



Getting Change Right the Workbook

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Chapter 1: Creating Rapid Widespread Engagement

To get change right, get *people's attention*. Once you have it, get them engaged, involved, and contributing. How? through effective communication using **social construction**.

Social construction is a model of human communication that points out we *build* our understanding of the world *together*. Unlike computers we do not simply take in information and store it. We must think *together*, talk *together*, and wrestle through implications *together*. Any communication initiative that relies more on missives than dialogue will suffer accordingly.

As a change leader you must draw people into conversation, accept their experiences, allow their perceptions to improve your understanding of the world you hope to influence, and think together about the best way to get things done.

Since you cannot talk to everyone, you must carry out several important activities:

1. Learn to tell *springboard* stories that will spark conversations far and wide, covered in Chapter 2 ahead.
2. Choose the people you talk to wisely - identify your *most valuable* players. That is covered in Chapter 3.
3. Understand the challenges and opportunities your particular group faces – both psychological and logistical, as shown in Chapter 4.
4. Build communities of people who will develop new ideas and implement them appropriately. Look to Chapter 5.
5. Once you have all the above in place, you are ready to generate dramatic surges in progress. See Chapter 6.
6. Always be ready for challenges, using them to create breakthroughs. Logjams, bottlenecks, obstacles, and other derailments must be channeled constructively... and they can be to systematically and consistently wield powerful positive effect. Details in Chapter 7.
7. Stay in balance. Leading change is hard work. Take Chapter 8 seriously. If you are out of sorts, so is your leadership.

Enticing people to engage with your ideas is very difficult work. One of your first challenges is to penetrate the information overload your most valuable players suffer through. Exercise 1 below will help you with that.



Exercise: Five Ways to Penetrate Information Overload

A. Call a special meeting to address your stakeholders' concerns.

Who are your primary stakeholders?

What will be the topic of your meeting?
Articulate this so it is compelling to stakeholders.

B. Bring your most valuable players in to evaluate a critical decision you are facing.

To dramatize the importance of the decision, describe a likely negative consequence if you do nothing.

How can you make your presentation more dramatic?

C. Do something counter-cultural to catch attention.

Which individuals will likely show resistance?

How can you involve them, in order to join forces together?



D. Stage a concentrated series of highly visible activities.

Which constituents are most able to give your project high visibility?

How might you incorporate their contributions into a visible activity?

E. Go directly to the source of competing demands to win support.

What other operations or initiatives compete with your project? Who is in charge of them?

How does your idea generate value for these individuals?

Relevant Resources from the book

- ▶ Social Construction in a Nutshell, page 7
- ▶ Ken and Mary Gergen on Social Construction and Leading Change, page 9
- ▶ Six Techniques for Improving Flexibility and Responsiveness, page 13
- ▶ Five Techniques for Creating a Shared Stake in Success, page 15
- ▶ Eight Conversations that Create the Future, page 19
- ▶ Thirteen Techniques for Accelerating Buy-In, page 23
- ▶ Steve Denning on Operating Without Budget or Authority, page 26
- ▶ Principles for Creating Rapid, Widespread Change, page 28



Chapter 2: Communicating So People Get It and Spread It

When you create an interaction that generates other interactions, you produce amazing impact. The result grows exponentially and creates powerful increases in the speed and spread of change. Each conversation generates more conversations, exciting others with possibilities, inspiring them to action and showing them how they can contribute. Getting change right is a true paradigm switch, away from top-down communication toward cultivating relationships.

You might think project planning would be the place this process starts—but you'd be wrong. It's true that a project plan is useful and even necessary, but it's a question of appropriate emphasis. Project planning is a support process that should not occur at the expense of engagement. The right place for emphasis is on sparking and leading conversations that engage.

First, you must engage all the important players—everyone whose expertise is needed. Make your first contact by listening and learning about your area of focus, not propagating an agenda. Your purpose is to effectively weave new stakeholders into your process. I focus on the voluntary aspect of engagement because voluntary participants generate enthusiasm that spreads of its own accord.

You must jump-start bold conversations that reach far beyond those who initiate them. To do so, learn to make story your medium. Different types of stories have different kinds of impact. A springboard story is one that sparks action by illustrating where change like the one you are trying to create has already taken place. (See Exercise 2 below.)

Stories span cultures, while retaining context, and therefore their capacity to inform and influence. Take your stories to your stakeholders everywhere there is interest and make support materials available that enable others to become evangelists for your idea. As you do so, you'll interact with audiences of different sizes. Tailor your approach to ensure success in situations varying from one-to-one, small groups, large groups, and very large gatherings. You will bring people to your cause.

Exercise: The Six Characteristics of a Springboard Story

1. It communicates the specific change you want to initiate.

What is the specific change you want to initiate?

2. It identifies an incident where the change has already taken place, including time and place.

Where has the change already taken place? Be specific.



3. *It has a protagonist who your audience can readily identify with.*

Who is your story's hero? Can your audience readily identify with this person?

4. *It is stripped of unnecessary detail; i.e., is just the bare bones.*

Give just enough facts to make clear hero's predicament.

5. *It has an authentic, verifiable happy ending.*

Describe how the change you envision provided a solution to the hero's problem.

