



Innovation By All

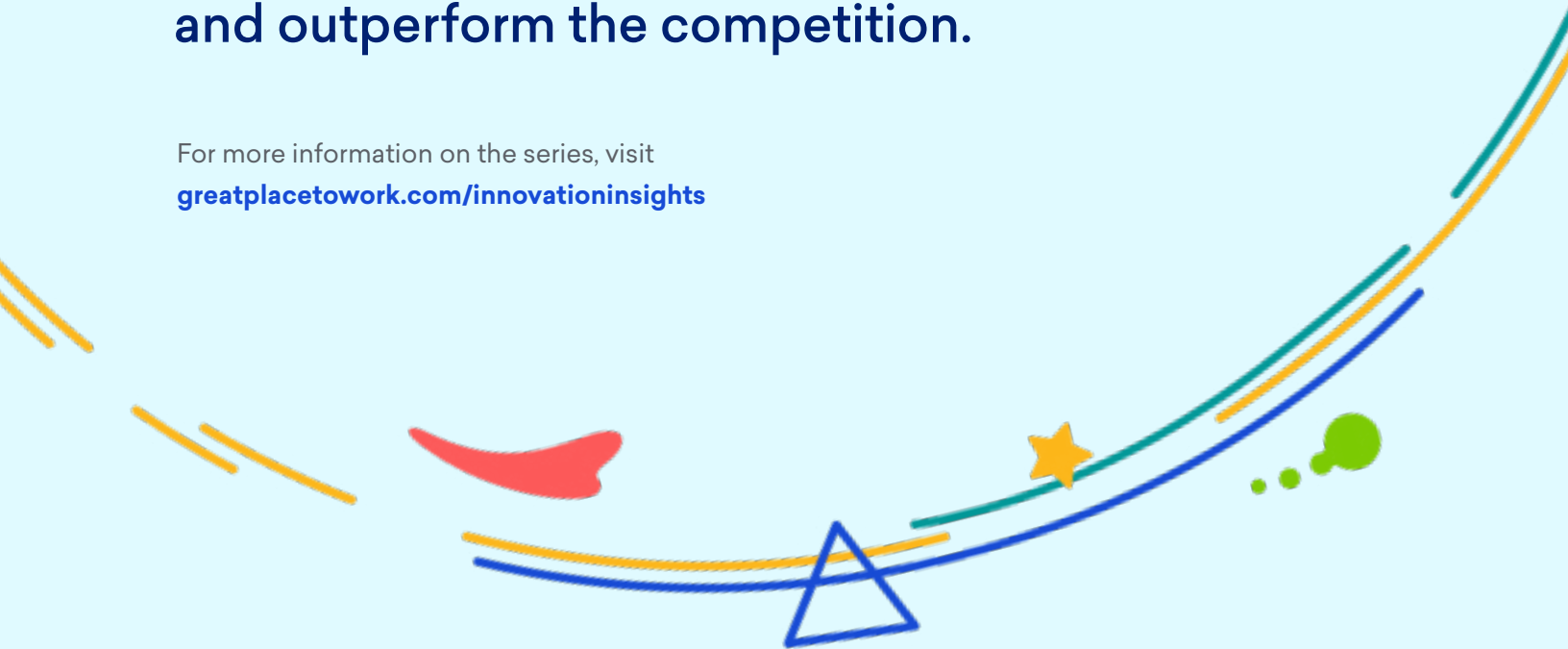
The new flight plan for elevating ingenuity,
accelerating performance, and outpacing rivals





This research paper from global people analytics and consulting firm Great Place to Work® is the first in a new series focusing on companies with high-trust workplace cultures that are seeing faster rates of success by inviting every employee into the innovation process. By focusing on Innovation By All, these organizations are able to operate with greater agility, beat sales targets, and outperform the competition.

For more information on the series, visit
greatplacetowork.com/innovationinsights





Executive Summary

Today's market is changing faster than ever. Conventional approaches to innovation are straining to keep up. A new, accelerated flight plan is needed today by businesses of all stripes. And at the heart of that plan is heightened people power. We call the way forward Innovation By All.

Companies that build an Innovation By All culture generate more high-quality ideas, realize greater speed in implementation, and achieve greater agility—resulting in **5.5 times the revenue growth** of peers with a less inclusive approach to innovation.

The Great Place to Work® Insights Series will help you succeed by:

- Outlining the Innovation By All model
- Helping you assess your Innovation capabilities
- Giving you actionable insights to level up your organization's innovation and agility

Innovation in Action

Nvidia is flying high and fast these days. The Santa Clara, California-based company has transformed from a niche player in the computer gaming field into a leader in foundational technologies for industries of the future—artificial intelligence, self-driving cars, virtual reality, and advanced robotics.

