TEI 038: Changing a Culture for Innovation
Host: Chad McAllister, PhD
Guest: Michael Graber

Chad: Hi, this is Chad. You're about to hear a poetic perspective on innovation and building the culture that supports innovation. I hope you enjoyed this discussion as much as I did. Product Innovation Educators, a group I founded in 2007, sponsors this podcast. That is where I and my colleagues provide online training for product managers and innovators. Learn more at ProductInnovationEducators.com. To see the show notes for this episode and a transcript of the discussion, please go to the EverydayInnovator.com/038. Enjoy the interview!

I met my guest at innovation excellence—online home for the global innovation community—where we both contribute innovation insights regularly. He has more than 20 years of experience leading marketing and innovation efforts. As an expert and market user interface, he has also become an accomplished brand strategist. This is what really made me curious to talk with him. He is a published poet and musician. I guess it's those creative forces that compliment his analytical side. You will find him at the Southern Growth Studio, which he co-founded to help companies across the globe grow top-line revenue. I'm glad to welcome Michael Graber to the Everyday Innovator podcast. Thanks for being here, Michael!

Michael: Thank you. It's my pleasure, Chad. Thank you for hosting.

Chad: Absolutely. So let's first talk about the creative side of yours. As a published poet and musician, I think of those things as story telling a lot of the time. As a poet or musician, where does your inspiration for story telling come from?

Michael: That is a very rich and complex question

Chad: I am glad we started with a simple one.

Michael: Yeah. There was a great quote from the CEO of Herman Miller. He said, "I've got so many MBAs and they are wonderful. But what I need is a poet." Poets are the original system thinker. From my perspective, it is a hold mode of existence. This mode allows me and my team to come into an organization and discern the energies of the place, the systems of the place, the culture of the place, and quickly chart out almost as a cartographer where the hurtles are going to be, where we need more attention, where we need more affection, and where we need to really till the ground so it's receptive to new concepts and new ideas of growth.

Chad: Very good. Nice rich analogies in there as you explained that. You got my attention with the systems thinking part immediately because when it comes to topics like innovation, you have to look at the organization as a system.

Michael: That is so true. There are other attributes as well. If you look at the poetry, it is poesies, which means "to make". If the goal of innovation and growth strategy is to make new value and generate new value for customers we have to go on this fact finding mission. The tools of poetry and the ability to go there, deal with multiple drafts, iterate beyond this relentless quest for the truth and for value similar to playing music in a band is the foremost tool for training on what brand is about and what team is about. You have to name the band, you have to make sure that all the pieces you have play to everybody's strengths, and ultimately, you get into the dynamic of a high functioning team where it's almost like the

telepathy of a jazz band. You know when someone is going to really take it. You can begin to play to everybody's strengths in that way. It's a great metaphor for team dynamics and branding.

Chad: Okay. Being a poet and a musician, what's the connection there with the work that you do as a brand strategist? Because when I think about brand, I think about it as telling a story. I'm curious what your thoughts are on that.

Michael: I love the quote by the poet Rukeheiser that says, "God created the universe for stories." I think humans live for stories. Humans within a work culture are motivated by stories. My work as a professor of creative writing and also as a practicing poet helps me understand what these cultural stories are and what they become. It also helps me understand how to deepen that story, augment the story, and how to transform the story. The heart of storytelling is motivation. If you're motivating people to think new thoughts and go after a new market or new segment, but you have to also apply one great variety of storytelling, which is knowing how elastic and credible the story is, that means you will get into all kinds of brand elasticity transference—understanding that this is an add-on that won't fit a crude "me too" addition. If it's a new product that is going to reset the brand in the leadership position and it is a position that is earned, it must become ready, adaptable, and a place of natural growth—of what you would call character development.

Chad: Very good. I love some of the word pictures that you're trying out as you talk. Your poetic nature clearly comes through as a communicator as well. It makes it more enriching. You must be very effective when talking to people about the work that you do and about getting companies to become more innovative. For example, when you talk about stories and campfires, I immediately go back to my experiences in sitting around a campfire. They are warm memories. That helps me think more about storytelling and how that was impacting for me personally. They are, as you said, meant to be motivating.

