

# CIO Corporate innovation online

## Innovation management best practices

### ‘Delegation’; an important characteristic of innovation management best practices?

**The simple process of delegating is one of the keys to innovation management effectiveness and a good rating by the WEF<sup>1</sup>.**

#### Overview

*Willingness to delegate pervades innovation management best practices!*

Annually, the World Economic Forum publishes its global competitiveness ranking. For the years 2016-2017, the report covered 138 countries.

Overall, the U.S. ranks 3<sup>rd</sup> in the world, Canada 15<sup>th</sup> and Mexico 51<sup>st</sup>. Only two countries rank ahead of the U.S.; Switzerland and Singapore. America is great by this standard!

Twelve ‘pillars’ are identified as making up the ranking. Within each pillar there are sub elements addressing specific topics which are all numerically ranked and go towards an overall rating in each pillar.

Within the 11<sup>th</sup> pillar, which addresses ‘business sophistication’, there is one element which has caught CIO’s attention, namely, the ‘willingness to delegate’. Respondents to the WEF survey are asked ‘how do you assess the willingness to delegate authority to subordinates. A rating of ‘1’ is to be not willing at all and a rating of ‘7’ means very willing to delegate to ‘business management heads and lower-level positions’. Why is this characteristic so important?

For the last several years, at least since 2012-2013, the rankings have not changed much. Canada was ranked 8<sup>th</sup> in the 2012-2013 report and is currently rated 11<sup>th</sup>. The U.S. is ranked 9<sup>th</sup>. Year after year, Nordic countries are in the top ten. New Zealand slips in at 6<sup>th</sup> currently and Qatar is 7<sup>th</sup>. Mexico is 67<sup>th</sup>. The ‘willingness to delegate’ is but one of nine elements that contribute to a country’s overall ranking for the 11<sup>th</sup> pillar; ‘business sophistication’.

Countries such as India – 56<sup>th</sup>, Russian Federation – 78<sup>th</sup>, Argentina – 93<sup>rd</sup>, Armenia<sup>2</sup> – 105<sup>th</sup>, and China – 48<sup>th</sup>, have not yet, according this report, learned much at all about delegating.

The lack of, or willingness to delegate, pervades several other measures of ‘best practices’ for innovation management<sup>3</sup> such as; organizational decentralization, lack of a hierarchy, and the willingness of management to use project teams which have authority. Most importantly, the willingness to delegate is a proxy for the presence of trust in an organization. One delegates if

#### Key points

‘Delegation’ in an organisation is one of the measures of whether an organization has the best practices in innovation management.

Millennials think differently about their work/life balance.

Google’s approach to managing innovation makes use of both old and new styles.

<sup>1</sup> World Economic Forum

<sup>2</sup> Armenia is admittedly a small country but personal experience led to its insertion in this paper as is also the case with Argentina (see an earlier report on Argentina versus Canada).

<sup>3</sup> Check out the full list at [www.corporateinnovationonline.com](http://www.corporateinnovationonline.com)

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there is trust. People – managers - are not inclined to delegate if they don't trust subordinates. The rating can therefore be a bell weather of broader management problems which inhibit innovation.

The willingness to delegate is a major characteristic of the management style of those well managed, technologically successful companies, which CIO has researched. Characteristics which relate to 'delegation' include the following.

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| <ul style="list-style-type: none"> <li>• The frequency and use of independent work group (F#11)<sup>4</sup> and whether the establishment of such work groups is encouraged, or not, by management. To the extent that these groups are formed under the auspices of management is a sign the management is willing to delegate.</li> <li>• An organization with a highly-centralized hierarchy (F#18) would not be a group which delegates decision making. Even establishing subsidiary organizations would be difficult. In these organizations, most important decisions would flow to the top of the organization for approval and subsequent actions.</li> <li>• Managements which delegate often encourage collaboration within and outside the organization (F#12). Such collaboration, without delegation, could not take place easily. Where there is considerable consultation throughout an organization, there is a sense that information from those in the organization is valued.</li> </ul> | <p style="text-align: right;"><b>Contents</b></p> <ul style="list-style-type: none"> <li>• Overview</li> <li>• Millennials</li> <li>• Google's management of innovation</li> </ul> |
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Far more important than the delegation issues raised above is the direct linkage between the willingness to delegate and presence of trust both within and outside the organization.

Other Factors come into play when thinking about 'delegation. A high – or reasonably high – tolerance for failure is linked to the notion of delegation. When management in an organization demonstrates a 'tolerance for failure', Factor #5, the implication is that the project or initiative has been organized around a person or group, i.e. delegated, and those in charge have been given the freedom to fail.

Delegation also relates to whether the organization is planning or action-oriented. Excessive planning – to point of paralysis or lack of decision making – reflects on the inability to delegate decision making, or in the reverse, requires that the most important decisions must end up at the top of the organization.

CIO's online survey addresses these and other characteristics of innovation management.

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<sup>4</sup> Reference to the Factors (F#s) which are set out in the on-line survey on innovation management

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#### Millennials

*They have expectations that require delegation.*

Delegation is especially important to millennials, those born between 1980 to around 2000. There is a strong preference for a flat organizational structure<sup>5</sup> and an attempt to strike more of a balance between work and life than previous generations.

Millennials place a great deal of importance on producing meaningful work, finding a creative outlet and prefer immediate feedback.