Revenue skyrocketed last year by 41 percent to nearly \$10 billion. Analysts can't say enough good things about the 11,500-person firm. "AI [artificial intelligence] is a multi-decade investment theme and Nvidia's technologies sit in the pole position," according to Susquehanna Financial Group Analyst Christopher Rolland. And in December, *Fortune* named Nvidia's CEO Jensen Huang as 2017's Businessperson of the Year.

How has Huang led the 25-year-old firm from a maker of graphics processor units known mostly to semiconductor insiders and hard-core gamers to today's "it" company of Silicon Valley and the envy of would-be-innovators?

Simple. He didn't lead or innovate, at least not according to the conventional rules and wisdom that have dominated corporate America for the past few decades.

Huang hasn't screamed at teams or micromanaged new products in the vein of Steve Jobs. He hasn't walled off an elite R&D corps in charge of inventing the next big thing. He hasn't punished divisions that failed to deliver results with layoffs or reduced reputations.

Instead, he's led a new, emerging approach to innovation. For example, when a team of more than 1,000 engineers failed to establish a firm foothold in creating mobile-phone chips in 2014, Huang retained that talent and trusted them to find a new market. Sure enough, the group pivoted that same year to join forces with the company's existing automotive computing unit. That unit had focused on digital displays, but the influx of engineers helped Nvidia develop hardware to power self-driving cars – a booming revenue source. The company's automotive unit sales have tripled from \$183 million in its 2015 fiscal year to \$558 million last year—with 370 automakers and suppliers as customers.

Despite the automotive success and its other novel technologies, Nvidia doesn't rely exclusively on its 200-scientist research department for breakthroughs. Those scientists work to push the boundaries of technology in machine learning, computer vision and other areas. But Nvidia's innovations come from throughout the organization. In fact, it can be hard for an outsider to understand how Nvidia marshals its talent.

"We don't really have divisions in the company," says Rev Lebaredian, Nvidia's vice president in charge of next-generation video game products and a 16-year veteran of the organization. "There's actually no place in the company you can go to find the org chart."

This may sound crazy-making to some. But Lebaredian and other Nvidians will tell you that it's Huang's leadership and the company culture that make this lack of a formal structure highly effective. Huang sets an initial course, works alongside his employees as a peer, and actively shows faith in his people—all his people—to find a way.

It's how the company created its competitive advantages in fields like the technology that powers self-driving cars and artificial intelligence. "The reason why we're here today is because of big bets that we made ten years ago," Lebaredian says. "We just have a sense that the problems that we're trying to solve are important."

As it pursues big problems, Nvidia acts like a giant flock of minds, constantly shape-shifting as new opportunities and threats emerge. A team pops up here to enable "deep learning" in robotics; another forms there to break new ground in virtual reality; yet another charts a new course in workplace diversity within the famously insular tech industry.

It might seem chaotic. But every initiative comes after careful consideration by multiple "Nvidians," who wouldn't have Huang trade their inclusive approach to innovation for the world.

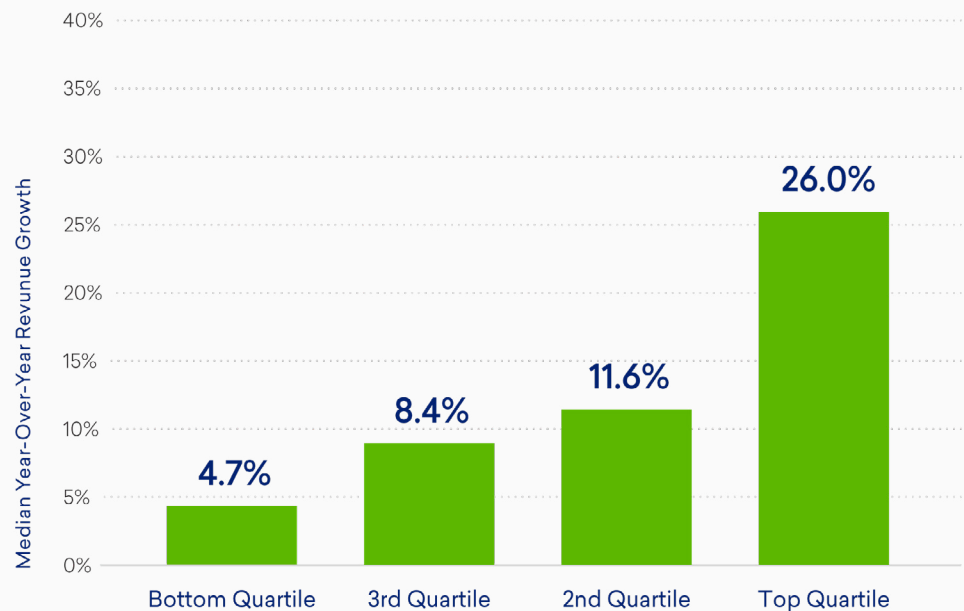
"This company is constantly transforming itself," Lebaredian says. "We're innovating our own architecture."