Relevant Resources from the book

- ▶ Five Consequences of Successful Engagement, page 32
- ▶ Eight Principles for Engaging New Stakeholders, page 37
- ▶ Five Questions that Trigger Professional Excitement, page 39
- ▶ Ten Questions to Engage Others in a Better Future, page 40
- ▶ Four Principles for Creating Cascades of Conversations, page 41
- ▶ Rick Stone on the Power of Story, page 43
- ▶ Seven Ways to Distribute Support Materials, page 48
- ▶ Ten Recommendations for Strategic Engagement, page 49
- ▶ Six Goals for Interactions with Others, page 51
- ▶ Interacting with Audiences of Different Sizes, page 52



Chapter 3: Energizing Your Most Valuable Players

A select group of people will bring your initiative to life; I call them your Most Valuable Players (MVPs). MVPs come in all roles and functions—some from internal core constituencies and others from outside the organization. Spend time identifying your MVPs by category and individual names, and keep that list with you. (See Exercise 3.)

You—the change leader—must activate, equip, and energize your MVPs. Once you have made contact with them (by direct, face-to-face invitation if possible), engage them following my recommendations in Chapter 1. MVPs need three critical provisions: skills, information, and relationships. Equip them with these, and teach them how to have engaging conversations on your behalf, using my techniques from Chapter 2. Energize them by including them in activities that lift their mood, rouse their participation, and open up new horizons for them.

Cultivate three specific groups within your MVPs—your Change Leadership Team, Champions, and Ambassadors. Each of these groups plays a specific role in your change initiative.

The Change Leadership Team connects core constituencies, facilitates a shared understanding of the change effort, busts silos as needed, and steers transformation in a complex environment.

Champions excel at promoting, advocating, and supporting change within their home group.

Ambassadors represent you in their dealings with other groups, extending your reach.

Any good, strong idea or change program will have detractors—people who think you are on the wrong track. Difficult players can be MVPs too. They can be dealt with effectively through the processes I've described. However, if they begin to drag you into personal warfare, you and your program will suffer. In most cases, their opposition comes from issues with how they have been perceived and treated. By extending the opportunity to contribute and have an impact, you can win them over. Always remember your actions are visible to many people; how you respond to challenge makes a powerful statement in support of your eventual success. Do not let personalities stand in the way; stay focused on the merits of your program and your approach.



Exercise: Identify Your Most Valuable Players

For more detail, see the description of MVPs on pages 62-64 in the book.

| | Titles | Names |
|---|--------|-------|
| Political Leaders | | |
| Policy Makers | | |
| Resource Providers (time, people, money) | | |
| Influencers | | |
| Thought Leaders | | |
| Technical Experts | | |
| Researchers and academicians | | |



| | Titles | Names |
|-----------------------|--------|-------|
| Practical Visionaries | | |
| Front Line Executers | | |
| Partners | | |
| Alliances | | |
| Suppliers | | |
| Competitors | | |
| Detractors | | |



Relevant Resources from the book

- ▶ Categories for Identifying MVPs, page 62
- ▶ How to Activate MVPs, page 66
- ▶ Five Energizers for MVPs, page 68
- ▶ Characteristics of Change Leadership Teams, Champions, and Ambassadors, page 72
- ▶ Risk/ROI Matrix for Difficult People, page 81
- ▶ Techniques for Engaging Difficult People, page 82
- ▶ Options for Working with Toxic and Unredeemable People, page 83



Chapter 4: Understanding the Territory of Change

Mapping the territory of change must take into account varieties of intelligence. You need a map that is both psychological and logistical, showing where change will be slowed and where it can be accelerated. Use a systematic approach of scouting, gathering intelligence, and exploring the periphery.

Talking to people will allow you to map the territory of your change as it is perceived by your MVPs. This allows you to chart challenges and opportunities, and describe what may be needed to successfully navigate relationships, negotiations, and business processes. Even a number of short (half-hour) conversations with MVPs can add up to a much clearer picture. (see Exercise 4.)

Systematically listening to MVPs is a powerful tool for creating trust, engagement, acceptance, and buy-in. Storylistening is key. Storylistening means paying careful attention to another's storytelling. Stories carry more than words and facts. Stories carry hopes, desires, intentions, and other pieces of relevant information subtly connected to successful change work. By listening, you weave together the teller's experience with the intentions of your change process, transforming each so they incorporate the other.

At the conclusion of your storylistening, prepare a Reconnaissance Report. This should be a one- or two-page document synthesizing all you've learned from your interviews. It should highlight themes, concerns, educational needs, and opportunities shared by the group or critical to the change process. A six-step process will lead to an effective Reconnaissance Report. Five gems should emerge—red lights (showstoppers), yellow lights (cautions), themes, educational deficits, and high-value nuggets (major wins you had not noted previously).

Ideally, as a storylistener, you will project neutrality. Much will depend on your first contact with those you will interview, since people will base their expectations (right or wrong) on that first impression, and your stance as an interviewer will be taken to be the stance of the organizational change you represent. Be careful to embody the four qualities of professional inquiry in your stance right from the start and throughout the process. These are: Professionalism, neutrality, compassion, and passion.

Understanding the territory of change will help you deal effectively with the myriad challenges and options that will come with your change effort.



Exercise: Prepare to reap the benefits of reconnaissance

A. Prepare for successful implementation.

List the big issues and themes at play as best you can.

B. Increased ability to address needs.

Whose concerns do you need to address effectively in order for your change to be successful?

C. Identify possible risks

What risks are you aware of now?

D. Bring unspeakable or taboo topics into the open.

What important topics are people afraid or unwilling to address?

E. Gain feedback on critical issues. Create receptivity to solutions.

What do you anticipate will be difficult and what do you anticipate will be easy?



F. Identify high-value wins.

What potential high-value wins are you aware of now?

