

SmartInnovators

You know the game has changed. How do you fit?

By Debra M. Amidon

After 20 years of deep research and on-the-ground leadership, *Smart People Magazine* has asked me to explain our work in plain language. And I have to do it in two pages (give me three, please!).

The focus of our research has been on helping organizations realize the changes taking place in the business and economic environment that have led to the rapidly ascending importance of innovators in a knowledge-driven, rapidly changing global environment.

It is not only a complex subject, but also a change that has transformed a relatively simple industrial economy into an extremely complex knowledge economy. In an introduction such as this, the details can be overwhelming.

All about you

So let's leap the barrier by acknowledging that the bottom line is all about you – smart people. For it is around smart people that this new economy evolves.

Leadership in the Knowledge Economy is different from the industrial or even information economies.

It is an economy in which the innovation capacity of every human being, enterprise and nation is fully engaged. It is an economy in which culture and heritage are respected, commonalities

are more important than differences, and aspirations can be shared across boundaries.

Intellectual capital (IC) originally described the need to harness the knowledge base of an enterprise and in the context of prosperous innovation. Most efforts resulted in three primary facets: Human Capital, Relational Capital and Structural Capital.

To simplify this, we have broken it down further with our Triple Knowledge Lens (TKL) – a triangulation of a Knowledge-based Economy (commerce and business), the Knowledge-based Society (networks, communities and culture), and the Knowledge-based Infrastructure (organization, technology and environment).

And then into the 15 'capitals' people need to be *Smartinnovators*. See how many capitals you have:

Inventorying your 'capitals'

■ **Knowledge Capital:** How well respected are you for the power, depth and breadth of the knowledge assets in your personal portfolio including specialized know-how, experience and knowledge mastery?

■ **Leadership Capital:** Do others generally recognize you as having outstanding leadership qualities, skills, and capabilities?

■ **Innovation Capital:** Do you have proven and consistent capabilities regarding the

incubation, development, production and of marketing of innovative designs, processes, and systems?

■ **Entrepreneurship Capital:** How recognized are you for exhibiting entrepreneurial instinct, passion, zeal, drive, and success?

■ **Reputation Capital:** To what extent do you work to build a positive image and standing in your field and how are you perceived by others?

■ **Diversity Capital:** To what extent do you proactively maintain, cultivate, and respect diversity in your relationships, networks, and community connections?

■ **Brand Capital:** To what extent does the brand encompassing You.Inc have visibility, presence and positive mindshare in the marketplace?

■ **Network Capital:** Would others consider you to have deep, dense, far-reaching network connections and influence within those networks?

■ **Cultural Capital:** To what extent do others respect and trust your unique constellation of values and the ethos reflected in your mindset, way of thinking, spirit, learning desire, imagination and creativity?

■ **Social and Community Capital:** Are you recognized within the communities you inhabit to be an active high involvement contributor, participant, and representative of all that's good within those social ecologies?

■ **Strategic Capital:** Do you have formulated business plans in place, business designs, business models, that provide you with a superior and strategic business advantage?

■ **Organizational Capital:** Do you have organizational structures and capabilities in place that provide you with a collaborative advantage?

■ **Intellectual Property Capital:** To what extent are you in explicit control of valuable intellectual property assets?

■ **Technological Capital:** How do you think an independent outsider would rate your technological sophistication and prowess?

■ **Environmental Capital:** How do you think others would assess the extent to which you have internalized socially responsible, sustainable, and green values into your current practice?

Again, if you have lots of these 'capitals', don't get a big head. You don't have them all, so you need to collaborate with others to complete the list.

SmartInnovator's guide

After two decades of dedicated research, we have evolved a blueprint – an integrated and interdependent series of steps from idea-creation through conversion and ultimate commercialization of new product ideas and services – the seven Ps:

P1 *SmartInnovators* have a sense of *Purpose*.

Explore a fundamentally new mindset of how best to approach the kaleidoscopic

change of a knowledge economy. It is not the speed of change as much as it is the compounding effects creating a dramatically new landscape for innovation.

The Triple Knowledge Lens (TKL) provides that mindset. You need a timely understanding of emerging trends ranging from the war for talent, effect of networks, new business models for commerce and delivery, virtualization of markets, globalization, the value of visualization, and zones of innovation. Such a mindset must be holistic, integrated and complete.

P2 *SmartInnovators* guide their efforts with a set of *Principles*.