An “Innovation By All” Culture Fuels Revenue Growth

Companies grow much faster when more of their employees experience a climate that encourages innovation. Those organizations in the top quartile for an inclusive innovation experience achieve 5.5x the median year-over-year revenue growth compared to those in the lowest quartile, as measured by the Trust Index®.

■ 2018 Certified Companies Ranked by Innovation Experience Results



Source: Great Place to Work analysis

A New Flight Plan for Innovation

Innovation is top of mind for executives today. But the term has evolved over the past few years, taking on a new meaning as it has adapted with the pace of business amid ever-more global commerce, rapid technology shifts, and massive market consolidation and disruptions. Innovation now is as much about agility as it is about invention.

Business leaders need more speed when it comes to changing internal systems, launching new products in advance of competitors, and responding to market challenges and opportunities. They must manage the dual demands of preparing for the future of their business while also optimizing current operations. This can mean juggling multiple business models simultaneously. And the importance of agile inventiveness isn't confined to Silicon Valley. Virtually all industries are facing digital transformation challenges. Think of the way the once-staid grocery

business has been upended by Amazon's push into fresh food delivery, its acquisition of Whole Foods Markets, and the arrival of various “meal kit” players.

But leaders have been hampered by conventional wisdom around innovation that our research shows misses a key component. Corporate innovation strategies of the past 10 or 15 years have been dominated by siloed R&D teams, with the occasional hackathon and requisite suggestion box thrown in.

There's been increasing recognition by some business leaders that they must foster cross-functional collaboration and connections with partners outside their company walls. But most recently, the conversation around innovation has been dominated by discussions of new technology, such as artificial intelligence, blockchain tools, and the automation of entire job classes. That narrative

has focused some on the importance of a few key skills, but mostly has centered on strategy and technological infrastructure.

There's been a crucial, missing element to this conversation about the emerging digital age: the people piece. Many leaders today are failing to fully tap their human potential, which paradoxically has increased even as machines have become more central to business. Armed with unprecedented access to information and data insights, today's employees have greater analytic and creative powers than ever before. Human traits like passion, integrity, and a willingness to collaborate also are becoming more important to customer success. What's more, human judgment is vital to realizing the full promise of this era's new technologies.

The capper is that traditional top-down efforts—and half-hearted “empowerment” programs—are too slow for the pace of business today.

John Chambers, the former Executive Chairman and CEO of Cisco, noted at the Great Place to Work For All Summit last year that the number of devices connected to the Internet will explode from 17 billion in 2017 to 500 billion in 2027. That means companies will have to make sense of unprecedented amounts of data. And they will fall behind if they wait for senior executives to learn about problems and make decisions. “You're going to have information coming

into your company in ways you never imagined before,” Chambers says. “Decisions will be made much further down in the organization at a fast pace.”

Yet a minority of companies fully trust or tap the ingenuity of their people. In fact, when asked about their biggest challenges with innovation, many leaders say their own people are the biggest obstacles to improved invention and agility. At a recent conference on innovation, some executives even stated “The vast majority of people don't want to change,” and “The pace is very hard for people to adjust to.”

New research from Great Place to Work turns this conventional thinking on its head and reveals that participation from every employee within an organization is the key to greater innovation. In a study of 792 companies across a wide range of industries and roughly 500,000 employees, we found that organizations in which everyone participates in generating new ideas, products, and services speed past their rivals and adjust rapidly to changing market conditions.

These leading businesses practice what we call Innovation By All (IA). Innovation By All maximizes a company's human potential by tapping into the intelligence, skills, and passion of everyone in the organization. Companies that build an Innovation By All culture generate more high-quality ideas, realize



greater speed in implementation, and achieve greater agility—resulting in 5.5 times the revenue growth of peers with a less inclusive approach to innovation. Central to that acceleration are front-line employees. Our research shows that at the fastest, most nimble organizations, there are nearly 11 individual contributors pulling the company forward on innovation for every two that act as a drag on growth and agility.

In this report and a series of subsequent papers, we share the stories of organizations zooming ahead on innovation. We spell out the critical elements for building an Innovation By All culture, and describe the three stages organizations move through as they create an ever-more inclusive, powerful approach to invention and continuous improvement. We also introduce a new metric we've identified—the Innovation Velocity Ratio—that is a crucial gauge of organizational speed and agility.