G. Clarify educational requirements.

Where is education required in order for your stakeholders to participate fully?

Relevant Resources from the book

- ▶ Eight Storylistening Skills, page 90
- ▶ Madelyn Blair on Storylistening for Reconnaissance, page 92
- ▶ The Reconnaissance Report, page 93
- ▶ Sample Reconnaissance Report page 96
- ▶ Four Qualities of Professional Inquiry, page 105



Chapter 5: Accelerating Change Through Performance Communities

To accelerate change, build an environment that leverages the power in groups of people who share a common set of goals. Communities form all the time inside, outside, and across an organization. Like bees in a hive, they carry out their tasks based on cues they receive from each other and the environment.

For a performance community to thrive, optimize three dimensions: business benefits that justify investment of resources; community concerns that bring people together and drive them to collaborate; and participant payoffs that reward individuals personally or professionally for their involvement.

Performance communities are examples of social learning systems. Four trends provide valuable insight into how these communities learn: horizontalization - learning through peer-to-peer learning; partialization - each community member holds knowledge and expertise that is part of the larger puzzle; personalization - voluntary engagement; and individualization - each person's unique constellation of experience, background, and know-how.

Performance communities flourish by providing individuals the opportunity to interact with others interested in the same area of focus, fulfilling their desire to engage in meaningful learning, alive with knowledge creation.

It is important to find ways to include people with varying amounts of time or effort to give. Performance communities meet people where they are and draw them toward greater participation by providing real value. A healthy community creates a current that pulls people along, encouraging them to create greater value, which can be measured in business benefits, community concerns, and participant payoffs.

In the course of building performance communities, management tasks change from supervising subordinates to enabling colleagues. Ten techniques give guidance on how to build communities that perform (see Exercise 5).

Community cannot be mandated from above, but they can be deliberately stimulated to accelerate change. To do so, let every participant know he or she is valued, and be specific; frequently summarize, support, and challenge the community in the context of business goals; and create opportunities for members of the community to address organizational leadership.



Exercise: Building a Performance Community

A. Share the idea with everyone who has a stake in success.

Who has a stake in the success of your performance community?

B. Interact with potential members.

What are the best ways to reach people who might join your performance community?

C. Identify a social architect

Name the person who will be best at understanding and facilitating interactions among your community's members.

D. Identify your experts.

Name the people who have deep knowledge and would be most respected for their expertise by the other members of your community.

E. Invite people to participate.

How can you design your invitation to get the best possible results?



F. Make it easy for members to contact each other.

How will you make it easy for members to contact each other?

G. Create an atmosphere that encourages open discussions.

How exactly will you accomplish this?

H. Communicate, communicate, and communicate!

How will you keep people in the loop? When will you start?

I. Stay open to continued suggestions.

What mechanisms will you employ to keep “fresh air” in the room?

J. Develop presentation toolkits.

What will you include in your toolkits and how will you distribute them?

Relevant Resources from the book

- ▶ The Three Dimensions of Successful Performance Communities, page 110
- ▶ Etienne Wenger on Communities of Practice, page 115
- ▶ Three Ways to Balance Vertical and Horizontal Learning, page 116
- ▶ Guidelines for Creating and Using Community Mandates, page 120
- ▶ Conversation Starters to Engage Participants in Generating Value, page 121
- ▶ Building a Performance Community: Ten Techniques, page 122



Chapter 6: Generating Dramatic Surges in Progress

Genuineness and excellence are at the heart of what drives people forward in dramatic surges of progress. From this powerful core, real transformation takes place. But people will want to test it. For this reason, I created Touchstone Events. These gatherings dive deep to make contact with what is real, essential, and core to the work of change.

A Touchstone Event moves the entire community forward, constructing the common beliefs and understandings that sustain coherent activity into the future. To design Touchstone Events, take your inspiration from rites of passage. These gatherings must be grounded in a community's beliefs, values, and social hierarchy. Therefore, they require great sensitivity to the nuances and needs of a particular population.

Avoid the usual conference agendas and settings. Shake off the mind-set of traditional meeting logistics. To hold someone's attention you have to grab the gut with a compelling attention-getter; then give the head something to ponder, such as relevant data; and finally deliver the heart—connect your message to what your attendees care most about. (See Exercise 6.)

Look for opportunities to harvest value after the Touchstone Event is over. Typically, the staff people producing the event crash afterward, having expended all their energy to make the event a success. Participants have a different experience. They come to the event, become energized and motivated, and leave with a strong desire to take action. If you want action to result from your meeting, catch people when they are ripe to execute. Deploy a second staff group to attend the Touchstone Event and follow up with participants afterward. A second team expressly designed to support participants makes possible the value the event was designed to create.

The single most powerful way to create a dramatic surge is to coordinate a splash—a set of events that can move a whole population of MVPs forward in a large, powerful rush. When people see evidence of your change program everywhere they look, they lock in their commitment to moving forward.

Storytelling will accelerate growth. Your Touchstone Events provide an opportunity to interview and videotape participants' stories. Edit these into compelling videos you can use to give momentum to your change initiative.



Exercise: How to Create Touchstone Events with Extraordinary Thrust

A. Customize the event to your audience

Who is your audience and what customization is required?

B. Create a great name.

Name your event.

C. Make the opening compelling and powerful.

How will you open your event? What will be your hook?

D. Provide real value as soon as possible.

What value will you provide? What's the meat?

E. Don't point people toward some other resource.

What will you deliver while you have people in the room?



