

Driving Stability & Disruption: How Stablerupting Leaders Unleash Innovation

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One of the greatest leadership challenges of our day is ensuring that our companies stay relevant. Real growth in the market only occurs when organizations continually adapt and innovate to offer relevant value.

https://www.youtube.com/embed/eMJZJDhdc0?list=PLZ3khUxaJ_ug-ipJLHuFBk2QGzEmqkUmk400225
In our globally-connected, hyper-competitive and flattened world, organizations either innovate or they simply become irrelevant. Leaders have a choice to either drive their companies toward serious self-disruption or watch their organizations die from lack of relevancy. As Harvard professor Clayton M. Christensen said, “The breakthrough innovations come when the tension is the greatest and when the resources are the most limited. That’s when people are actually a lot more open to rethinking the fundamental way they do business.... Disruption is a process, not an event.”¹ Disrupting our own companies enables innovation which, in turn, sustains relevance in an ever-changing world.

Yet one of the most the fundamental purposes of leaders and organizations is to organize. We’re hard-wired toward stability and order. For good reasons we organize people, create policies, set up structures, clarify relationships, establish routines, design processes, and press for zero defects. “All organizations exist to eliminate deviance,” says University of Michigan professor Kim Cameron. “The reason we organize is to minimize unexpected, chaotic, and unpredictable behavior.” We drive for stability and order to ensure consistency and efficiency. Like the conductor of a well-tuned orchestra, we produce our best when we are carefully leading skilled performers who are in sync and performing their parts as planned. Operational stability enables productivity, quality, and predictable business results.

Many leaders and managers excel at organizing. It’s what they’ve been trained to do. In fact, our historical management models are focused on how people produce stable and well-functioning organizations. Business and MBA programs have emphasized teaching managers these basic operational skills. The result is that human resource professionals are known for their acumen in establishing mechanisms that provide stability within organizations, including policies, practices, and systems. Operations managers are also well known for their abilities in setting up operational procedures that stabilize the input-throughput-output of products and services. Financial managers are skilled in their abilities to add efficiency and stabilizing value through cost cutting measures and financial procedures.

Organizations are built with a focus on operational stability. In larger companies, there may be thousands of talented managers who oversee well-established systems. These systems are meant to support consistent operations which assist in producing efficient, high-quality performance. This type of performance is absolutely vital for the survival of the firm.

Yet with all of this inertia and energy focused on stabilizing mechanisms, how do leaders undue or alter the systems they’ve created and adapt as the world changes? The answer is not to abandon stability, but rather to simultaneously drive stability and disruption. As it turns out, becoming the leader who adeptly drives both stability and disruption is not as easy as it might appear. Becoming what we term the Stablerupting Leader requires an unusual amount of talent in ambidexterity.

In this installment of “Linking Theory + Practice” we’ll look at how stablerupting leaders effectively balance the need for both stability and disruption in their companies. In doing so, we’ll discuss how leaders drive better performance for today while at the same time enable innovation and adaptation for tomorrow. We’ll also discuss two core organizational systems that are in dynamic tension: the operational system and the entrepreneurial system. Finally, we’ll propose some practical steps for how leaders can safeguard against the entrepreneurial system being stifled by the operating system. This is a synthesis review of several research publications on organizational adaptability. Special appreciation is given to Dr. Michael Arena of General Motors for providing insights during a personal interview and to the following researchers

whose published articles contributed to this review and the broader discussion on innovation and adaptability: Mary Uhl-Bien (Nealy School of Business at TCU), Michael Arena (GM).ⁱⁱ

The Bias Toward Stability in Organizations

Ray Noorda, CEO of Novell, stated, "Cause change and lead; accept change and survive, resist change and die." Organizational survival depends on the ability to adapt in a changing environment.

One of the biggest problems for leaders is to continually ensure their organizations are agile. But established organizational systems naturally resist change. According to Uhl-Bien and Arena, organizations actually have two main systems: the operational system and the entrepreneurial system. The operational system is designed to execute and exploit resources. It is focused on creating order, stability, control, compliance, cost cutting, schedules, budgets, formality, standardization, efficiency, productivity, and business performance for today. The entrepreneurial system is designed to disrupt and innovate. It is focused on novelty, discovery, learning, growth, creativity, flexibility, proactivity, exploration, experimentation, improvisation, and adaptation for tomorrow.