We will show how these concepts apply not just to tech companies, but to all companies. Our research makes clear that Innovation By All is the future. To thrive, organizations will need to take their cue from Nvidia. They must start acting less like a hierarchy and more like a flock of birds—avoiding sudden threats and taking advantage of nascent opportunities through decentralized yet networked decision-making. Organizations acting as a flock can change course nearly instantaneously.

And they soar.

The Innovation by All Model

How is Quicken Loans tapping into Innovation By All to race ahead of the competition? Take a look at Olya Kenney. One of Quicken Loans' more than 17,000 team members, Kenney is a User Experience Specialist, as well as the idea originator and strategic leader of the "Empathy Generator"—a tool developed at Quicken Loans to help team members create products that are accessible to people with disabilities.

"Twenty percent of U.S. internet users statistically have a disability," Kenney shared. "So if we can engage that huge market segment, on one hand it's the right thing to do, but on the other, it's an investment for the company."

Originally, Kenney was hired to teach team members how to create user experiences that are ADA-compliant. After a short time in her role, Kenney saw an opportunity to take training to another level by combining cutting-edge technologies in a way that greatly improves the efficiency of learning. First, she realized that harnessing the power of virtual reality would be a far more effective way to educate team members, thus helping Quicken Loans' coders and designers create effective user experience for disabled customers.

As an example, millions of people in the U.S. have vision problems or are colorblind, and often encounter difficulties distinguishing text from a background color. According to Kenney, "There are nearly three times more individuals with low vision than those with total blindness, and one out of twelve

people has some sort of color deficiency. So, from a programming perspective, it is critical to consider adequate contrast between text and backgrounds."

To generate ADA-compliant software that responds to a host of disabilities, including vision limitations, Kenney envisioned the Empathy Generator—a virtual reality tool that would give team members, such as coders, designers, and researchers, the experience of having the disabilities they were trying to solve for.

In the example of vision limitations, Kenney's Empathy Generator offers a training module featuring a desk scene where the company's designers and developers select and simulate varying degrees of visual impairment. They learn how to understand and accommodate the needs of such users. The training module also gives instructions on proper contrast techniques, ADA-compliant pie chart designs, and more, ultimately resulting in a far better user experience.

When Kenney conceived the Empathy Generator, she was not in a leadership role or even in a product development role. At many companies, that would have spelled the end of Kenney's idea and its potential.

Thanks to Quicken Loans' distinct culture, Kenney was encouraged to build and launch the team she needed. Kenney started by approaching the legal team for help in supporting her strategy, and then used the company's practice of "Bullet Time"—sanctioned periods each week for the company's team members to ideate and collaborate—to gain buy-in from leaders and map out the skills she would need for her team. She began



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searching Quicken Loans’ online directory to identify current team members. Once the team was together, the Empathy Generator was born.

The Empathy Generator has since been heralded across the company as a groundbreaking innovation, and Quicken Loans is working towards rolling it out across their mainstream product lines. They are also exploring rolling it out internally as a way to foster diversity and inclusion among their own team members and to help with recruitment efforts. Finally, Kenney is currently working with the Quicken Loans Diversity and Inclusion team, providing guidance toward the build out of augmented reality features, which may eventually result in new revenue opportunities.

“The reason I love Quicken Loans so much is that we don’t actually have to ask permission, we just need to work in harmony with a variety of teams,” says Kenney, adding that there is a “synergy of great minds.”

It’s this spirit that captures the height of maturity seen among companies who practice Innovation By All and maximize every worker’s full human potential. Employees with great ideas, like Olya Kenney and the Empathy Generator, exist at every company. The question is, how can companies ensure they are capitalizing on them? And for those that aren’t, what is the cost of neglecting this potential?

The Secret to Success: Innovation By All

To answer these questions, we dug into our research data to understand how companies like Nvidia and Quicken Loans ignite all employees to give their best work, share ideas for new business, and stay ready for change. Leveraging data from half a million employee surveys across approximately 800 different companies, we dove into the underlying drivers of why employees actively and frequently innovate within their companies, versus those who feel unable.

Our research identified top companies that have figured it out—as well as many other companies

that haven't. In fact, companies fell into one of three key levels of success, which we have coined the Innovation By All Model. This model captures how capable an organization is at harnessing the full creative potential of its people and the corresponding costs to the business when this potential is not realized.

