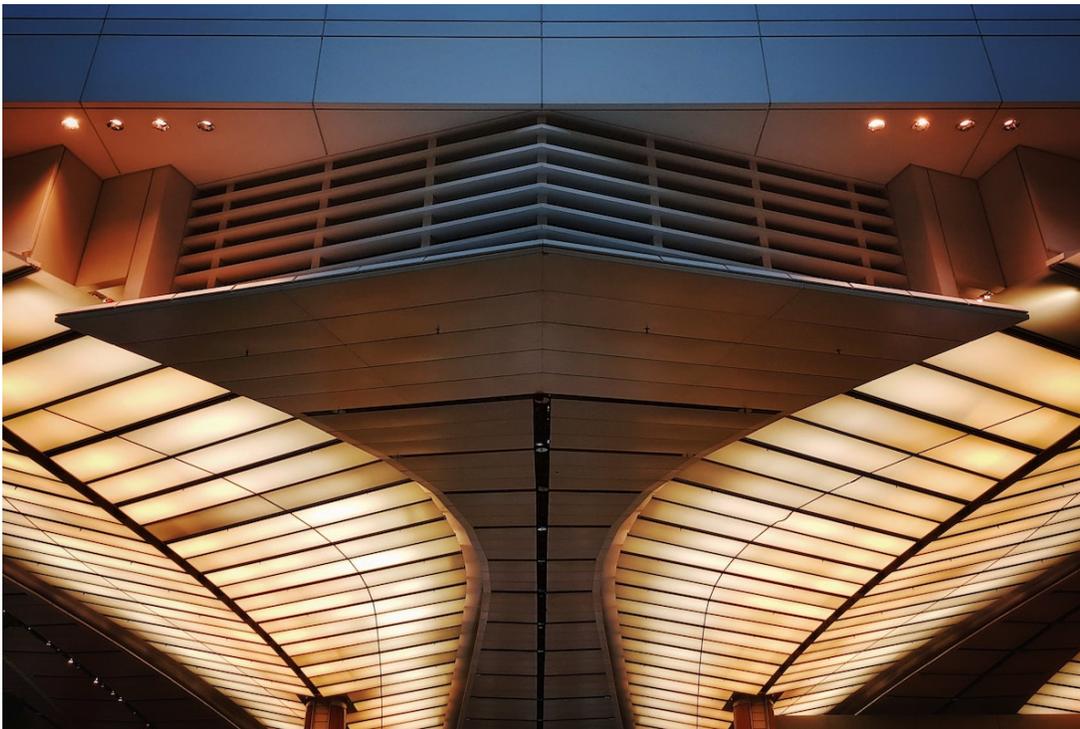


LEADERSHIP

Achieving Ambidextrous Leadership: Driving 'Perform & Transform' Innovation for Step-Changed Business Results

by Christopher Gentle and John Metselaar



Leaders need to balance stable growth with radical innovation.

✔ **INSIGHT** | NOTE 28 Apr 2020

Five Steps to Ambidextrous Innovation

Ambidexterity conveys the two-handed finesse to successfully take on a task with deft touch and wise judgement to deliver a smooth solution. Such an approach captures the challenge innovation leaders face in the post-COVID, de-globalizing world. This new world will see companies aiming to restore profitability with purpose. Innovation leaders are likely to be pivotal in making this transition a reality. Our study is based on interviews and discussions with heads of innovation at 20 major international companies enabling us to identify **Ambidextrous Leadership (AL)** is required to achieve the optimal balance between what we call “Perform&Transform” to drive step-changed business results. The innovation chief needs to guide both: on the one hand, performing practices to ensure incremental productivity improvements, and on the other, transforming innovation by focusing on creating, developing, and commercializing ideas into new revenues. The old habit of single-handedly reverting to safe perform strategy wins needs to be dropped. Indeed, our work highlights the urgent need for innovation leaders to become truly ambidextrous, dialling up the transform hand to generate new growth opportunities.