It is the operational system that efficiently yields valuable products and services, but it can also be unyielding, overly-powerful, and resistant to change. This is especially true in large bureaucratic companies with strong historical cultures. In fact, in some organizations the argument that wins the day is: "We do things this way because that's the way it's always been done." This kind of thinking may sound laughable, but it's more common than many leaders are willing to admit.

Yet there are many middle managers and employees within organizations who have ideas they believe would make things better. If only they could overcome the inertia of the status quo, these employees with insights might be the impetus for novel ideas and adaptations.

The problem is that there is an overwhelming bias in organizations to support and protect the stabilizing virtues of the existing operational system. This support of the existing system has a powerful stifling effect on creativity. It limits bold innovations and inhibits the adaptive capacities that are critically needed within organizations.

So how can leaders, who work within bureaucratic organizing systems, unleash innovation so that organizations can overcome their resistance to change? How can leaders help their organizations remain stable but adapt to new conditions to stay relevant? The answers are exhibited within the balancing act played out by the adept stablerupting leader.

Unleashing Innovation in Organizations

The operational system that delivers stability and the entrepreneurial system that delivers innovation are naturally in tension with one another. They are designed to produce opposing results and there is a dynamic tension that arises when a novel idea is brought up to those who are the caretakers of the status quo. More often than not, the operational system will squelch the novel idea and the innovation simply doesn't occur. Because of this, leaders in bureaucratic organizations need to strengthen their support for novel suggestions and create pathways that enable entrepreneurial ideas. Organizations need a strong mechanism that supports the adaptive response.

A leader may think the best way to do this is to stifle the operating system in favor of the entrepreneurial system. But this turns out to be counterproductive since the operating system is the life-blood that sustains current production. Instead, leaders need to embrace and engage the tension generated in the conflicting perspectives of the two systems. Novel ideas from the entrepreneurial system can then advance through the organization and become formalized as the new order in the operational system.



The goal is to unleash the innovation, but leaders need to create a safe way for new ideas to be expressed and developed. In fact, leaders need to be able to support the existing mechanisms that provide stability while at the same time support the tension that arises when those mechanisms are threatened by the disruption of new ideas. It's a balancing act that opens up opportunities for the dynamic tension to be discussed and understood.

The 6 Core Practices of Stablerupting Leaders

Stablerupting leaders generate both current results and future innovation. They drive business results day in and day out through overseeing well-designed organizational systems – and they inspire the disruption of these systems. They recognize that achieving bottom-line results for today's customer is vital but they also fiercely defend and clear a path for those who are innovating with new technologies toward the needs of tomorrow's customers.

Since the overwhelming bias in most organizations (especially in large organizations) favors and protects the stability of the existing operational system, stablerupting leaders find ways to fan the flame of disruptions that might otherwise not see the light of day. As balancing agents, they protect and encourage the more vulnerable entrepreneurial system. Here are six core leadership practices to help unleash the power of innovation:

1. **Embrace the Tension.** Within the psyche of employees and managers who are caretakers of the existing systems and are charged to produce on schedule and within budget ("The Stabilizers"), disruption is usually seen as a threat and brings on negative feelings of ambiguity, risk, and vulnerability. Within the psyche of those who tend to see innovative opportunities and have an entrepreneurial spirit ("The Disruptors"), disruption is seen as critical for growth and survival, but they may also be concerned about organizational backlash, fear becoming marginalized and feel organizational peer pressure to stay in line with the existing structures and culture. When stablerupting leaders find themselves in the middle of a debate between stabilizers and disruptors, they don't shut it down to get rid of it. They process it, recognize the legitimate values of both sides, and embrace the tension to see where it might lead. They lean into the tension, help each side see the other's perspective, look to see what might emerge from productive conflict, and encourage others throughout the organization to do the same.
2. **Open Up Idea Exchanges.** Open new ways to safely explore and exchange novel ideas. Enable social interaction and cohesion. Create pathways for knowledge sharing across units. Allow people to openly and safely express their ideas. Normally, this is best accomplished by using an informal style of management where the leader encourages alternative views and novel approaches. Stablerupting leaders help create an idea exchange where both sides feel comfortable by ensuring that all interests will be heard. They look for ways that ideas