F. Call people to action.

What will you ask people to do while you have their attention and their spirits are high?

G. Hit several fronts at once.

How will you tie your event to at least three major issues your audience is facing?

H. Engage your audience's peers in planning, delivery, and follow up.

Who will help you plan? Be on stage? Help you follow up?

Relevant Resources from the book

- ▶ Touchstone Events: the Jet Engines of Change, page 134
- ▶ Guidelines for Creating Touchstone Events, page 135
- ▶ Lesley Shneier on the World Bank's Knowledge Fairs, page 139
- ▶ How to Create Touchstone Events with Extraordinary Thrust, page 141
- ▶ Figure 6.1: Staff Members' Energy Curve, page 145
- ▶ Figure 6.2: Participants' Energy Curve, page 146
- ▶ Five Ways to Support Participation Following a Touchstone Event, page 147
- ▶ Seven Steps to Staging Successful Splashes, page 149
- ▶ Eight Guidelines for Using Storytelling to Accelerate Growth, page 152



Chapter 7: Breaking Through Logjams

Logjams are an unavoidable part of change in a complex environment. Once they happen, break them as quickly as is safely possible to reduce the costs they can incur. Prepare by anticipating difficulties, accepting that they are part of successful implementations. You can use logjams as opportunities for a breakthrough if you have a plan.

The Breakthrough Session provides a template for bringing people together to successfully address tough business issues. These sessions rely on face-to-face engagement, an expensive proposition. To determine if a face-to-face session is required, ask yourself about the magnitude of the risk, the need to create a high-trust environment, the complexity of the issues putting you in jeopardy, and the consequences if you fail to meet the challenge.

Because Breakthrough Sessions are both high-value and high-risk, they require sensitive and careful operation. You will be bringing people together to pool their know-how and experience to overcome an obstacle. Your ultimate goal is freeing up the energy locked up in that logjam, making it available to carry out work.

The Breakthrough Session has a carefully designed protocol consisting of six steps. (See exercise 7.) You must get the scope right, by considering how quickly you need a solution and what kind of impact you need to achieve. Identify your MVPs, paying attention to those who can help plan, execute, or enable the needed breakthrough. Also consider the peripheral repercussions; include those whose behavior will have to change as a result of the breakthrough.

Before the event, conduct interviews and prepare a Reconnaissance Report, as discussed in Chapter 4. Set the session up for success by sending the signal that a real breakthrough is taking place, for example by getting explicit endorsement from top leaders and providing relevant data. Execute the session carefully according to the fourteen principles discussed in this chapter in the book. Provide support in follow-up after the session. On the same day, give participants a rough outline of what took place, and within the next 24 hours, provide a more detailed account outlining responsibilities, time lines, and dependencies for follow-up activities. Copy this to all relevant participants.

The Breakthrough Session is one of the highest-value interactions you will preside over. Master this technique for overcoming logjams and you will dramatically accelerate the speed of change in your organization.



Exercise: Six-step Breakthrough Session Protocol

A. Get the scope right

What's your scope?

B. Identify your MVPs.

Who needs to be in the room? List them.

C. Conduct the interviews to map the territory.

Who will you interview?

D. Set up the Breakthrough Session for success.

What preparation will position you to win big?

E. Execution of the session itself.

What could go wrong?



F. Be ready to provide support in follow-up.

What follow-up will be required and how will you provide it?

Relevant Resources from the book

- ▶ When Not to Do a Breakthrough Session, page 158
- ▶ Anatomy of a Breakthrough Session, page 160
- ▶ Six-step Breakthrough Session Protocol, page 163
- ▶ Larry Forster on the Competency for Collaboration, page 172



Chapter 8: WorkLifeSuccess in the Midst of Change

Every change stems from the insights and actions of an individual—the change leader. As a change leader, you require a customized approach to self-care. Strong change leaders sustain their vision and energy, through challenge after challenge, prevailing until results are achieved. These high performance leaders integrate a successful approach to work and life that I have termed WorkLifeSuccess. They see the world in unique ways that give rise to a powerful framework for getting results and satisfaction on all fronts.

The work begins with caring for yourself, optimizing every set of circumstances to achieve an environment in which you can actively cultivate your physical, mental, and spiritual development. Part of that well-being comes from caring for others, since you see yourself as part of a larger community. Finding the time is a challenge, yet those who excel have found ways to make it work – as a result, there is a path to follow.

Nature is the original teacher, providing insights that can be used to craft solutions. By seeing nature as the foreground in which your life is lived, and seeing your work as an extension of your life, you increase your capacity for joy, enthusiasm, and effective performance.

WorkLifeSuccess requires that you keep things in perspective. Stress is a killer. Exemplary leaders make a point of alleviating it. When you invest the energy to develop and keep your close relationships in balance and participate fully in life, harvesting learning from all experiences, you increase your capacity to navigate adversity while having a positive impact.

Realize that solutions to challenging issues are often not obvious. Commit to wading into the complexities. Stay open to all options. Recognize that your understanding of the world is not perfect. Be ready to learn and adjust with the experiences and insights you gather. Question assumptions! It keeps your mind agile and maintains the openness required for innovation.

To achieve clarity of purpose, I recommend the technique of using conscious dissonance. This refers to intentionally creating a lack of harmony between the present and your desired future by clearly articulating both the existing conditions and the details of your objective, allowing the two to reside simultaneously in your mind. By intentionally highlighting the discord between current conditions and your goal, you create the structural tension that will lead to solutions.