Michael: Thank you, Chad. There is another key point I would like to add, which is to know your audience. That is worth its weight in gold. That way, if I know I am talking to the finance committee and the CFO about an innovation platform, I would use different language than I would if I were talking to product managers or with a team of marketers. The same applies if I am speaking with an R&D team or a lot of chemists and engineers. In order to earn their credibility and trust, I'm going to have to change their language a little bit. I will need to adapt the forms, the signs, the symbols, and the words to be more effective in delivering my message. That is one key piece of storytelling.

Chad: It's absolutely essential for product managers as we work cross functionally with all those other groups as well. A lot of people listening are product managers. Being able to frame the story that you are telling in the context of the listener will help connect better. You've gotten good at storytelling, I'm sure. Do you have a resource that you recommend to people when they talk to you about this? Perhaps a book they can read or anything that they might find helpful in becoming a better, more effective communicator?

Michael: That is a good question. What I have them do is a workshop instead of a book. I have a list of books I can recommend as well but I think it's more helpful to create a persona of the ideal user of this

group. If you're meeting with the finance committee or stakeholders or marketers, understand their triggers and language. If you draw out a small persona first you can better set your sight of your target and make a more compelling persuasive argument. I find this warm up exercise helpful and more helpful than simply studying a book. But most importantly, be curious and also apply empathy. Walk in their shoes. Know their concerns. Once you do that, you will be able to resonate more deeply.

Chad: That's a great tip. I like to tell people to go have lunch. Go build those relationships with the other people and the functions of the organization before you need to interact with them. Call them or send them an email. Let them know what you're doing and that you'd like to know more about what they do as an organization.

Michael: That's great. If you can leave the building, even better.

Chad: There you go. Absolutely. Thanks for giving that background. I see this as a strong thread that weaves through the work you do now in brand management and helping companies become more innovative and grow their top line as well as highlight the creative side of your experiences. Let's dive into one of these innovation topics. When we were first talking about this interview, I know you speak on several innovation and brand topics. One that you wanted to talk about today is the role of culture in a successful innovation program. Innovation culture has actually been a theme this year. A lot of organizational leaders are asking how they can fuse the DNA of their company with more innovation. What do you see in your surroundings that makes this such an important topic in today's world?

Michael: Personally, there seems to be an odd dynamic where a lot of boards and c suites are demanding innovation—in many cases without knowing what that means or without fully embracing the changes to their culture that must happen in order to embed a really generative innovation discipline. Therefore, there is this great demand for innovation but there is also a conflict that immediately arises from that demand. I typically see 2 things that have to happen in innovation discipline. One if you must start doing the exercises. You have to put in the muscle memory of doing front end innovation exercises such as going out and doing field work when you haven't done that before, doing ideation, and so on. That means that a team has to start working differently. You must also work on the culture simultaneously. You have to set up meetings, you need to help the people to embrace new roles or no roles while they're doing these sessions. From this can result a great disconnect or golf if you only do the innovation projects but don't change the culture. What then happens is one team can go off and become statically inspired, come back and have a full portfolio of potential gold for the company. However, the culture is not ready to receive it and the hard work is getting the culture ready to receive this change in behavior, thinking, and the change to their existing business model. What you suddenly find is the rise of the cultural antibodies. They attack this team and their ideas like a foreign object that has entered a body. They try to push it out and suppress it as quickly as possible.

Chad: I would like to underscore this part, especially for the Everyday Innovators who are in senior leadership roles because I'm not so sure they always recognize that they have set this emotion. They have done what you described. They have led the notion that to become a more innovative organization and perhaps even created a team to put that notion into action (and conducting those exercises you talked about as well). They might come back with wonderful information and they're ready to go only to

bump into a brick wall of the organizational culture, constraints, and structure. I was just talking with a colleague yesterday about this. His company is currently asking everyone to be more innovative. They have an innovation marketing communication program. It's all marcom. Anytime they try to do anything, the organization says 'no'. There's no structure in place to be receptive and to try to be innovative.

Michael: Yes. You have to go through this chrysalis exercise as a culture. If you think about it, a caterpillar can no more think that it will turn into a butterfly than a tractor can envision itself turning itself into a Learjet. But you have to set up the context for it. This is where that beautiful metaphor for that christless comes in. There is one key insight for every culture, which is when the caterpillar turns into this primordial soup, they become what scientists call imaginal cells. They are rethinking possibility as imaginal cells. But it is up to the leaders of the innovation program and also the sea level within the company to sponsor this change and invite new thinking that may have once been a threat to the organization to be able to become these imaginal cells and imagine new possibilities. Even if they are threats to the existing business model, they may be greater and larger opportunities on the other side. But they have to go through the exercise first in order to get there. There has to be trust and there has to be a level of safety. You want to give the team that is working on innovation an incentive to go for the goal and you have to give them strict deadlines and focus. But you often have to give enough bandwidth to question the existing model of business.

