

# Corporate innovation online

## *Innovation management best practices*

### **A CEO's Manifesto** *on the management of innovation*

## **A President/CEO's manifesto<sup>1</sup> for the management of innovation**

### **To employees and shareholders**

As President and CEO of this organization, I want to set out some important principals which guide my approach to managing innovation in our company. I call this declaration a manifesto since it is my commitment to you for my period as President/CEO.

As your chief, I am responsible and accountable to two main constituencies; those who work in the organization and to the Board of Directors who represent the interests of shareholders. In this respect I am the man in the middle with two major roles to discharge. You have my assurance that in all significant decisions, these are the two constituencies which will be recognized by me.

My first responsibility is to build a company which is based on trust and respect for individuals throughout the organization; respect for diversity, beliefs, values, traditions, language, behavior, history, governance, social habits, attitudes, training and education, irrespective of geographic

location. My view is that trust is, and has to be, the bedrock of this company.

### **On the subject of profit, risk, and growth.**

I recognize that I am at that point in the organization where the objectives of the two constituencies come together.

Shareholders seek growth, profit, and a risk tolerance consistent with what was accepted at the time shares were purchased.

Employees joined this organization with a view to establishing and growing their career, finding satisfaction in the work and being rewarded for their effort and success.

It is my job to balance the aspirations of each constituency and I do this through developing a strategy with built-in action plans and behaving according to a set of policies and practices. For both constituencies there is a need to consider developments over both the short and long-term and, as is often the case,

*This manifesto is based on our research into best practices.*

*Obviously no one organization will align itself with all of the practices. It is meant to be a guide for those who care about the management of innovation.*

### **Contents**

The manifesto addresses my thinking and plans regarding how I intend to manage innovation during my term in office.

- On the subject of profit, risk and growth
- Financial and human resources management
- Communications intra-organization
- Delivering reliability to customers
- Technology developments and market shifts
- Culture
- Strategy
- Organization
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<sup>1</sup> A public declaration of principles, policies, or intentions. ITP Nelson Canadian Dictionary

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seek a compromise. This is my job. The distinction here is that my job is not to impose a strategy on the organization which I believe is flawed or, as can sometimes happen, is directed by the Board acting on their belief as to the wishes of just the shareholders or Wall St.

The policies and practices as set out below will guide my actions. The manifesto sets out seven topics which are important to me and which will guide me over my years as your chief.

My legacy will lie with the reputation of the organization and its people.

#### **Financial and human resources management**

I believe that sustained financial performance throughout all business cycles provides all stakeholders with a sense that our organization is in good order and is able to cope well with both an expanding or deteriorating economic situation.

I believe that an organization of this size and complexity needs a system of managing human resources which clearly aligns individual goals with corporate goals. Measurement of performance by individuals and groups is extremely important as are the provision of rewards for work well done. Rewards will be recognized on a fully-transparent basis.

#### **Communication intra-organization**

Regular communications within the organization is particularly important. I resolve to provide information on a regular basis on those matters which have a significant impact on the organization. You can expect to be informed on an ongoing basis.

I expect that decisions made within the organization will be based on the broadest possible consultation given the size and the complexity of our business. Contributions to all decision making will be encouraged.

To encourage communications and a full understanding within the organization about our core values, I intend to hold regular meetings of senior managers from across the organization. This will, I trust, lead to a commonly-held vision of the future of the organization.

#### **Delivering reliability to customers**

I believe that we all have a responsibility to our customers to deliver products and services which will perform as advertised. This performance builds a trust between our organization and its customer base. To this end, we will regularly obtain and act on reliable information on customer – stakeholder – satisfaction.

#### **Technology development and market shifts**

I firmly believe that, as an innovative company, our future depends on our policies and practises which encourage the generation of new ideas which, in time, will lead to their adoption and commercialization.

Accordingly, it is my intention to commit to the following practices.

- I will maintain our investment in research and development throughout my period as President/CEO. People like to work for an organization which has a reputation of keeping ahead of the competition and which has a reputation for coming up with good ideas.

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Spending on research and development is one important indicator of this commitment.

- I pledge to maintain a close watch on developments at both the customer and end-user level and carefully note the demographic and economic shifts, globally and regionally, which could impact the future or our organization.
- Our focus will be more on organic growth as apposed to growth by acquisition. The former builds our internal skills and the latter can often result in significant disruption internally. Acquisitions will take into account the potential impact on the culture or our organization will only be adopted where other approaches are unavailable or impractical.
- We will focus on developing new products and services and seek to minimize reliance on ‘legacy’ products.
- Our organization will have no qualms about adapting ideas from outside the organization either through acquisitions or through mid-career hires where this is beneficial to our organization.

### **Culture**

Most of this manifesto has to do with culture – or set of behaviours. In effect, this total manifesto speaks to the culture which I wish to maintain and further develop as circumstances change. There are, however, some topics that need to be emphasized with

regard to culture. ‘Culture is the basis of everything’<sup>2</sup>.

**Fear of failure and risk taking.** When mistakes are made, as will often occur, the initial reaction will be one of learning from those mistakes and to not be punitive to the individual or group responsible. Taking risks on new initiatives is to be encouraged.

### **Enabling resources for opportunities.**

New ideas are encouraged when there is a sense within the organization that resources will be made available should the idea have merit. I undertake to maintain this climate throughout the business cycle.

**Planning versus action.** We wish to be known as an organization which is moving forward and taking actions which are well thought out and, at a senior level, articulated in the strategic plan.

Planning sets a tone by identifying problems, solutions and opportunities, openly and transparently but is only effective if action is subsequently taken and the results made known.

### **Strategy**

I, as your President/CEO, will strive to make the organization and each of its business segments, best in class. At a minimum we want to be in the upper quartile of competitors but with an upward trajectory if not already in the top three. This commitment will be a shared and explicit goal agreed to among the Board of Directors and senior management.

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<sup>2</sup> Quote from Google. ‘How Google Works’ co-authored by Schmidt, Rosenberg and Eagle.

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Our policy will be to fully articulate the risk associated with the corporate and business unit strategy, in particular the risks associated with entering new growth markets and introducing new products.

The identified risks will be highlighted for the Board in order to ensure that shareholders are made aware of an increase in the organizations heightened level of risk if this is the case.

### **Organization**

Steps will be taken to ensure the continuity and longevity of senior management including my own succession.

While a Board responsibility, I will encourage succession planning for my position. Succession planning throughout the senior management group will be one of my most important responsibilities.

Appointments to the Board of Directors, while a shareholder responsibility, will take into account that a good percentage of the Board will have demonstrated knowledge of the complexity of this industry.

Our organization will be guided by practices which will facilitate growth, productivity and skill development at all levels.

- I will seek to maximize delegation along with accountability.
- We must avoid micromanagement and do our best to have a 'flat' organization. This can be facilitated by the use of the most advanced technology and communications tools and techniques.

- 'Silos' are to be resisted as the focus should be on relevant collaboration throughout the organization. Physical proximity and openness are to be encouraged.
- A review of individual and group plans and performance will be facilitated by regular performance reviews at all levels. We will encourage thinking outside the corporate norm and, at the same time, tolerate 'mavericks' for their contribution to this process.
- Hierarchy is to be minimized with functional relationships amongst knowledgeable and experienced people at all levels encouraged.

### **Comments**

Let me assure you that I will listen to your comments and suggestions on how to make our organization an outstanding success.