The three levels of the Innovation By All Model—“Friction,” “Functional,” and “Accelerated”—describe an organization's ability to quickly harness, mobilize and respond to new information and ideas. This can be information from the outside environment, such as

The Innovation Velocity Ratio





Who We Surveyed

Number of Companies

792

Company Size Range

12–45,000 Employees

HQ Geographies

38 States + Washington DC

25 Different Industries

Advertising & Marketing	Hospitality
Aerospace	Information Technology
Aging Services	Industrial Services
Architecture & Design	Manufacturing & Production
Biotechnology & Pharmaceuticals	Media
Construction & Real Estate	Mining and Quarrying
Consulting	Professional Services
Education & Training	Retail
Electronics	Social Services and Government Agencies
Engineering	Telecommunications
Entertainment	Transportation
Financial Services & Insurance	Other
Healthcare	

competition and market changes, or from the inside, in the form of new strategies, ideas or insights. In all cases, a company's ability to innovate, adapt and pivot quickly is essential to its survival, and these stages offer a way of conceptualizing a company's capacity for success.

Companies in the Accelerated state share an ability to rapidly adapt to disruptions, quickly create new and better ways of doing things, and generate high-quality ideas. Employees across the business can be counted on to bring their best ideas and effort in the service of the company's best interests.

In contrast, companies in the Functional state find mixed success in innovation. Disruptions might

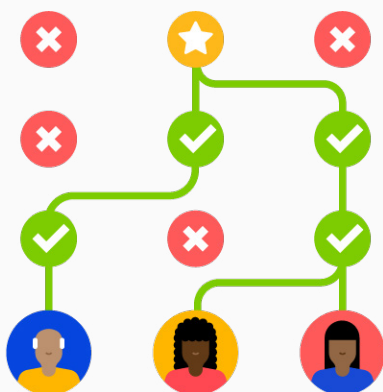
be spotted but generate no reaction, great ideas get offered yet left unimplemented, and rolling out changes takes longer than what the company can afford.

When companies experience a state of Friction, leaders and employees experience organizational inertia when rolling out decisions, trying out new approaches, or responding to market changes. While these companies may still find success, they have unrealized potential and can struggle to adapt or innovate.

How does a company know its current capacity? Our research identified a core gauge to determine

an organization's innovation state: the Innovation Velocity Ratio. This simple measure of an organization's innovation capacity is determined by how many employees consistently experience meaningful opportunities to innovate versus those who find these opportunities lacking, absent, or even threatening.

This ratio has a clear impact on an organization's innovation capacity. As a leader, imagine trying to quickly mobilize your organization to respond to the competitive landscape. If your organization were a boat racing across the water, the employees who are not ready to innovate represent drag that keeps you from maneuvering quickly or speeding ahead. However, as those employees shift from the red side to the green, they accelerate the change. They give you the power to pivot and race ahead every time.

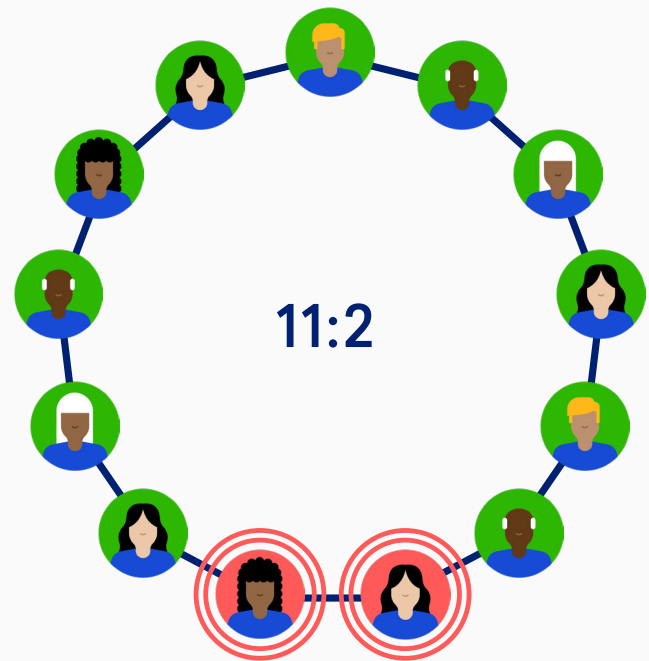


Our research shows that Innovation By All cultures are far more agile than their less innovative counterparts, with 33% more employees reporting “People here quickly adapt to changes needed for our organization’s success.”



Stage 3: Accelerated

At companies in the Accelerated stage, there are nearly 11 employees willing and able to innovate for every two employees who aren't. Employees at all levels, especially the front-line, feel inspired by and connected to their company's purpose and shared vision. The wide majority feel trusted and empowered to act on their ideas, and feel deeply cared for and valued as whole people.



They don't just keep up with the speed of innovation—they set the pace, and lead the market.

You can tell when you're at an Accelerated company just by listening to what people say with the word "innovation." In our research into hundreds of thousands of employee comments—which are the responses to the open-ended questions of our Trust Index® Survey—phrases like "exciting challenges," "influence change," "values," and "care" pop up frequently when people at Accelerated companies volunteered to describe their experiences of innovation.

