

CEO Survey: Low Marks for Managing Innovation

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Perhaps the most disturbing CEO “blind spot” we found in the BNET survey surrounded the topic of innovation. CEOs and their employees disagreed dramatically as to whether good ideas bubbled up through the bureaucracy of an organization. Only a third of employees thought that good ideas found their way up through the organization to the CEO, and almost a quarter believed that good ideas never or rarely made it from the cubicle to the executive suite. Remarkably, the vast majority of CEOs thought their organizations were doing well in this regard.

The Idea Trap

Managers are especially critical of how CEOs seek out good ideas from the management ranks.

“This result is not a matter of two disagreeing opinions. The fact that those two assessments are so far apart means that something is wrong in the organization,” says management professor William Wallick. “It’s critical that CEOs don’t rely on their gut feelings on this issue. If you’re not sure whether the paths of communication are open, you need to get out of your office and find out by talking with employees up and down the organizational chart.”

Most CEOs would like to believe they’re open to “innovation” — it’s the business watchword of our age. According to management professor Bob Sutton, however, few executives actually understand what it takes to be tackle change head-on. “For true innovation to happen, employees have to be able to take [a] risk and fail. They also have to feel that they are free to speak out,” says Sutton. “Executives may talk a lot about innovation but at the same time punish the employees who go out on a limb.”

Sutton also notes that over-involvement from management may have a negative effect. “When you plant a seed in the ground, you don’t dig it up every week to see how it is doing,” he says. “CEOs who are constantly looking over the shoulder of those who are trying to come up with new approaches often just get in the way.”

Several experts point out that employees and CEOs may be answering a slightly different question when it comes to innovation. Employees, after all, aren’t just concerned with good ideas being recognized for the benefit of the organization, they also want credit for those ideas. An organization that has its ears open to new ideas but rarely rewards employees for generating them undoubtedly will get bad marks on this question.

Another reason for the disparity: Employees often don’t get feedback on ideas that aren’t adopted. By their nature, businesses can only adopt a small percentage of change-making ideas, lest they rewrite the business plan every week. For this reason, it is just as important to let employees know why an idea isn’t being adopted as it is to give them credit when an idea is implemented.

“If you don’t get any feedback when you suggest an idea, you become cynical,” author Michael Abrashoff says. “Lack of negative feedback communicates the impression that the ideas aren’t being heard. Giving a clear reason why an idea isn’t going to be adopted is better than silence.”

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