Chad: It's interesting that there is a tension between what we can become and staying closely tied with what we currently stand for as an organization. It seems like more companies are now recognizing that they need to be more innovative because they have stale products and they are nervous about competitors taking over their position. But these organizations are having a bit of trouble starting the process on creating new products. That is partly because they have spent so many years without doing so. They don't have that experience with their current employees on innovation.

Michael: Right. What's interesting is that we begin a lot of engagements right at the point that you describe. They need help coming up with new products. However, what they first need is to flush out a lot of their product line, think about going into a service branch of their business, and maybe think about going after a different product in an adjacent market. I think a lot of people assume that a new product will save them or that a new product equals revenue. But there are many paths to new revenue for any organization. The machine of the organization does need to change, however. A product company may need to change into a service company, for instance. Just look at IBM's great transformation. You can't predict that until you understand the context of the culture itself. That is why we do a lot of cultural diagnostics and exercises when we first go into a company to get everybody into this mindset of possibility. We really try to understand where the existing boundaries and parameters lie. We open everyone off and get the leadership to sign a permission to let us examine these perimeters.

Chad: Can you give us an example of a culture exercise that you might conduct to help uncover the actual culture and get the organization to recognize where they stand?

Michael: Certainly. We have about 14 canned methods for doing this, 2 of which are pretty common and have great affect. They're really good medicine. One is a revenue model exercise where we meet with an executive team and/or some product managers. For example, they may be only a product company and they only make money from a transaction sale of that product. Suddenly, we have them go through an exercise of 8 different ways to make money—from a utility company model, to a subscription model, to a licensing model. That really begins to open their eyes. It always serves as a revelation for them because they realize that there are other streams of revenue available to them. It's just outside their day-to-day template of their reality or mental model that hasn't occurred to them. Another would be going through an orthodoxy exercise where we formulaically identify certain orthodoxies that exist within the organization, which are these deeply held convictions or beliefs that this is the way we do it here. We then do a quick analysis around it. What are the vulnerabilities? What are the assets of this? After the analysis, we introduce another layer where we bring the right benchmark company. For example, what if we are hunter fan ceiling Fan Company and we say that method bought us. What would we change about these orthodoxies—aesthetics, product line, on shelf experience, business model, types of stores, distribution? It get to be a holistic assessment.

Chad: I like those examples. Thanks for sharing them because it seems like the revenue model quickly gets to explore a new business model, which really pushes on the structure of the organization and culture that is wrapped up in that. The orthodoxies directly address culture in terms of how we do work here, what we allow here, what we don't allow here, and what we would look like if we were in a completely different environment.

Michael: Right. There's a saying in the world of creative writing that your first few pages are always "throat-clearing". We look at these exercises at the studio as "throat-clearing" to get to the real work of innovation. We first have to do these types of exercises to deeply understand the culture and also find out what is flexible, what can be changed, and what is real orthodoxy. We can then go and work with all the players and all the energy is there.

Chad: Exactly. Once we name things, we get a handle on what is currently happening in the organization, then we can flex them more and work with them because we have identified them.

Michael: That's right. And we usually find that everyone assumes that there is a biting reality. But after we do a set of these early exercises around culture, we find that this is just one mental model. This isn't reality. This is just an environment we've shared and created together. Therefore, there are lots of valuable levers we can pull and lenses we can apply to explore new realities. Taking a snapshot of one mental model and then making them aware that there are other potentialities is always a healthy exercise.

Chad: Yeah. It's that old notion of thinking outside the box. I really like the image of the caterpillar turning into a butterfly. What butterfly might we turn into if we could turn into any kind?

Michael: Right. And you don't know this until you go through the process. The process itself is curing. It's good to envision. It's actually a 'doing' exercise rather than a 'thinking' exercise.

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Chad: Right. Good. Let's talk a little bit about specific characteristics of culture that support innovation. AS you work with companies, what elements are you trying to put in place in the culture to really support innovation?

Michael: I may just tell a story a before I break down the actual attributes if that is alright.