Interestingly, the two paired terms that arose with the most frequency at Accelerated companies were "leadership" and "genuine"—for example, in the phrase, "leadership genuinely cares." In innovative organizations, an overall experience of authenticity—in relationships and embedded into practices—is at the heart of the employee experience. This, in turn,

allows people to operate in an environment of trust, where they can contribute their innate creativity and intelligence. And this has an obvious return to the company, as seen in the examples of Nvidia and Quicken Loans—and in the 5.5 times revenue growth figures noted above.

We also see many other positive outcomes for Accelerated companies, in addition to 5.5 times revenue growth, as compared to their less-innovative counterparts. For example, Accelerated companies have 21% higher levels of discretionary effort, 14% less risk of turnover, 32% improved productivity, and 33% more adaptability.

As one employee from an Innovation By All culture shares, "The biggest difference from this organization compared to others that I've worked for is that the leadership team genuinely cares about employees. We make decisions based off what's the right thing to do, not always what policy says you must do.

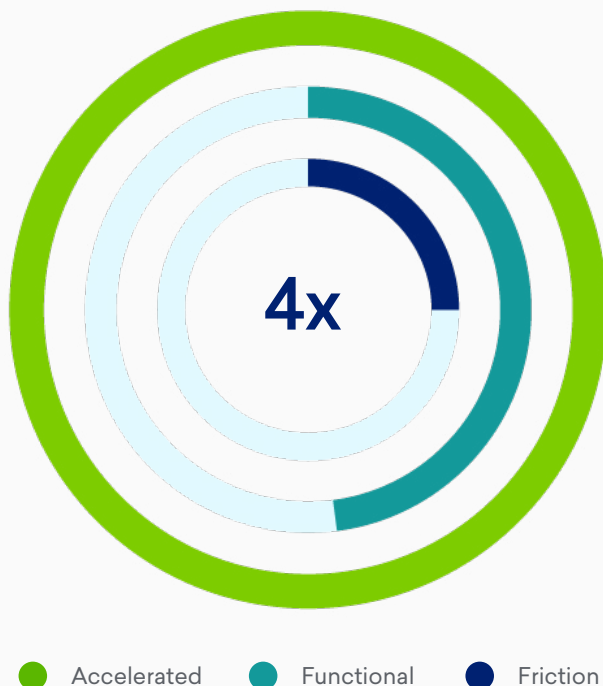
We are in the business of human connections, not transactions, and that carries over to our employees.”

When employees say they have ample opportunities to innovate, our research shows there is a positive, open relationship with leaders, where leaders actively seek employees’ ideas (91% of employees at Accelerated companies believe managers genuinely seek and respond to their ideas, as compared to 69% at Friction companies). Leaders also nurture an authentic relationship, where employees at all levels feel they can connect with them at any time. At Quicken Loans, Vice Chairman Bill Emerson gives his direct line and cell phone number to all new team members during the company’s monthly orientation.

Olya Kenney at Quicken Loans serves as a good illustration of an Accelerated company. Kenney is just one of thousands of team members at Quicken Loans who has the freedom to generate and execute innovative ideas that drive the company forward, in an environment of empowerment and trust.

As noted above, Kenney was trusted by leaders to build her own team and execute her idea for the Empathy Generator. She also reported that in the process, she was guided by shared principles that all Quicken Loans team members are familiar with—known as “ISMs.” In particular, she called out the ISM: “Innovation is rewarded, execution is worshiped,” and “Every client, every time. No exceptions, no excuses,” as her guiding forces.

Kenney was also empowered by well-developed processes and systems that actively connect team members and nurture innovation throughout the ranks. The sanctioned time that she initially used to get her idea off the ground, “Bullet Time,” was a practice rolled out by a dedicated innovation group called Future Labs that implements ways to nurture innovation across Quicken Loans.



Employees that use the words “genuinely” and “leadership” to discuss their workplace are 4 times more likely to experience an accelerated company culture than a friction organization, and 2.3 times more likely than a functional organization.

It's worth noting that Bullet Time and the other processes that exist at Quicken Loans to mine the creativity of team members did not just magically appear. They represent a tremendous investment of time and resources. This investment is rooted in the unwavering belief, on the part of leaders, that team members at all levels of the company are capable of greatness—that the best ideas are not solely in the heads of leaders or a dedicated “innovation team,” but rather, in the minds of every single team member.

While nurturing innovation is vital at an Innovation By All company, the role leaders play can be somewhat counterintuitive. That's because for employees to take the reins in developing their ideas, leaders must be able to step aside from the tactical

implementation—and instead, provide guiding values, an inspiring vision, and executive-level support and knowledge.