Consider bringing in an outside expert. One of the most effective ways change leaders support themselves is by working with an advisor with extensive experience who can provide solutions and strategic reflection.



Exercise: Lower Your Labor Intensity

A. How can you be more effective with less effort?

Make a list of the most labor-intensive activities you are required to perform. Then, systematically attack each item on the list. Answer the question, How can I lower the amount of effort this requires?

B. Customize your experience to suit your needs.

What non-negotiable activities do you need to continue, regardless of how much things hit the fan?

C. Trim the fat from your life.

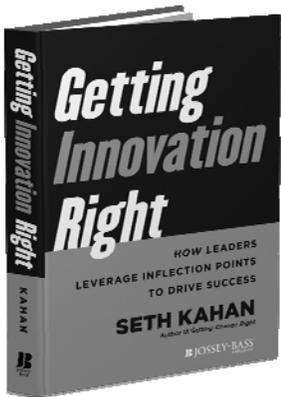
What can you jettison? Identify behaviors and routines that waste your time.



Relevant Resources from the book

- ▶ Thirteen Viewpoints for Generating WorkLifeSuccess, page 176
- ▶ Three Techniques for Realizing the Time You Need, page 178
- ▶ Four Ways to Learn from Nature, page 180
- ▶ Four Ways to Defeat Stress, page 182
- ▶ John Kotter on the Greatest Positive Impact, page 186
- ▶ Seven Questions to Unearth Assumptions, page 188
- ▶ Six Benefits of an Outside Advisor, page 191





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Introduction

Leaders have great ideas all the time. They are knowledgeable and regularly have insights into their customers' predicaments. They are great at spotting areas for improvement. But great ideas are not enough to get you through the obstacles new ideas, products, and services inevitably confront on their way to successful delivery.

Here are some of the common ways leaders fall short when it comes to innovation:

- They don't invest in the leadership talent required to successfully develop new products and services.
- They don't do market research to ensure circumstances are conducive to their new offering.
- They don't take advantage of market disruptions.
- They don't think through value from the customers' point of view, taking the time to discover what customers are compelled to buy.
- They don't drive the required uptake to increase and accelerate market acceptance.

These are the tactics and strategies *Getting Innovation Right* addresses. My book provides templates, step-by-step instructions, techniques, tools, and practical guidance on how to do the very things that maximize your innovations chances of success in the market.

Successful innovation creates something people are compelled to acquire, getting it into their hands in a form they can put to use, all the while moving ever more firmly toward profitability while contributing to your organization's growth.

Since 1998 I have worked hand-in-hand with over a hundred leaders and their organizations, large and small. I have been part of innovation initiatives in \$20 billion organizations and \$10 million enterprises. I have worked in the private sector, public sector, and among associations. From that work I have distilled seven key activities that lead to successful innovation. Leaders who carry them surge ahead of their peers and the competition. As a result they are able to consistently pursue, create, and leverage inflection points in the market for great impact.

The vast majority of executives do not practice any one of these with discipline or emotional intensity. By simply taking just one and putting it into practice you are putting the odds on your side. When you combine them, bringing them all to bear on your efforts, the result is an advantage that stacks many variables in your favor.

These seven real-world pursuits are what make the difference between those who are haphazardly shooting in the dark with good ideas and those who consistently and systematically uncover potential, capitalize on opportunity, and generate traction that drives success in the marketplace. This sort workbook introduces key activities with exercises designed to help you move toward successful innovation starting **NOW**.



Chapter 1: Pursue and Leverage Inflection Points

A positive inflection point is a decisive, favorable shift in your relationship to the market. Expert innovators are able to sense the potential of a positive inflection point and drive activity to stimulate or take advantage of these dramatic events. When harnessed they are like waves that propel you forward, growing your base, increasing the offerings your customers buy, generating loyalty, and moving you up-market.

Recognizing and leveraging inflection points can make a real contribution to four strategic targets:

1. Growing your base
2. Getting a bigger buy
3. Improving loyalty
4. Increasing market prominence

I use the term *inflection point* to highlight an important business dynamic, a game change that shifts the status of your organization with respect to its success in the market. This is not an independent phenomenon, but an event that takes place between you and the market. It can be either negative, indicating a drop, or positive, demonstrating market success.

There are two types of negative inflection points: a *Vertical Drop* and a *Step Down*. The two types of positive inflection points are the *Vertical Climb* and the *Step Up*.

Several basic tactics can be executed independently or combined to create more complex responses to take advantage of changing market conditions. The *Stop the Drop* tactic is one of the most important to learn, as it rescues you from impending disaster. The *Shift to Ascent* yields a gentle upward growth curve, which can be good if infrastructure is an issue or when issues of scale arise. The *Soar* shifts you from steady to dramatic growth—a demanding transition, requiring excellence in execution to sustain. The *Turnaround* combines these three inflection points sequentially to position your organization for innovations that will succeed in the market.



Exercise: How do you identify inflection points with potential to propel you forward?

Call a meeting of your senior leaders, or a group of important stakeholders, and consider these three questions.

What inflection points have recently taken place in your industry?

What possible inflection points do you see emerging on the horizon?

If you could custom-design an inflection point, what would it be?

