ADVANCING INNOVATION

HIGH-PERFORMANCE STRATEGIES FOR TALENT DEVELOPMENT

MOST CRITICAL SKILLS

CREATIVITY
COLLABORATION
ANALYTICAL SKILLS

ONLY 29% OF ORGANIZATIONS ARE HIGHLY EFFECTIVE AT INNOVATION

HIGH-PERFORMING COMPANIES HAVE:

1 2 3 4 5 6

A CULTURE THAT SUPPORTS INNOVATION

FORMAL STRATEGIES AND PROCESSES TO SUPPORT INNOVATION

AN INNOVATION FUNCTION

ORGANIZATION-WIDE INNOVATION TRAINING

A WAY TO MEASURE INNOVATION TRAINING RESULTS

A NOTE FROM OUR SPONSOR

A Note From GP Strategies

While the goals of organizations certainly span the entire talent management spectrum, learning continues to be the leader and still has the strongest influence. High-impact learning organizations are moving toward modern learning, in which learning serves as a key connection point within an integrated, seamless talent management ecosystem that links training with performance objectives, enabling employees as part of a formal succession plan.

We live in an age where change is so rapid that ongoing innovation is a requirement of an effective learning and development organization. Learning organizations in general are perceived to be unresponsive and slow in identifying relevant innovations and turning them into effective practices. Successful organizations ask the right questions, connect innovative ideas to processes, and put them in place to make those ideas happen.

GP Strategies is helping our partners accelerate digital learning strategies through facilitated action-based initiatives that use key innovation practices to address current and emerging business-related learning challenges. We have a structured process that enables us to move an innovative concept to reality without disrupting critical day-to-day activities.

GP Strategies can help you explore key criteria for innovation centers and collaborate with you on nurturing innovative behaviors built on evidence-based decision making and the strategies that fuel high-impact learning.

About GP Strategies

GP Strategies is one of the few truly global performance improvement companies out there. Serving more than 16 diverse industries, GP Strategies is a leader in sales and technical training, e-learning solutions, management consulting, and engineering services. Our commitment to crafting intelligent solutions and delivering extraordinary service helps us attract the brightest minds—professionals who are aligned with our core vision and values. Our services, solutions, and technologies empower companies to perform above their potential.

Innovative strategies that work:

- ▶ developing and delivering learning services, solutions, and technologies to make people and processes more effective and efficient

- ▶ applying our specialized knowledge and expertise within your organization to promote risk management and company value

- ▶ helping your company run with greater efficiency using our engineering solutions

- ▶ enhancing your organizational effectiveness through innovative training, consulting, and business improvement services customized to meet your specific needs

- ▶ fostering sales solutions that emphasize rich experiences to nurture sales and loyalty

- ▶ cultivating leadership strategies that support employee engagement

- ▶ blending learning solutions for technical and compliance training—including elements of e-learning, classroom and hands-on training, gamification, coaching, and apprenticeship workshops—to offer long-term learning impact

- ▶ integrating technology and enabling adoption focused on helping your organization deliver meaningful results.

EXECUTIVE SUMMARY

Almost universally, business and talent development leaders proclaim the importance of innovation. Turning creative ideas into new products or services, improving existing products, and implementing advances in the processes and practices that govern enterprise operations are essential to the evolution and sustainability of organizations.

Yet, most companies struggle to achieve high levels of effectiveness in their innovation efforts, according to talent development leaders surveyed by the Association for Talent Development (ATD) and the Institute for Corporate Productivity (i4cp) for *Advancing Innovation: High-Performance Strategies for Talent Development*. Barely 30 percent of those leaders said their organizations had reached a high degree of success.

Designed to explore the roles talent development functions play in organizational innovation, the study found a largely untapped area of opportunity. While leaders acknowledged the importance of innovation, many admitted their organizations hadn't formally committed to pursuing it in an organized and subsidized fashion by creating a dedicated innovation business function or assigning accountability for innovation to a senior executive.