Patrick Hartford, Quicken Loans' Vice President of Emerging Technology, sees his role in the innovation process as helping team members to secure resources, understand the broader landscape of how their idea fits into corporate strategy, and anticipate landmines. He also cited another “ISM” as being particularly helpful to encouraging innovation: “It's not about who is right, it's about what is right.”

“We can help guide people where they're going,” he shared. “But to get in the way would be an awful thing.”

Leaders are also essential to the vetting and prioritization process, and making sure the best ideas get the resources they need to come to fruition. This can be seen at play in Quicken Loans' practice of holding a "Shark Tank"-like forum where hundreds of self-organized groups who have ideas they're excited about come together and present their ideas to senior leaders.

"We have millions of ideas," said Hartford. "Leaders play the role of looking at those that make the most sense for the business, and making sure they have the resources to make it happen."

This type of leadership gives employees something else our research shows is critical to the innovation process: space. This freedom to ideate—which, according to our research, includes taking time away from work—appears to result in a sort of boomerang effect, with the latent energy coming right back to benefit the organization in the form of great ideas and passionate levels of commitment.

For example, now that her Empathy Generator is taking off, Kenney has, on her own, decided to lead optional weekly innovation meet-up groups—outside

of working hours—for the team of developers that she created to continue innovating. They are now working on AI-enabled spin-offs of the Empathy Generator that can measure and assess the user experience. "Innovation really doesn't stop once it starts," she said. "You do it truly willingly because it doesn't feel like work."

Innovation By All cultures are full of realities that are not the norm in typical companies. Employees work longer hours not because they have to, but because they're so passionate about their work that they don't want to stop. Leaders lead by stepping aside, supporting employees whenever and wherever they can. Hierarchy, power, and influence are used to strategically nurture the best ideas—no matter where they pop up. And the toughest competitors are motivated by a deep sense of care for the people who work there.

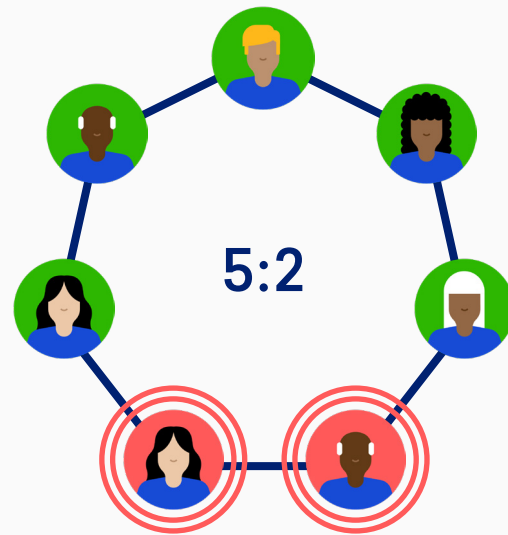
All of these realities are available to any organization willing to adopt them. But it takes a willingness to move away from the traditional notions of leadership that have guided standard business practices for decades—which can be seen in the Functional and Friction stages described below.

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Stage 2: Functional

Functional organizations are moving forward—just not as quickly as they could be. That’s because for every five employees who are regularly innovating, two are not, making them far less formidable competitors than their Accelerated counterparts.



Employees at Functional organizations are supported and aligned around a values-driven culture, and are able to move at a fast pace that keeps up with market needs. However, they are not setting the pace. For example, these organizations have 12% fewer employees that quickly adapt to changes needed for their organization’s success than Accelerated companies—but 18% more than the “Friction” companies described below.

Employees report a generally positive experience of these companies overall. However, their sentiments more commonly focus on more basic, transactional sorts of themes (i.e., pay, bonuses, time off, training) rather than the purpose-driven, relationship-based themes found at Accelerated organizations. And, cultural strengths often include mention of perks and benefits—which, while important, may be used by leaders of Functional organizations as a substitute for more frequent and authentic interactions, especially if a company is in a growth period.

One employee from a Functional organization shared, “As the company has grown over the past few years

closeness [with leadership] has mostly gone away, as is natural in a growing company. There is still a sense of family for the teams on each project and amongst those that have been around the longest. The company does its best to try and maintain this feeling by having catered lunches, fun Fridays and other team building events. The fact that the company is as big as it is, is what gives it the clout to push back against the clients and offer extra perks and benefits to its employees, so it is a trade-off.”

However, it does not have to be a trade-off. As organizations succeed and grow, it’s ever-more important that leaders maintain an authentic connection to all employees. This is difficult, but not impossible. In the examples of Nvidia and Quicken Loans, this is done, in part, by staying in front of employees with a clear vision, well-articulated values, and prioritizing opportunities for direct connection with employees at all levels.