Relevant Resources

- Growing your base depends on five factors, page 8
- Customer spaces in a competitive environment, page 10
- The front line in the battle to win customers, page 12
- Two negative inflection points, page 15
- Two positive inflection points, page 16
- Inflection point tactic #1: *Stop the Drop*, page 23
- Inflection point tactic #2: *Shift to Ascent*, page 24
- Inflection point tactic #3: *Soar*, page 25
- Inflection point tactic #4: *Turnaround*, page 27



Chapter 2: Build Innovation Capacity

The systematic development of new products and services generates inherent stress. Strong innovation leaders recognize this and intentionally build the capacity to contain and channel these pressures by building the necessary foundation of internal leadership, talent, and idea management.

Three forces will jeopardize your innovation efforts: The pressures of everyday operations; the movement and stress that comes with new ideas, products, and services; and market forces that are frequently rapid and always unpredictable.

You can put in place the right structure to transfer the stress of these forces to a strong base by building your capacity in leadership, talent, and idea management.

Leadership sets the pace, by talking to the right people, articulating the way forward, and build partnerships.

Talent supports the leaders' goals. The more influence your leaders have, the more important the talent around them is. To scale your ability to acquire and develop talent, you need a Chief Human Resources Officer (CHRO) who understands your goals and has the capacity to proactively recruit candidates who can fulfill your objectives.

Idea management requires: finding and developing the right ideas; responding to challenges with a clear leadership mandate that articulates the innovation priorities of the organization; providing easy access for stakeholders' participation; and robust development processes that allows people to work together to winnow and grow the most valuable ideas.

With this foundation in place, your organization will have the capacity to reliably respond to unanticipated challenges and opportunities.



Exercise: Rate Your Innovation Foundation

Do you have the foundation you need to take advantage of inflection points? Assess your organization on the three elements of an innovation foundation by placing an 'X' in the box that best describes your performance.

| | Your organization's performance: | | | | |
|-----------------|----------------------------------|---------------|---------|---------------|-------------|
| Element | Dismal | Below Average | Average | Above Average | Exceptional |
| Leadership | | | | | |
| Talent | | | | | |
| Idea Management | | | | | |
| Total | | | | | |

Relevant Resources

- Stress as a continuum with a productive zone, page 42
- The three elements of an innovation foundation, page 47
- Five ways to meet the right people, page 49
- Three tips to build informal partnerships for better innovation, page 52
- The specific qualities of innovation-ready talent, page 54
- Challenges that idea management addresses, page 55
- Three critical tasks of robust idea development, page 57



Chapter 3: Collect Intelligence

The best innovation rises from a sea of products, services, customers, competitors, market conditions, and internal capabilities. To play to advantage you must consistently collect and apply pertinent information, thus systematically enhancing the quality of your strategic decisions.

Business Intelligence consists of information about products, customers, competitors, the market or internal capabilities that supports your ability to make strategic decisions. Intelligence done right provides valuable, legal data germane to any innovation effort.

Intelligence concerning each of three key areas—customers, market conditions, and organizational capabilities—will help you define the areas to single out for focus in your innovation efforts.

A robust business intelligence effort requires eight steps in sequence:

1. Define scope
2. Determine goals
3. Consult data sources, news media, and trend experts
4. Conduct interviews with key stakeholders
5. Secret shopping
6. Iteratively share results and receive direction
7. Due diligence for controversial, high-value and high-risk issues
8. Format and present results for maximum impact

You must contract with an external provider for business intelligence. It is crucial that this person not be a staff member, because the nature of the employer-employee relationship negates neutrality.

Your contract with your intelligence provider should include eight components:

1. Situational summary
2. Objective
3. Measure of success
4. Value to the organization
5. Methodology and timeline
6. Joint accountabilities
7. Terms and conditions
8. Acceptance

To truly position your innovation efforts for success in the market, intelligence is a must. You cannot hope to provide new products and services that will do well in our complex marketplace without all the information you can get your hands on.



Exercise: Try on the Perspective of the Business Intelligence Agent

Put yourself in the shoes of a business intelligence consultant. How would you assess your organization in the following areas?

Customers: Are your customers happy? Are they regularly pleased with new offerings they did not anticipate? Do they regularly compare you to competitors and if so, how?

Market conditions: Are economic conditions in your trade area favorable or unfavorable? What large trends are taking place? Are there numerous competitors in your industry? Are they stable, or are shifts afoot?

Organizational capabilities: Do you have the leaders you need? Do you have the infrastructure you need to grow? Are your systems responsive? Are you collecting the right information?

Relevant Resources

- Three areas of focus for intelligence, page 66
- Organizational capacity areas to assess, page 69
- Eight steps of an intelligence effort explained, page 71
- Fourteen categories of stakeholders to interview (Step 4), page 74
- Ten stages of the customer journey, page 78
- Four tactics for getting due diligence right, page 81
- Five principles for data presentation, page 84
- Six guidelines for working with an intelligence agent, page 85
- Eight elements of a business intelligence contract, page 89



Chapter 4: Shift Perspective

In order to see new opportunity, you must be able to get out of your own box. There are proven techniques and tactics capable innovators use to question their own assumptions. This allows them to see the world through alternative and helpful points of view. Learning to apply these techniques and tactics to your business will help you find new areas for innovation.

All beliefs are built upon a set of assumptions. As long as your marketplace behaves consistently, there is no real push to question these basic assumptions. But today's environment is changing rapidly. Questioning basic assumptions is necessary to open new opportunities for innovation.