In addition, most organizations had yet to leverage the potential support for innovation that their talent development functions can offer. Some functions were designing and delivering employee training in creativity and innovation, but in only 29 percent of organizations. In even fewer companies—18 percent—development for leaders included innovation training, a next practice in development that is strongly correlated to better market performance, learning outcomes, and innovation effectiveness.

Advancing Innovation also uncovered many complexities involved in driving successful organizational innovation. While skill building in employees and leaders is important, creating the environment for innovation is critical. Innovation cannot be optimized if employees don't feel safe taking intelligent risks and diverse groups of people can't communicate and collaborate effectively.

29%
of organizations train employees in creativity and innovation.

Enterprise processes, leadership behaviors, and supportive talent practices augment learning strategies to help build cultures of innovation and drive effective creativity and innovation across organizational workforces. Efforts are taking place both within and outside enterprise walls, and talent development leaders acknowledge that their functions must take on leadership responsibilities in innovation initiatives—as role models, instructors, change managers, and advocates.

"Learning and development is essential in helping create a culture of innovation, and that's what organizations really need—the culture to support innovation," says Aimee George Leary, senior vice president at global technology and consulting firm Booz Allen Hamilton. "If you aren't inspiring people to be entrepreneurs, to be innovators, and to engage in ways that they can drive innovation, then your business environment will never support the kind of innovation that drives success."

18%

of organizations include innovation training in leadership development.

"If you aren't inspiring people to be entrepreneurs, to be innovators, and to engage in ways that they can drive innovation, then your business environment will never support the kind of innovation that drives success."
—Aimee George Leary, Senior Vice President, Booz Allen Hamilton

WHITEPAPER

From breakthroughs that result in new products and services to incremental improvements in existing offerings to shifts in business and work processes, innovation is the lifeblood of organizations. Almost unanimously, leaders confirm innovation's importance, and most view it as a business priority.

Many factors affect companies' success in innovation. At the broadest level, the very industry in which an organization operates may exert significant influence. For instance, DCP Midstream is a large natural gas processing company and a leader in the energy field. Yet widespread innovation initiatives are just taking off in the firm—largely, says Director of Talent Planning Mark Heydt, because the industry itself has remained rooted in work methods that have changed little over time.

But in a business environment where rapid change, continuously evolving technologies, and competition for talent with shifting preferences turn business-as-usual into risk, innovation is more than a success strategy. It is necessary for organizational survival—a business imperative calling for creative approaches enterprise-wide and beyond. For talent development functions, that mandate presents new opportunities to contribute to better business results by helping drive effective innovation.

Advancing Innovation: High-Performance Strategies for Talent Development (hereafter, the Study) began with a 2017 survey of talent development leaders. The survey provided the following definitions:

Creativity describes generation of new ideas.

Innovation involves developing and implementing those ideas to generate value for the organization (for example, new products and services, expanded markets, improved business models, and better processes).

There were 393 respondents who were about evenly split between national versus multinational and global organizations. Sixty percent of survey participants represented organizations with 1,000 employees or more.

Quantitative data from the survey was augmented with qualitative insights gained in interviews with talent development leaders.

Key Findings

The Current State of Innovation

▶ Nearly all organizations regard innovation as important, but few believe they are exceptionally good at it. Although most participants (97 percent) said their companies were at least somewhat effective at innovation, high levels of success were elusive. Even in high-performance organizations, only one in three claimed outstanding innovation effectiveness.

▶ Top companies make tangible commitments to innovation. Market-leading organizations were 2.4 times more likely to support innovation with formal strategies and processes, and nearly twice as likely to have a business function specifically dedicated to innovation. They emphasized accountability by tapping a chief innovation officer or other leader to assume responsibility for innovation. All three strategies—formal processes, dedicated function, and accountable leader—were linked to better market and learning performance.

Talent Development and Innovation: Training and Skills

▶ In high-performance organizations, talent development functions were seven times more likely to deliver innovation training. These companies created programs to improve innovative capabilities at a rate 3.5 times that of lower performers, and were 2.5 times more apt to initiate processes to spur the generation of creative ideas.

