

INNOVATION *and* DISCIPLINE

By John Durel

Each member of the leadership team should complete steps 1 to 3 independently, and then come together to discuss the implications.

Step 1. For each statement, circle the appropriate answer.

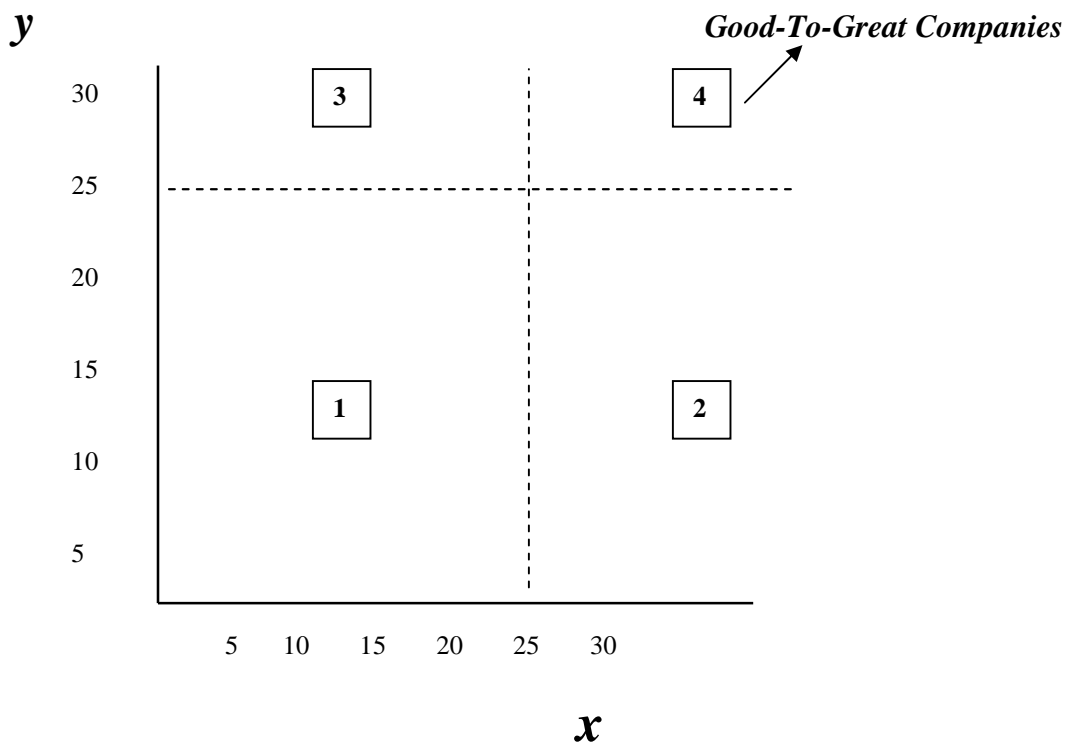
	NeverAlways				
1. We experiment with new programs, products, services or activities.	1	2	3	4	5
2. We set measurable objectives for new programs, products, services and activities.	1	2	3	4	5
3. At the beginning of the budget year we set aside sufficient funds for unanticipated opportunities.	1	2	3	4	5
4. We honestly debrief new programs, products, services and activities, and apply what we learn the next time around.	1	2	3	4	5
5. We solicit ideas for new programs, products, services, or activities from staff throughout the organization.	1	2	3	4	5
6. Each department has measurable, monthly and annual goals to meet.	1	2	3	4	5
7. Our staff enjoys trying new things, even when the outcome is uncertain.	1	2	3	4	5
8. We precisely estimate how much new programs, products, services or activities will cost, in terms of both expenses and staff time.	1	2	3	4	5
9. We understand our constituents – their needs, interests, and how they spend their time and resources.	1	2	3	4	5
10. We have an adequate operating reserve to cover unanticipated revenue shortfalls.	1	2	3	4	5
11. By the end of each year, 20% of our revenue has come from new programs, products, services or activities.	1	2	3	4	5
12. Department heads know how well they are doing relative to their monthly and annual goals.	1	2	3	4	5

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Step 2. Transfer the circled scores to the following chart, and add the columns.

	<i>x</i>		<i>y</i>
1		2	
3		4	
5		6	
7		8	
9		10	
11		12	
Total		Total	

Step 3. Transfer your *x* and *y* scores to the graph, and mark where they intersect.



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INTERPRETATION

Jim Collins, in his study, *Good to Great: Why Some Companies Make the Leap...and Others Don't* (2001), says that great companies are both **highly disciplined** AND **highly entrepreneurial**. The following assessment is designed to initiate a conversation among the senior leaders in your organization about how well you blend these two traits.

- x** This axis represents innovation or entrepreneurship: the degree to which the organization is creative, takes risks, thinks and acts out-of-the-box.
- y** This axis represents discipline: knowing the business, understanding and managing risks, staying focused on results.
- 1** Organizations in this quadrant tend to be bureaucratic. They rarely try doing anything new. New ideas must go through layers of review before they get approved. There is no incentive for innovation. At the same time, they have little control over what is actually being done. There are lots of policies and regulations, designed to discipline the staff, since the staff is largely comprised of individuals who are not self-disciplined.
 - 2** Organizations in this quadrant are very innovative, but lack discipline. There are always many new ideas and new activities, and there is a tendency to go from one to the next, without a clear sense of priorities or focus. Once a project is complete, the staff quickly jumps to the next one, without taking time to reflect or learn. Projects may routinely go over budget or over time, but everyone is too busy to stop and figure out why. When problems arise, blame is leveled at individuals, not at the system. Such organizations are in danger of over extending their resources, because they are not afraid to take risks, but they do not know how to manage the risks.
 - 3** These organizations have good systems in place to manage the work, but they lack a spirit of innovation. They may be overly cautious, letting the systems get in the way of new ideas. They may be slow to take advantage of new opportunities, or to respond to unanticipated situations. There is a risk of complacency, of feeling satisfied that the results are good enough. There is a tendency to focus inward on the organization, so that as the external environment changes, no one notices. Hence, over time there is a danger that such an organization will become irrelevant, and begin to decline.
 - 4** These organizations blend innovation and discipline. They are always eager to try something new, to learn from both mistakes and successes, and to apply what they

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learn to the next new thing. They take risks, but manage the risks with careful business planning. They are able to respond quickly to any unexpected challenge or opportunity. They look both inward and outward, always seeking ways to increase their efficiency, and at the same time improve their service to their constituents. Organizations that place themselves in this quadrant are always seeking ways to become more innovative and better disciplined.

Step 4. Organizational leaders should compare their scores, to see how they differ in their assessments. They should have a dialogue, seeking to understand the implications of the scores. Finally, they should identify three to five strategies or actions to move the organization into, or deeper into, Quadrant 4.