Root your strategic direction with a core value system, shared vision, and standards of operational excellence. You need to appreciate the interdependence among variables: performance, structure, people, process and technology. You need to be savvy about the new organizing principles – how they are different from industrial management – and the implications for your own action-based planning.

There are new forms of wealth-creation, new constellations of networks and social media, and an evolving knowledge innovation grid or mesh supporting real-time innovation dynamics. There are new rules of the game. The old ones do not apply; and the new ones have yet to be innovated. So, become a part of the action. Ground your

plans amidst the uncertainty and do not be afraid to iterate new solutions. The knowledge environment is one that demands constant adaptation.

P3 *SmartInnovators* understand the full *Process* for innovation and their respective roles.

Appreciate how innovation usually takes many players – several even outside the walls of the organization – to bring an idea to market. The impetus for change – incremental and breakthrough – begins with the individual – *every* individual. Value is realized when joint insights are crystallized into actionable projects and services.

Innovation is idea creation through full application. It is theory in practice. It involves creation, conversion and commercialization. It includes monitoring the competition, but not where they have been . . . where they are headed.

In other words, how are the competitors innovating? You need to help develop strategic alliances, customer/stakeholder image and interface, leadership visibility and leverage technology and communications.

P4 *SmartInnovators* gauge *Performance* with financial and non-financial measures.

Building upon the TKL, identify those relevant parameters of what would constitute success – however that might be defined. Enterprises are increasingly dependent upon value contributed to the bottom-line

by intangible or intellectual – human, relational and structural variables. To realize results from ambitious plans – whether company, country or cluster-based – requires significantly improved indicators to ensure economic growth and/or regulate and streamline performance delivery. Take action to create the conditions and incentives to optimize your success and inspire the imagination of sponsors for financing. As difficult as it may initially be, define those intangible variables with as much precision as possible. We know what can be measured gets managed. Perhaps what gets innovated gets measured too!

P5 *SmartInnovators* want governing *Policies* which are ethical and transparent.

Consider the relationship between governing policies and behavior. Perhaps this dimension of innovation is the least understood in today's Knowledge Economy. Trust relationships appear to be the primary cultural norm in this new era of knowledge-sharing and collaboration.

The flow of knowledge and intangible assets, not the flow of technology per se, needs to be incentivized and monitored. To enable a culture of innovation and entrepreneurship – whether company or industry-based – requires new methods of governance. Given emerging market dynamics, new guidelines are required to cultivate community networks, high levels of trust

and transparency, responsible risk-taking, and enterprise brand integrity. These are not the command-and-control systems of the past, but develop leadership vertically, horizontally and diagonally... and, for the most part, need to be considered in a local, regional and global context.

P6 *SmartInnovators* use the dynamics of 'bench-learning' to monitor *Practices*.

Around the world, organizations are experimenting with new models of management innovations, from communities of practice to electronic (and even mobile) conferencing. This new knowledge leadership requires an understanding of the new roles and responsibilities at all levels of the organization, and a deeper understanding of how best to guide behavior with improved metrics and incentives to put into place sustainable actions.

There is consensus that that innovation competence is more about changing behavior – individual and group – than just developing new ideas and skills. Benchmarking is outdated; so seek an organizational partner that takes a much more dynamic and interactive approach of bench-learning, (i.e., learn from the best).

P7 *SmartInnovators* have a sense of *Prosperity* depends upon stakeholder innovation.

You have not innovated until your stakeholders place more demands on

your work. However you define your constituency, you are dependent upon their success, not their satisfaction. Stakeholder interaction is more about a continuous Mobius strip relationship of creating mutual value.

Once designed and developed, initiatives need contact feedback and monitoring so that progress is inevitable and sustainable. Promotion takes many forms, such as verbal, print and multi-media, and should almost always be considered bi-directional. Treat customers – and stakeholders and competitors, for that matter - as sources of knowledge, rather than points for end delivery. They are partners in your future.

So, there you have it. The three-legged stool of TKL, the *SmartInnovator's* guide to IC, and the *SmartInnovator's* sense of purpose. All three are built around smart people as the key, yet, all three are dependent on the collaboration of smart people, smart systems and smart organizations to succeed. Understand these principles, integrate your personal IC into them, choose the right partners, and you will fit successfully into the Knowledge Economy. **SP**

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The TKL Inventory is an Intellectual Capital (IC) assessment tool produced by the KAIETEUR Institute of Knowledge Management and ENTOVATION International Ltd.