The Current State of Innovation

Talent development leaders agree on the importance of innovation. While most companies claim at least modest success with their innovation efforts, there is room for significant improvement, especially in setting up an environment in which innovation can thrive.

Organizations can ramp up their innovation success by formally committing time and resources. For example, Booz Allen Hamilton and other high-performance companies dedicate entire business functions to innovation, staffing them with diverse talent and investing accountability for innovation outcomes in senior-level leaders.

"When we set up our innovation group, we brought together different skillsets to focus on big problems and on creating a rapid-development way of getting at innovation," says Booz Allen Hamilton's Senior Vice President Aimee George Leary, who did a three-year rotation as group administrative officer to help the division leader set up the innovation function. Four years after its implementation, the division is at the core of Booz Allen Hamilton's highly successful enterprise-wide (and beyond) innovation initiatives.

# Few Believe They Are Exceptionally Good at Innovation

In more than six of 10 organizations represented in the Study, innovation was a high or very high priority. Advances in business and work processes, along with incremental improvements in products and services, were most likely to be the focus of innovation initiatives in companies worldwide.

Perhaps because innovation is such a widespread top-of-mind concern, almost all talent leaders surveyed (97 percent) reported at least some degree of effectiveness with their organizations' innovation efforts. About half described their success as moderate, but fewer than a third rated their companies at the top level of effectiveness. Even among high-performance organizations, only 31 percent claimed outstanding innovation success.

FIGURE 1:	INNOVATION EFFECTIVENESS
	To what extent do you consider your organization to be effective overall at innovation?

- Very High Extent
- High Extent
- Moderate Extent
- Small Extent
- Not at all
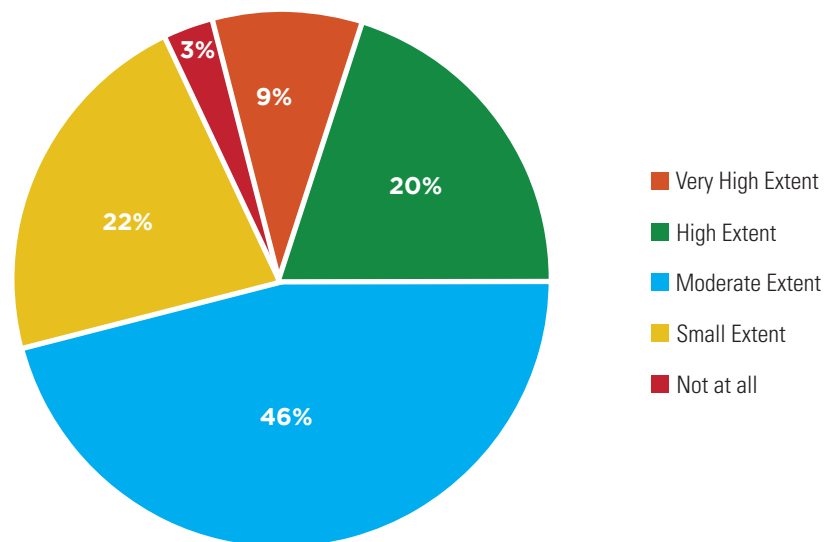
For many organizations, effectiveness was tied to the maturity of innovation efforts. Achieving top levels of efficacy in innovation is a goal requiring a thoughtful building process, combined with enough time for efforts and abilities to evolve.

At DCP Midstream, Heydt describes innovation as early-stage, but says it's taking off across the organization with aims to achieve industry-leading success. "We're starting from the beginning," he says, observing that the nature of the company's work has exerted significant influence. "Our industry has not been known as a highly innovative field. For the most part, natural gas has been processed much the same way for the last 30 years. But DCP has taken on an ambitious initiative to innovate—in operations, people processes, technology—all areas of our work."

Innovation is high on the agenda for DCP leadership, including Chief Human Resource Officer Tamara Bray, says Heydt. "She recognized that not only can we be innovative about how we process gas, but in an industry that is very competitive for talent, innovations in our people processes can make us more competitive and appealing as an employer."