I have identified four techniques to achieve a change in viewpoint that allows you to spot real options for innovation:

1. *Isolate and examine the steps in your value chain.* By breaking down these steps, you can comprehensively review each and every way you add value to your products and services. Identifying the qualities that make them more or less successful can add information that will help you shift your perspective,
2. *Become your competition.* Consider how their perspectives might be used to your advantage. If you understand the intentions of those who want to take over your space, what might you do differently?
3. *Highlight your weak spots.* Seek out your changing circumstances, educational deficiencies, and superstitions.
4. *Look to creative deviants for inspiration*—deviants are those people who come up with inventive ways to circumvent the norm. Who in your operation is succeeding despite the odds? Creative deviants, when their goals are constructive, have beneficial lessons to teach. Through their unconventional outlooks, these people seed innovation wherever they go.

Execute well on these four techniques for shifting perspective and you are sure to identify critical assumptions you can change to pivot toward success.



Exercise: Challenge Assumptions to Pivot toward Success

Imagine for a moment that you are a senior leader with one of your bigger competitors.

How would you describe your operation? What are your strengths and weaknesses?

If you were going to wage an attack on your organization, where would you concentrate your efforts?

Who is doing strange things that work, and what are they?

Relevant Resources

- A case study in pivoting to use present circumstances to advantage, page 95
- Four techniques for shifting perspective, page 98
- Attributes of weak spots, page 101
- A four-step process to assure innovations align with strategy, page 106



Chapter 5: Exploit Disruption

Disruption is part of business life today. Successful leaders know how to identify the opportunity embedded in adverse conditions and exploit it. They systematically and consistently turn turmoil to their advantage. I've identified four forces of disruption:

1. Customers are facing challenges. They may change their buying habits, aggressively shaving expenses, bring in-house function they used to pay for, and demand more from the people who serve them.
2. Industries are upending. Technology breakthroughs require organizations to build the infrastructure required to accommodate new technology.
3. Competition is fierce. Barriers to entry and movement are eroding. Requiring you to learn and move faster than ever before.
4. New business models are proliferating, generating value and leading customers away from those who provide traditional offerings.

Being innovative in this environment means finding ways to use the momentum of adverse conditions to your advantage. If you understand their dynamics, you can actually move into alignment and use them to build more value.

When a disruption first occurs for your customers, there is a short window of opportunity for you to be of service. This window opens every time your customers are dissatisfied. As you identify the causes, the outlines of solutions can appear. When people begin to suffer, the time is ripe to act.

Build your capacity for flexibility and responsiveness into a competitive advantage with five techniques: Build a customer-value mindset; scan for trouble; simulate rapid response scenarios; read and share success stories; and make responsiveness a leadership competency.

Use my four-step Value Assessment Protocol to spy opportunities, bringing the lens of value to bear on new developments, followed by a five-step Stage 2 Value Assessment if the first assessment clearly identifies opportunities worthy of consideration.

These two processes provide a format that can be used when opportunity intrudes but time to react is limited. That is why understanding the four forces of disruption, learning to turn them to your advantage, keeping an eye out for Opportunity Windows, building flexibility and responsiveness, and knowing how to assess potential value on the fly add up to a competitive edge.



Exercise: Assess the Impact of the Four Forces of Disruption

Rate the amount of disruption affecting your organization in each of these areas today. Then describe the forces at work.

Rating scale:

- 1: Conditions are stable; no disruption
- 2: Disruption is minimal
3. Disruption exists but is manageable within your existing capacity
4. Disruption is severe, requiring urgent response.
5. Conditions are chaotic; disruption has reached crisis proportions.

| Area of focus: | Rating | Description of forces at work |
|---------------------|--------|---|
| Customers | | |
| Industries | | |
| Competition | | |
| New business models | | |
| Total score: | | A score above 12 indicates an organization in distress. |

Relevant Resources

- Four forces of disruption, expanded, page 114
- Turning your customers' challenges to advantage, page 116
- Turning industry upheaval to advantage, page 118
- Turning competition to advantage, page 120
- Turning the rise of new business models to advantage, page 122
- Opportunity window, page 127
- Five techniques to increase your capacity for fast response, page 130
- Value assessment protocol, page 141
- Stage 2 value assessment, page 143



Chapter 6: Generate Value

Value is what causes people to separate from their hard-earned cash. It is what drives investors to invest, shoppers to shop, and people to fly around the world just to trade with each other. Skillful innovators understand what drives value, what it looks like to customers and all their stakeholders, and how to generate it by delivering something more, better, or new.

Value isn't fixed or tangible—it is subjective. Every business leader is looking for a ValueWell, a plentiful source of perceived benefit that can be drawn upon continuously to generate customer value.

To identify, prepare for, and operate a Value Well follow seven steps: Conduct research, create a business plan; conduct trials; prepare for operations and production; go to market; hone your business, optimizing performance; and finally, when the Value Well is exhausted, wind your activity down. As you consider new opportunities using some of the techniques described in this chapter, come back to these steps.

Innovation requires often costly resources and does not return them until a significant investment has been made, as modeled by the Innovation Profit Cycle.

For value to be valid it must yield benefit for each stakeholder. Value is an *emergent* property of supplier and consumer. Each facet must be accounted for if a successful value transaction is to take place. When we approach a decision about pursuing a particular innovation, whether or not each stakeholder receives a corresponding value will determine whether or not each chooses to go forward. Innovation that doesn't deliver value for all stakeholders is doomed to fail.

I've identified three types of added value: *More* value that increases the worth of current, established value; *better* value that relies on expanding existing value by increasing its quality, and *new* value that brings to market a new benefit.

Value drives behavior. *Value Objects* are the tangible goods or services a buyer wants; *Value Drivers* are the underlying emotional motivations that create the desire for a tangible offering. The best way to identify Value Drivers is to become very good at asking questions and listening.