Chad: As you should tell, I love stories.

Michael: Good. When we get called in by a company, it is often because a very expensive innovation effort has failed. The problem is that they have outsourced it. They've called one of the huge global innovation firms to create a new platform for them and what happens next is very much like an action movie—you know what is going to happen. There aren't any real surprises here. They've got stunning valuable concepts but they don't know what to do with them, which means they become a very expensive door stopper. They realize that unless they embed innovation inside their organization, it's not going to be successful. In other words, they just can't outsource it. At that point, they begin to reflect more deeply on their culture. They realize that they need to train people in house. They need to go through series of exercises and realize 3 key things. They need the executive team's full support and sign off on going on the innovation journey. They need visible and tangible signs of that endorsement. That is probably 50 percent of the importance. If they know that the executive team is behind it, they can do anything. They feel truly empowered to explore. Because finding innovation is an exploration after all. It typically always generates value, but you have to first go through the process without circumventing it out of fear. Again, the first attribute is the executive sign off. The second is building multidisciplinary teams and outsourcing part of it to a group that can come in and act as Sherpas or navigators—show many methods, teach and mentor processes, trials, and walk you through several projects. The third attribute is recalibrating the business model itself. As soon as the multidisciplinary team generates a portfolio of value, they then have to put it in the new product development pipeline. They have to write business cases around it, they've got to asses calls, do quantitative studies to make sure it's truly validated. But finding the right story-telling implements to make sure that it's put on the launch cycle becomes very key.

Chad: If I may, I'd like to connect a few dots here because I think there might be some listeners who are thinking you are trying to talk about the characteristics of culture and I just heard the 3-step process for how to bring innovation. What I want Everyday Innovators to understand is that culture is reflected in our actions, right? It's the actions that we take and the stories that we tell inside the organization that shape the organization. Michael, when you talked about executive sign off, this becomes important to the organization and its culture when executives are behind it, setting up those teams with the Sherpa as the guides. We now have people telling us how to do things. We have a resource to go to. Furthermore, finding the business models is envisioning the future. It is saying, 'this is where we are now but if we keep on this path, this is where we can end up. This is the kind of organization we will be.' Is that a fair representation of how you line up those steps when thinking about culture?

Michael: That's a very fair representation. I will make 2 points as a response. Firstly, I would define 'brand' in the same way I would define culture. That by what we do and what we don't do. Culture is the

actions we take or don't take. It's also at a level of brand touch point—it's what the brand stands for and doesn't stand for. It is an embodiment of all of these values. That's a key point.

Chad: That was a pretty good point, however—the relationship between brand and culture. If your brand is authentic, it should reflect your culture and vice versa.

Michael: Yes. If your brand is authentic. It is very platonic at that point. The inner is an expression of the outer. It is esoteric and exoteric mixed together. Your brand is essentially your culture. It's not just window dressing at this point.

Chad: You offered a really important caution a bit ago, which was that you cannot outsource innovation. I would like to underscore that too. I see a lot of organizations with really good innovation experts and design houses available. Organizations will go out to innovation experts that they have some relations with, bring them into the organization and do some innovation project. But in doing so, they may not have the culture and processes in place to really carry it forward or sustain it past that one project. I feel some organizations don't know themselves well enough to know what questions they should be asking before they go down that path. When I train product managers, the first thing I do is talk about 7 innovation methodologies they can pick from out of 100 or more in existence. But they have to realize that there are a lot of them. What they first need to know is what questions to ask about their organization and how that aligns with the right methodology for your organization. I really appreciate you pointing out that you can't outsource innovation and how important is the work that you do to make that the cultural elements are supporting what they want to accomplish with innovation.

Michael: Very much. To begin an innovation discipline, every organization needs to set aside some time to figure out what they are willing to become. It becomes a strategic planning exercise. They need to figure out if they are willing to change their behavior to achieve a desirable outcome. They have to look at the negatives to decide if they're ready to enter into this new way of being or not. If you're a product company and you have rising costs, and your returns are negligible or declining, you probably need to change the way you're creating and designing products. It's not working anymore. Something has changed. The market itself has changed, your competitors have changed. As they say down south, old tricks ain't workin'. When that happens, it is time to rethink and reframe a lot of it. In doing that, requires a great commitment, time, and sincerity. You can't just throw the lift service of innovation and do some crowdsourcing or have a suggestion box of ideas for new products, or try cost cutting only to then blame that when it doesn't work. Because you are entering a whole new field of possibilities that have great consequences to the engine of the business.