Top Companies Make Tangible Commitments to Innovation

Study findings uncovered a key difference in the ways that high-performance organizations approach innovation when compared with their lower-performing counterparts. What set top companies apart was a deliberate and formal commitment to innovation backed by resources, processes, and other tangible elements.

FIGURE 2:

NEARLY 40 PERCENT OF ORGANIZATIONS HAVE FORMAL INNOVATION STRATEGIES
Does your organization have formal, defined strategies and processes to drive innovation?

- Yes
- No
- Don't know
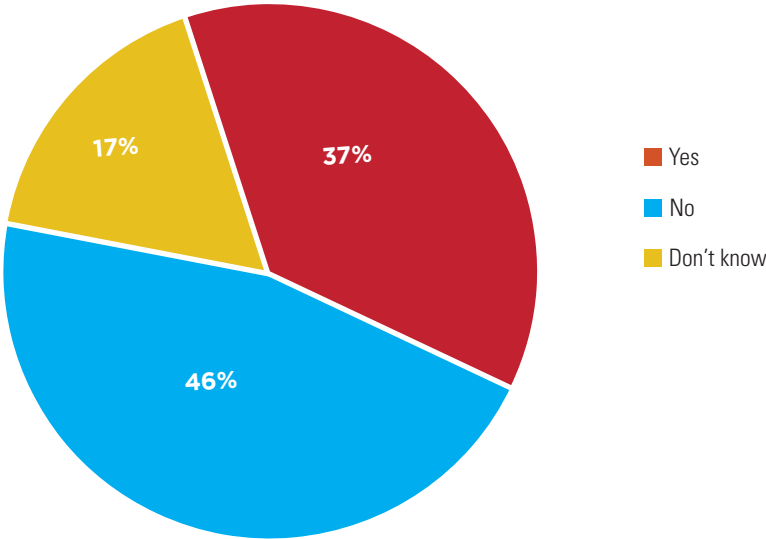
Among overall organizations represented in the survey, 37 percent reported having formal processes designed to drive innovation. More than half of market-leading companies had those measures in place. When compared with lower performers, those top companies were almost 2.5 times more likely to support innovation with defined strategies and processes.

CONCLUSION AND RECOMMENDATIONS

Business and talent development leaders know that innovation is vital to the long-term health of organizations. While they claim some proficiency at being innovative, most leaders—even those in high-performance organizations—admit they are nowhere near the top levels of innovation effectiveness.

Actively involving the talent development function in organizational innovation initiatives is an approach tied to better market performance, more effective learning, and improved innovation results. Only 29 percent of participants say they are teaching innovation skills and techniques in their organizations. However, a majority of those participating in the Study envision innovation training expanding significantly within just a few years' time.

"Learning and development functions need to lead when it comes to building and applying innovation skills," says Lyann Farrelly at Warner Bros. "You can't preach this and not do it. I think that's something L&D needs to take very seriously. We must be the change we want to see. Even in workshops or classes we should be able to talk with authenticity, using our experiences as examples so that innovation training really resonates with people."

Recommendations for Talent Development

For talent development leaders interested in implementing or improving strategies to help drive innovation in their organizations, this report makes the following recommendations.

Make Innovation a Formal Commitment

Take a cue from 51 percent of high-performance organizations and create a business function specifically dedicated to innovation. Like Booz Allen Hamilton, companies with innovation divisions also are likely to assign responsibility to a senior-level leader. The firm went a step further by appointing a senior vice president to a three-year rotation as group administrative officer to help the division leader organize and stand up the function. Booz Allen Hamilton's funding and intentionally diverse staffing for the division also demonstrate strong practices in how to operationalize formal commitments to innovation.

Grow a Culture of Innovation With Empowering Enterprise Practices

With commitments formalized, organizations can begin to implement the organizational processes and practices that provide ongoing support for an environment that nurtures innovation. Formal innovation labs, or workplace spaces that provide tools and technologies for employees to collaborate and innovate, are next practices in action.

REFERENCES

Booz Allen Hamilton. 2017. "Our Core Areas." Booz Allen Hamilton Expertise page. www.boozallen.com/expertise.html.

