it’s all about analysing, understanding and then managing the human interactions within one’s organisation. The combined efforts of entheo and NetForm can reveal the intricate connections beneath and beyond the surface hierarchy; like an x-ray but charting flows of information rather than blood. This enables the organisation to put the right people in the right places, or at least foster opportunities for them to talk and work together.

For Turner, “the association between trust and learning is an instrument of vast, untapped power. Trust is so important because

people work through relationships; that’s why it’s so durable and so delicate, and why it has to be fostered and developed for the good of all. Networks of trust have far more influence than the official hierarchy. However, an organisation really only needs 5-10 per cent of its key people on board at any given time. The trick is to identify and then leverage them”.

Turner cites an example from Stephenson’s work with IBM’s sales team, where “performance was good but not great. NetForm identified the various ‘hubs’ and ‘connectors’, then spoke to them about their motivations and the barriers to peak performance. As a result, IBM completely changed the reward structure from a 20 per cent team/80 per cent individual split to an 80 per cent/20 per cent one. This incentivised people to collaborate and resulted, very quickly, in a tangible financial uplift”.

Leveraging trust through social networks, says Turner, “can increase personal effectiveness and internal communication, better utilise training budgets, deliver more effective succession planning and improve leadership, all leading to enhanced company performance. No organisation can manage change, for trust will naturally resist or align when encountering it. We can only build resilience and the ability to respond to change”.

In Turner’s ‘white-water world’, perhaps we should ask not the cost of innovating, but the cost of not doing so. All our organisations face the same external factors yet what will differentiate the winners from the losers is how they respond to them. That is totally within our control.

L&D needs both to develop innovation capability within its organisation and to display it by its own behaviours, to be the challenger not the defender of the *status quo*, the driver of change rather than an anxious backseat passenger. ■