Technology with the introduction of social media has facilitated collaborative skills and a preference for team-oriented thinking and physical arrangements.<sup>6</sup>

Millennials differ from the Baby Boom generation in terms of the emphasis placed on work-centric attitudes, seeking to achieve a better balance and tipping more towards familial versus corporate values<sup>7</sup>.

The flat work place environment places a requirement on the style of communication in the organization (Factor # 10). Millennials would prefer the short and informal style in contrast to an older more formal style.

Pew Research<sup>8</sup> makes the point that Millennials' attitudes and opinions ...show evidence of a generation that is highly educated, self confident, technologically savvy and ambitious'. They are much more connected than the older generation and have a view that technology is a positive force. These people are seeking to run their own shows within corporations and feel confident to do so.

Authors Thom and Jess Rainer speculate that September 11 taught Millennials that life is short, prompting them to embrace ambition and reject "business as usual".



<sup>5</sup> Wikipedia. Workplace attitudes. The majority of research concludes Millennials differ from both their generational cohort predecessors, and can be characterized by a preference for a flat corporate culture, an emphasis on [work-life balance](#) and social consciousness.

<sup>6</sup> Florida University. Howe and Strauss

<sup>7</sup> Wikipedia. Research by Hershatter and Epstein

<sup>8</sup> Report from 2010

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### Google's management of innovation<sup>9</sup>

*Google's policies and practices rely on 'delegation' using new technology along with responsibility and accountability*

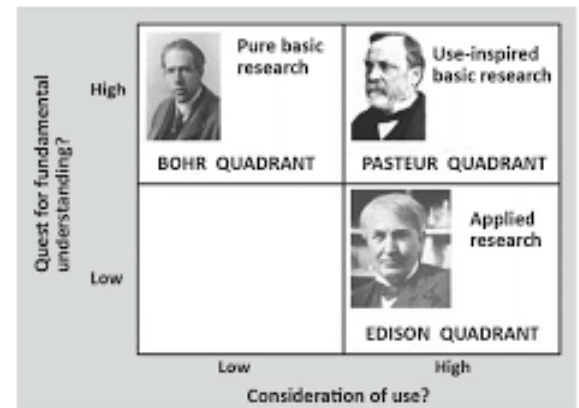
In many respects, Google's policies and practices are on a 'continuum' of development of management techniques which began decades ago. In that sense, there are no surprises.

On the other hand, Google's concepts are facilitated by technologies which encourage, or more to the point, demand social interaction, transparency and openness. These technologies did not exist decades ago. The concepts are not new but the means of bringing them about are. Speed, quick responsiveness, openness, transparency, communication, humour, smart hiring, deliberate diversions, all make the difference. Not just one practice but all working towards the same objective; smart innovation.

In the book, *How Google Works*<sup>10</sup>, the authors go out of their way to explain their approach to management. There is much to learn from their candid communication. There is a focus on thinking big and having in mind the intersection represented by Pasteur's model<sup>11</sup>.

Some of the highlights from this 'tell all' and which illustrate the importance of 'delegation' are as follows.

- Full transparency of people's activities with regular updating of performance information. Manager's own performance reviews are open to 'subordinate' staff.  
*A very open approach to management with delegation and transparency at work*
- Board strategic presentations made by product/service experts and shared widely after presentation. No secret documents – with some obvious exceptions.  
*Great communication style to reinforce openness.*



<sup>9</sup> For the full report visit web site [www.corporateinnovationonline.com](http://www.corporateinnovationonline.com)

<sup>10</sup> *How Google Works* by Eric Schmidt and Jonathan Rosenberg

<sup>11</sup> Invoking Pasteur's Quadrant is particularly interesting. Google believes and wants to work at the edges of fundamental science in whatever form that takes. It is not leaving this fundamentality to universities nor research centres as so many other organizations have. The challenge is to grapple with ideas no matter from what the source. Links to the sources of ideas which originate not from within Google's competitors but from without is the key thinking here. Google does not obsess about the R&D spending of the competition - F#23 – as it does about the idea itself.

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- Job descriptions/ activities (OKRs) used to bring about alignment within the organization. Management by objectives by any other name.  
*An old technique more easily performed with new technology, shared and made more transparent.*
- A deep sense in the organization that Google is working to better the universe by doing good deeds not 'evil'.  
*Classic 'millennial thinking.'*
- Physical office arrangements focusing on crowding, relationships and not hierarchy, with the objective of spurring innovation and effectiveness.  
*Open delegation.*
- A process of filtering ideas based on the idea of forming teams with the relevant know how, encouraging collaboration, along with a continual review of potential projects (a long-standing practice at Google) and drawing on input from many sources.  
*Delegation with considerable input from a broad range of interested parties within the organization.*
- A functional organization concept to avoid creating 'silos'.
- A deliberate intention to focus a percentage of product investment into 'non-legacy' products.
- Untypical organizational thinking on the number of direct reports – designed to minimize micro managing.
- An extreme emphasis on the use of data for assessing projects and yet, at the same time, going ahead with an idea based on faith that it will be successful commercially, but based on limited financial information.  
*The delegation of idea development not so much around financials as the prospects and inherent benefit of the idea itself.*
- Tight idea management at the top and yet the provision of freedom for individuals and groups to take initiatives – if they can secure a buy-in to make up a team.  
*Delegation of idea development but with the constraint that a team needs to buy-in.*

Google faces some challenges typical of innovative companies in a growth spurt. While hugely embracing of innovation and brimming with innovative ideas, Google realizes that many of the idea *interests* may take time to come to commercial fruition.

### Building, sustaining and articulating innovation management best practices