Chad: That takes us full circle on the subject of poetry in the beginning of our discussion, which is systems thinking. Thinking in terms of a system or in a holistic manner when trying to figure out what it means to become a more innovative organization. I would like to bring you back to your very early days. Now that you've been helping companies become better innovators and grow top-line revenue for over 20 years, what do you wish you would have known at the start of this career that you know now?

Michael: I wish I would have started in a pure innovation center. My journey was one of being a professor of creative writing to becoming a usability engineer information architect, an interactive copywriter, a copywriter, a creative director, a brand strategist, and then getting into innovation. It was this whole unveiling process for me where I wanted to get at the heart of what can make a difference and what can really grow a whole system. So if you're just looking at websites or just at applications, you're not forming the strategy. You might recall this quote by Jacob Neilson, "Content is king". That's where I went. I wanted to understand the content. But after I mastered the content, I realized that this wasn't driving strategy either. It's the brand. And when I realized it wasn't the brand, I looked into corporate strategy. But before that takes place, there is the front end of innovation, which is a pure field of possibility. I wish someone would have taken me aside and told me I needed to work in the heart of the heart of change. I needed to go ahead and study innovation, which was probably not called innovation in those times. This was before innovation was formalized or design thinking was categorized, so on. If you go back and look at the literature, it was just an emerging industry at the time. But I wish someone would have taken me aside and told me all about innovation.

Chad: The reality is that all those experiences that led up to innovation in your life made you a much better innovator once you got to there in your career. Maybe the thread back to the beginning is to recognize that innovation is not one team. It is not a point solution for a single problem. It is something that is encompassing of the organization's vision, mission, strategy, and brand.

Michael: It very much needs to be in all of those areas. Innovation is one of our pillars.

Chad: It's the hope that Wall Street might bump you up a bit just by putting innovation in your strategy some place.

Michael: That's right.

Chad: I always like to wrap up my interviews with an innovation or success quote. What did you bring for us and why did you choose it?

Michael: My quote is one that is nontraditional from Buddha. "Overcome your uncertainties and free yourself from dwelling on sorrow. If you delight in existence, you'll become a guide for those who need you, revealing the path to many." I chose that quote because it calls for the courage for conviction. It also for the catalyst of change and a positive force inside an organization. When I go in and work with a new culture and a new company, I try to make it my goal to inspire passion in each person that I meet in the entire organization by tapping into their potential. This quote guides me as I go in and seek that as my mission. Only by meeting that mission will I be able to help them generate real and tangible value for their organization.

Chad: It's a great quote and the position of bringing in that positive force, people tend to be attracted to others that are positive and have a compelling vision to share.

Michael: The process just generates a lot of creativity. It's fun. If you see a culture that is starting to embrace innovation, people are laughing, they're engaged, they're together, and they're working

through problems together. It's inherently collaborative. The creativity becomes a team sport rather than a solo sport. It's just a joy to be around because it generates its own positivity.

Chad: Absolutely. Thank you for sharing that quote. To wrap up, I want to make sure this interview is a win for you. What do you want to leave listeners with and how can they follow the work that you are doing?

Michael: First of all, thank you for having me. This had been a wonderful conversation and you're a great host and moderator. I work for the Southern Growth Studio. You can go to the SouthernGrowthStudio.com. You can also find articles that I write weekly on my LinkedIn profile at MichaelGraber or on Innovation Excellence. The Southern Growth Studio is an innovation and growth strategy studio. The way that we like to describe it is an innovation consultancy that likes to embed ourselves with our clients, partner with them until we can leave them to do it on their own. We are also an innovation company that you CFO will love because for all of our front end work, we back it up with numbers and business cases.

Chad: And CFO's do like that.

Michael: They do indeed. It helps them up the food chain, which is critical to success.

Chad: It is. You have to have executive support, as we know. Michael, thank you so much for your time. I really appreciate all of you Everyday Innovators who listen to this and share this podcast. A lot of listeners find interviews through iTunes. If you can take a few seconds to leave a 5-star rating that will help other product managers and innovators discover this podcast. The show notes and details of this discussion are at the EverydayInnovator.com/038. My thanks to ProductInnovationEducators.com, your one source for all online product management and innovation training.