- can be improved, developed, applied, socialized, and tested. They support iterative discussions so that broadly acceptable solutions can be found.
3. **Incentivize Stable & Disruptive Success.** That which is measured improves. It's difficult to know if you are successful unless you define and track success. Leaders normally already have existing structures to evaluate and measure how well operating systems are performing. "Research findings show that sometimes adaptability requires taking a hit on the numbers in the short term to enable sustainability in the long term."ⁱⁱⁱ Stablerupting leaders encourage a balanced approach to performance management practices by evaluating, measuring, and incentivizing the entrepreneurial systems as well. They especially reward those individuals and departments that successfully balance and simultaneously support both stability for today and innovation for tomorrow.
 4. **Support Challengers.** New ideas and directions may be initiated from the top-down. But an organization seriously limits itself if it doesn't engage bottom-up and sideways-over entrepreneurial activity throughout the workforce. Top-down ideas may be met with some resistance but there is usually a way to process these with a fair hearing because of the political power of the sponsors. Bottom-up innovative employees do not receive the same institutional support for their ideas as do executives. In fact, challengers to the existing processes and culture are sometimes seen as trouble-makers. Stablerupting leaders protect challengers and pockets of entrepreneurial activity throughout the organization. They support the notion that bold ideas are good and needed. They empower disruptors and encourage constructive dissent. They allow innovators to fail and publicly recognize bottom-up disruptors who make an impact.
 5. **Foster Local Experimentation.** Create local learning and experimentation. Formally infuse learning and experimentation into the roles of individuals and local units. Individuals or units may be charged to "dare mighty things"^{iv} or propose bold innovations during a certain time period. This focus might then be passed around to different people and departments at different times. Stablerupting leaders are constantly on the lookout for pockets of entrepreneurial activity throughout the organization and signal support for disruptive technologies and concepts that may create competitive advantages in the long run. They may even endorse periods of decentralization that allow for increased flexibility and experimentation.
 6. **Institutionalize the New Normal.** A good idea needs landing gear in addition to wings.^v In the end, the goal is to find locally-created solutions that have organization-wide value and advance them into the formal systems of the company. Institutionalizing a new idea, practice, technology, process, product or service occurs requires scaling it and establishing it within the social system and culture of the organization. Stablerupting leaders utilize the practices above to identify, develop, scale, and institutionalize the innovation into the operational system so that it becomes the new normal.

Conclusion

Enabling organizational innovation and adaptability is one of the greatest challenges of leaders today. In a rapidly changing world, leaders need to focus on both short-term performance (stability) and longer-term innovation (disruption). Uhl-Bien and Arena conclude that "leadership for organizational adaptability is not a 'feel good' model of leadership. It involves tension, conflicting, creativity, uncertainty and, for many, stress. For those who like order it takes them out of their comfort zone...for those who like creativity...it takes energy and tenacity. Therefore, organizations need to develop HR coaching and talent management systems that can help people think their way through these processes to survive, and even thrive in organizations focused on performance and adaptability."^{vi}

Becoming a leader who adeptly drives both stability and disruption is the key to ensuring performance for today while at the same time unleashing innovation for tomorrow.

ⁱ https://www.brainyquote.com/authors/clayton_m_christensen

ⁱⁱ Uhl-Bien, M & Arena, M. (2018). Leadership for organizational adaptability: A theoretical synthesis and integrative framework. *The Leadership Quarterly* 29 (1).

ⁱⁱⁱ Uhl-Bien, M & Arena, M. (2018). Leadership for organizational adaptability: A theoretical synthesis and integrative framework. *The Leadership Quarterly* 29 (1).

^{iv} Theodore Roosevelt, <https://www.quotes.net/quote/6584>

^v <https://iveybusinessjournal.com/publication/institutionalizing-innovation-look-to-employees-for-the-next-great-idea/>

^{vi} Uhl-Bien, M & Arena, M. (2018). Leadership for organizational adaptability: A theoretical synthesis and integrative framework. *The Leadership Quarterly* 29 (1).