Based on our extensive research and interviews with innovation practitioners, we have identified *five key steps* required to implement an ambidextrous innovation approach. The five steps involve the following management actions:

1. **Realign Performance Metrics** to transform not just perform innovation activities. Few firms have a balanced, tailored approach to metrics – yet. Perform often has established financial metrics; these tend to work against entrepreneurial Transform projects.
2. **Hitting the Innovation Sweet-Spot** within the boundaries set by the innovation leader. First, the boundaries for the innovation focus must be set by the leader. Second, creating the best mix of management sponsorship, operational autonomy, and team priorities provides the optimal conditions for ambidextrous leadership to take root.
3. **Integrate to Identify Solutions.** The innovation leader needs to break through organizational silos, integrating business unit priorities with innovation efforts early. Adding diversity of experience and thinking can ensure honed, consumer-relevant solutions.

4. **Think and Live Outside!** The ambidextrous leader should refocus internal linear innovation processes towards more agile, strategic, selective external ecosystem management. As corporate boundaries blur external partnerships, expertise and insights are critical to powering integrated customer solutions. The innovation leader must adopt brave and courageous external relationships to enable this deep organisational shift.

5. **Empowered Small, Focused Teams.** The leader must play a vital role in shifting towards a “safe” learning culture. Creating a new norm across the innovation community which embraces (early) failure toward transformational innovation should be top of the leaders’ agenda. This shift in mindset can move the needle on embedding innovations across the world.

All these stages are required to achieve the full business benefits. A key finding of our study is that AL is critical to ensuring a firm can re-orient its business model to compete in post-COVID marketplaces. We have identified three pillars which underpin our Ambidextrous Innovation model.

Pillars to Underpin AL

Time is of the essence and innovation leaders need to move fast. Holding up the mirror to reflect on how they lead is imperative, as a critical first step. Our study identifies three supporting pillars which need to be in place to allow innovation chiefs to unleash the full potential of AL.

1. **Entrepreneurial Mindset.** The first pillar to develop is bringing greater entrepreneurial spirit into the innovation team, AND the business. Innovation leaders are often renowned for their technical prowess. In these times that aptitude is not enough; the innovation leader needs to bring commerciality to their portfolio of skills. Often cited by contributors to this study was the pull from the business for a greater commerciality from the innovation team. No doubt, this need has been amplified by COVID.

2. **Psychological Safety.** A second pillar for innovation leaders to put in place is a culture characterised by psychological safety. This requires a shift towards what Harvard Professor Amy Edmondson calls, a '**fearless organization**' providing psychological safety for all people in the team. This is an absolute pre-requisite for success. The innovation leader needs to create the conditions for growth with deft touch using both metrics and a fearless, safe learning culture. As Edmondson puts it: "leaders who are approachable and accessible...can do much to establish and enhance psychological safety in their innovation teams. Powerful tools, indeed."

3. **Resilient Teaming.** The post-COVID business world is extremely volatile, and full of uncertainty. Recoding team behaviors to do the right thing in upholding ethics and policy can create greater resilience. It also requires better sensing of organizational dynamics. Treading on the toes of other functions can slow down progress, or at worst, cause the termination of an excellent new business product. Steering a course which takes on board the views of people from across the business is essential. In sum, as New York-based thinker **Steven Johnson** has noted: "innovation does not just come from giving people incentives, it comes from creating the environments where their ideas can connect."

Background to Our Study

As the world plots its way back to a kind of normal in the aftermath of COVID-19, business growth is critical. What new products does the world require? And, how can we rapidly innovate to meet this demand, in a sustainable way? Our forthcoming research seeks to demonstrate how innovation leaders can re-ignite growth through becoming ambidextrous leaders. Our contribution to new knowledge builds on the work of Edmondson, Christensen, Adner, and Mayer. The study is based on interviews and discussions with 20 major international companies across many industries, including software; luxury; FMCG, mining, oil & gas; chemicals; construction; internet infrastructure; banking; pharma and healthcare. These household names have brought countless new products to market which have shaped everyday modern life. Post COVID-19, it is the efforts of innovation leaders which be pivotal to bringing profit with a purpose.



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