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▶ **Lyann Farrelly,** Director Learning and Development, Warner Bros. Entertainment

▶ **Mark Heydt,** Director of Talent Planning, DCP Midstream

▶ **Aimee George Leary,** Senior Vice President, Booz Allen Hamilton

▶ **Briana McCrumb,** Manager Talent Development, DCP Midstream

▶ Members of i4cp's Chief Learning and Talent Officer Board, and facilitator John Coné

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The Association for Talent Development (ATD) is the world's largest professional membership organization supporting those who develop the knowledge and skills of employees, improve performance, and achieve results for the organizations they serve. Originally established in 1943, the association was previously known as the American Society for Training & Development (ASTD).

ATD's members come from more than 120 countries and work in public and private organizations in every industry sector. ATD supports talent development professionals who gather locally in volunteer-led U.S. chapters and international member networks, and with international strategic partners. For more information, visit www.td.org.

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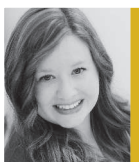
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Andrew Dixon provided statistical analysis for this Study.

APPENDIX: SURVEY OVERVIEW

Target Survey Population

The study targeted talent development leaders in organizations of various sizes and industries. The survey population numbered 393, and represented organizations worldwide. Sixty percent of respondents worked in organizations with workforces of 1,000 or more.

Survey Instrument

In this survey, multiple questions used the customary 1-5 Likert-type scale, with a 1 rating generally indicating a "not at all" response and a 5 rating indicating a response of "to a very high extent." A total of 31 questions comprised the survey, including 11 designed to capture respondent demographics.
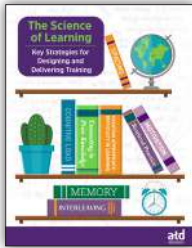
Procedure

Research took a blended approach, combining survey results with subsequent interviews of talent development leaders. A link to the online survey was emailed to the target population in July 2017. Telephone interviews were conducted in August.

MORE FROM ATD RESEARCH

The Science of Learning

In the report *The Science of Learning: Key Strategies for Designing and Delivering Training*, the Association for Talent Development (ATD) presents a framework of five learning concepts and three teaching strategies that contribute to learning. The framework is designed to help talent development professionals enhance their organization's learning experience by highlighting the key concepts and strategies necessary for them to understand. These concepts and strategies include memory, cognitive load, motivation, connecting to prior knowledge, creating appropriate difficulty in learning, retrieval practice, spacing, and interleaving. For more information, **visit www.td.org/elearningreport**.

Next Generation E-Learning
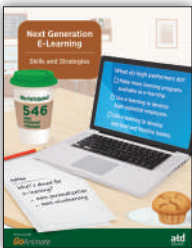
Despite speculation in industry media and other sources that e-learning is in decline, *Next Generation E-Learning: Skills and Strategies*—the latest research report by the Association for Talent Development (ATD) and the Institute for Corporate Productivity (i4cp)—found the practice thriving in nearly 90 percent of organizations. Further, talent development leaders and practitioners say they anticipate not only continued growth, but also exciting changes for e-learning ahead. For more information, **www.td.org/elearningreport**.

How Does Your Pay Stack Up?

ATD Research surveyed 1,230 full-time talent development professionals in the United States. The resulting report, *How Does Your Pay Stack Up? 2017 Talent Development Compensation, Benefits, and Job Seeker Report*, takes a close look at 2017 salaries, compensation, benefits, and job seeker data. Participants were primarily instructional designers or trainers and had more than 11 years of experience in the industry. The compensation, benefits, and job seeker information in this report empowers talent development professionals to benchmark personal earnings and benefits and enables organizations to evaluate their offerings. For more information, **visit www.td.org/Salary2017**.

Onboard, Engage, and Develop

The Association for Talent Development asked 724 talent development professionals about their organization's onboarding, development, and engagement programs. *Onboard, Engage, and Develop* details talent development's role in those programs, program expectations, and the effectiveness of each program area. The study also discusses how onboarding, development, and engagement programs are evaluated. For more information, **www.td.org/developtalent**.

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