To break down the process of identifying Value Drivers, I developed seven steps that use a visual image I call the ValueGram. This process enables you to craft solutions that appeal to the others while advancing your interests.



I developed the ValueGram tool to make it easier for my clients to generate more and better value.

Much of what I've written has been about building on the foundation of existing value, but there is also the strategy of creating new value. Creating new value is challenging because it requires everyone who touches the customer experience to cultivate a new mindset. Nonetheless, new value is a legitimate and lucrative pursuit.

Tradition may tell you that value represents the worth of goods or services as determined by the market. But remember that this definition does not convey the true power of value. Value changes according to circumstance. It's your job to identify Value Drivers and create offerings around it that shift customer behavior in your favor through delivery of more, better, or new value.

Exercise: Create Your Own ValueGram

1. Draw a geometric figure with the same number of sides as stakeholders.
2. Write the benefits that drive each stakeholder on each side of the figure.
3. Circle the Value Drivers.
4. For each stakeholder, identify ways to create more value and better value using my More-Better Value Framework.
5. Name the inflection point you want to pursue, identifying the game change that will shift circumstances decisively in your favor.
6. Review the options you have identified in the fourth step and determine which will satisfy your Value Drivers while giving you the best chance at creating the positive inflection point you want.
7. Conduct intelligence to determine viability of your approach before committing your resources to developing these new value offerings.



The More-Better Value Framework

1. Create More Value
 - A. Decrease the required customer investment and provide the same benefit.
 - B. Keep the customer investment the same and provide a greater Return
 - C. Decrease the required customer investment and provide greater return.

2. Create Better Value
 - A. Impact is the consequence, effect or influence of a given benefit.
 - B. Intensity refers to the strength, power, or potency of a benefit.
 - C. Application means that the same benefits can now be transferred to a wider variety of uses.

Relevant Resources

- Seven steps for identifying, preparing for, and operating a Value Well, page 149
- Innovation profit cycle, page 152
- Three types of added value, page 154
- Sources of new value, page 157
- Sources of inspiration for innovation, page 158
- Value objects and value drivers, page 160
- Seventeen questions to identify value drivers, page 164
- Three guidelines for probing for value drivers, page 165
- Seven sources of new value, page 176



Chapter 7: Drive Innovation Uptake

Every stage of the innovation process holds opportunity to introduce new ideas into the market and engage the community of people who will be most interested in your offerings. Uptake, or market acceptance, occurs through the well-tended generation of mutual value. Innovation leaders intentionally drive uptake, seeking to control adoption for maximum effect.

No longer is it enough to build a product or service and throw it out into the market without building strong relationships with your customers beforehand. To create the kind of relationships that withstand stress and blossom into both loyalty, you need to understand and successively cross four thresholds of engagement that once crossed, results in a new condition. The four thresholds are:

1. *Attention*: Breaking through the daily onslaught of information overload and irrelevant pitches and into your customers' awareness in ways they find welcome.
2. *Investigation*: Making your customers want to learn more and check you out by appealing to their goals. The more trust you have with your customers, the quicker you can bring customers across this threshold. If you have done the ValueGram exercise and identified their Value Drivers, you are in good shape.
3. *Experimentation*: Helping your customers decide to give you a try. To achieve this, it is helpful to consider both the Diffusion of Innovation and a technique I developed called Priming the Gap.
4. *Identification*: Creating people identify with your offering, seeing it as an expression of who they are. Upon crossing this threshold, brand loyalty kicks in with unprecedented force.

To drive uptake, build presence with a Value Pulse, a steady sequence of value delivered to your customers in a rhythm they come to expect and depend upon. Through Value Pulses you become known for what you provide that your customers want or need, increasing the trust and rapport.

Once a Value Pulse is established, the expectation of more value to come is in place. Use a Value Surge to push dramatic acceleration of growth for you. Two ways to create a Value Surge: Conduct a coordinated media blitz, or simultaneously release a group of products and services that reinforce each other. Value Surges are all about speed and impact. When implemented with skill they create a central point of impact and a wave travels outward shifting everything in its path.

Now, you're ready to scale your offerings with Value Webs, connected offerings that form synergies with each other. Every Value Web consists of nodes (discrete, identifiable products) and connections (ways nodes interact with each other).

Value Pulses, Value Surges, and Value Webs are all specialized ways of delivering value to clients that drive uptake. Each positions you as the provider and builds relationships with your customers based on benefits they come to rely on and look forward to. In this way, you become a center of gravity, drawing clients to you.

Powerful innovators are masters at driving uptake



Exercise: Build Presence through Value Pulses and Value Surges

Value Pulses: A Value Pulse is a steady sequence of value delivered to your customers in a rhythm they come to expect and depend upon. Describe three ways you could create a value Pulse for your offerings.

Value Surges: Once a Value Pulse is established, the expectation of more value to come is in place. For each of the three Value Pulses above, give an example of a Value Surge you could create.

Relevant Resources

- Four thresholds of engagement: page 185
- Four ways to succeed at being noticed, page 189
- Three techniques for getting customers to check you out, page 191
- Diffusion of innovation, page 192
- Rogers' diffusion of innovation moving forward in time, page 193
- Priming the gap, page 194
- How to get people to try you out, page 195
- How to create identification, page 196
- Four techniques for creating a shared stake in success, page 200
- Ten ways to create Value Pulses, page 212
- Two ways to create Value Surges, page 214
- Four ways to create Value Webs, page 216



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