Innovation and Risk Management: Perfect Partners or Strange Bedfellows?



By Melanie Lockwood Herman

Executive Director

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My sense of self is that I'm hard-wired to be logical and stubborn. If I could re-wire my brain, I'd pick new wires associated with creativity and flexibility. I studied oil painting a few years ago and produced a couple of pieces that were passable for amateur landscapes. But in retrospect, I 'created' my masterpieces by rigidly following my artist instructor's guidance and suggestions, right down to the exact technique for painting wisps of grass or teeny leaves.

This week I finished an interesting book on the intersection of habit, creativity, and innovation. As I made my way through *Eat, Sleep, Innovative: How to Make Creativity an Everyday Habit Inside Your Organization*, I found several aspects of the innovation regimen and experiments touted by the authors fascinating and potentially fruitful for risk practice. A starting point to unleash innovation is addressing the pesky behaviors that block it.

Impediments to Innovation

The authors describe "innovation blockers" as forces and factors that crush creative concepts and fresh ideas. In NRMC-led Risk Assessments, the CEOs of our nonprofit clients often express the most profound concern for external risks, factors, and forces that threaten growth and sustainability. Yet team members on the front lines, in middle-management roles, and even senior spots, often cite internally-imposed constraints and circumstances as the nonprofit's greatest threats.

The authors of *Eat, Sleep, Innovate* conclude that while "Human beings enter the world naturally curious and creative," the rigors of organizational structure like systems, strategies, and norms can create a type of self-imposed restriction that dampens innovation. They explain that:

- School and work often constrain our natural tendencies causing "innovation muscles to wither."
- Organizational momentum leads us to focus on doing what we're currently doing, albeit "better, faster, or cheaper." Momentum supports the tweaking of routines rather than developing and exploring new approaches.
- Team members inclined to be creative must overcome the "shadow strategy, which institutionalizes inertia through reinforcing systems, structures, strategy, norms, and more."

We Might Be Wrong (for all I know)

I'm obsessed with being wrong and embracing uncertainty. On being wrong, I have adopted Hal Gregersen's prompt, "What have you been dead wrong about?" as a mantra. One of my personal goals for 2022 is to say, "I was wrong!" more often. In the lead-up to a series of staff professional development workshops, the trainer asked, "Are you sure you don't mind not knowing what we will cover in each session?" Not mind? What could be better!? In describing how to rouse *adeptness in ambiguity*, the authors remind us that "…every innovative solution is partially right and partially wrong. The trick to successful innovation is to figure out, as quickly and cheaply as possible, which parts are which."

The same could and should be said about the risk management policies, training, and protocols risk professionals shepherd every day! For instance, a policy requiring that you complete a short online training before working with a vulnerable client is partially correct: knowing more about the clients you will serve is critical to skillfully supporting those clients. But the approach is partly wrong because the most valuable insights into service will happen by doing, not watching, or reading.

We need to inculcate candid conversations about wrongness, failure, and faulty assumptions to help sort the partially right from partially wrong. One idea from the book suggests introducing a series of question prompts when discussing bold ideas. The authors describe how a client, DBS bank, adopted "Wreckoon" as the organization's learning mascot. The mascot reminds a team to consider questions that "test the resilience" of ideas on the table. The mascot reminds staff to ponder: What have we forgotten? What is the riskiest assumption? What could go wrong? During presentations and brainstorming sessions, a slide featuring "Wreckoon" and question prompts remind the team to pause and encourage alternative points of view:

1. How might we do it differently?
2. What is the job to be done?
3. Who has solved this before?
4. What would we need to believe?
5. What don't we know?
6. What did we learn?
7. What are our options?

Semi-Homemade and Brilliant Borrowing

In 2003, Food Network premiered a cooking show called "Semi-Homemade Cooking," hosted by Sandra Lee. My daughter was only six at the time, but we shared a visceral, snobbish reaction to the show. We discounted the validity of calling something "baking" when starting with packaged croissant dough, store-bought pie crust, or a cake mix. That was cheating! Yes, it saved time, but how could that shortcut produce anything equal or superior to creating delicacies using "from scratch" baking?

Many people share that narrow view about innovation: a borrowed idea isn't innovative; it's a shortcut at best, stealing at worst. The authors of *Eat, Sleep, Innovate* work hard to dispel that notion. They explain:

"Once you have found a problem worth solving, the next step is to come up with an idea. This is where it gets hard, right? After all, you have to be a creative genius to 'think outside the box.' But not if you follow Pablo Picasso's famous mantra: 'Good artists copy; great artists steal.' You shouldn't literally steal, of course. Rather, you should borrow an idea from one context and bring it to another. Brilliant borrowing is the best way to short-circuit the path to successful innovation."

They encourage 'brilliant borrowing' by advising readers, "Once you have found a problem worth solving, find someone or something that has already solved your problem. Look at different categories and fields and remember the time-tested idea that magic happens at intersections, where different mindsets and skills collide."

Ask This Instead

At the end of Chapter 6 – Tips, Tricks, and Tools – the authors of *Eat, Sleep, Innovate* share a "Discovery question cheat sheet" to remind leaders of the innovation-killer questions we inadvertently pose to team

members trying to think outside the box. Consider reframing questions to stimulate additional discussion rather than unintentionally shutting down creative thinking!

For example:

- When a peer, direct report, or even a board member shares an idea that sounds like one you've tried before: don't say, "We tried that, and it didn't work," or "Why are you proposing something we know won't work?" Instead, ask: "What has changed since we tried that?"
- At an idea's inception: don't say, "What is the business case?" Instead, ask, "What can we learn from another industry or context?"
- When something doesn't work as was hoped and planned, don't say, "What did you do wrong?" Instead, ask, "What can we learn?"

After reading *Eat, Sleep, Innovate,* I came to two risk-related realizations. First, fostering innovation requires ceasing habits that stifle creative thinking. Nonprofit teams must be coaxed and supported to embrace ambiguity and uncertainty and to lean into navigating the beautiful mess that is organizational life. My second realization is that risk leaders are well-positioned to nurture innovation by encouraging positive associations with intelligent failure, being the first to say "I was wrong," and learning from and through it all. Risk leaders who embrace and model these practices can help teams feel more comfortable, opening the door to greater innovation, collaboration, and inspiration for mission success.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She would love to hear your stories of amping up innovation or questions about coaching and mentoring teams to cultivate creativity at Melanie@nonprofitrisk.org or 703-777-3504.