On the innovation front, at Functional organizations we find that while leaders encourage autonomy and avoid micromanaging, they are less able to foster a

sense of ownership or enable employees to carry ideas to fruition. Leaders are also less likely to actively seek employees' ideas, with just 81% of employees reporting this experience—as opposed to 91% at Accelerated companies, noted above.

The impact of these efforts on the business is notable. Functional companies see 63% less revenue growth than those in the Accelerated camp. They are also 10% less productive, 13% less agile, and employees are 8% less likely to say they want to work there for a long time.

If Olya Kenney had worked at a Stage 2 Functional company, she may have had the idea for the Empathy Generator, but the way its execution played out—if it played out at all—would have been completely different. Without sanctioned Bullet Time, she may never have had the opportunity to connect with leaders to start the buy-in process. Without the fluid connections to the legal team, she may never have gotten the insights she needed to map a strategy. And without a leadership approach that empowered her to take the reins of her project and lead it to fruition, the Empathy Generator may well have been added to an established leader's to-do list, ultimately taking a back seat to competing, mission-critical priorities.

Organizations at the Functional stage may have the Innovation By All flight path in their sights. But in order to get there, leaders need to make sure they are actively, not passively, empowering employees at all levels to contribute and execute great new ideas. They also need to adopt the mindset that no single employee or group of employees are the most innovative. Like a flock of birds, each one is valuable to the survival of the whole as they pivot, interact, and respond to an ever-changing environment within and outside of the organization.

Finally, leaders need to embrace their role in setting an inspiring vision for all to follow, and living by a set of shared principles that serve to guide the actions of the entire company.

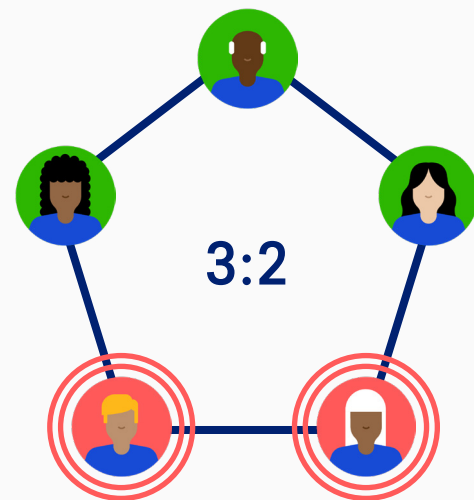
These actions aren't easy. They require a shift in thinking about what it means to be a leader—a willingness to trust your people and loosen the reins, even just a little bit. But as leaders of Innovation By All companies will attest, if you believe in the power of your people, the best thing you can do as a leader is to give them what they need to succeed, and then get out of their way.

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Stage 1: Friction

At companies falling into this group, for every three employees pulling the organization forward, two say they have just a few or no opportunities to join them.



In these organizations, the inspiration needed to innovate is in shorter supply. Fewer employees feel connected to leaders or to a larger vision for the organization. In fact, in some cases, a sense of fear or trepidation can be associated with innovation.

And, while some employees are having an innovation experience, others are falling behind as they navigate organizational politics, perceptions of favoritism, or a sense of inequity when it comes to pay, profit sharing, and opportunities for advancement.

As a comparison, employees at **Stage 3 Accelerated organizations are 37% more likely than those at Stage 1 to report that promotions go to those who best deserve them, and 41% more likely to say they receive a fair share of the company's profits.** And while our research found that profit sharing and fair promotions are not key drivers of innovation, they did arise as key differentiators of innovative companies. When these sorts of baseline needs are met, employees have the freedom to lift their gaze—instead, focusing their valuable energy on scanning the horizon, anticipating market needs, collaborating

with others, and pursuing those sparks of ingenuity when they rise.

One employee from a “Friction” environment shared, “To pick up the extra work that other departments fail to do properly, and still not be compensated properly for any of that is extremely discouraging.”

The words that employees from Stage 1 Friction companies use to describe their experience at work help crystallize aspects of this environment. Commonly-occurring phrases include: “upset customer,” “critically short staffed,” “management picks favorites,” and “feel neglected.”

This lack of support that some employees feel manifests in other ways as well. Another key element of a Friction environment is a distinct lack of opportunities for growth or professional development. Our research shows that in Accelerated companies, there is a genuine desire to help employees grow and advance in ways that are meaningful for them, at every phase of their career—keeping employees motivated, engaged, and up

to speed on the latest developments in the market. However, the genuine care and attention that is needed to foster employee growth in this way is less common at Stage 1 companies, leaving human potential on the table.

Imagine Olya Kenney in a Stage 1 Friction organization. Even if she'd had the inspiration to conceive of the Empathy Generator, it's difficult to see how it ever could have come to fruition. It's highly unlikely she would have had open lines of communication to establish the groundwork needed to move the idea forward. Even if she had, she may not have trusted others enough to share her idea.

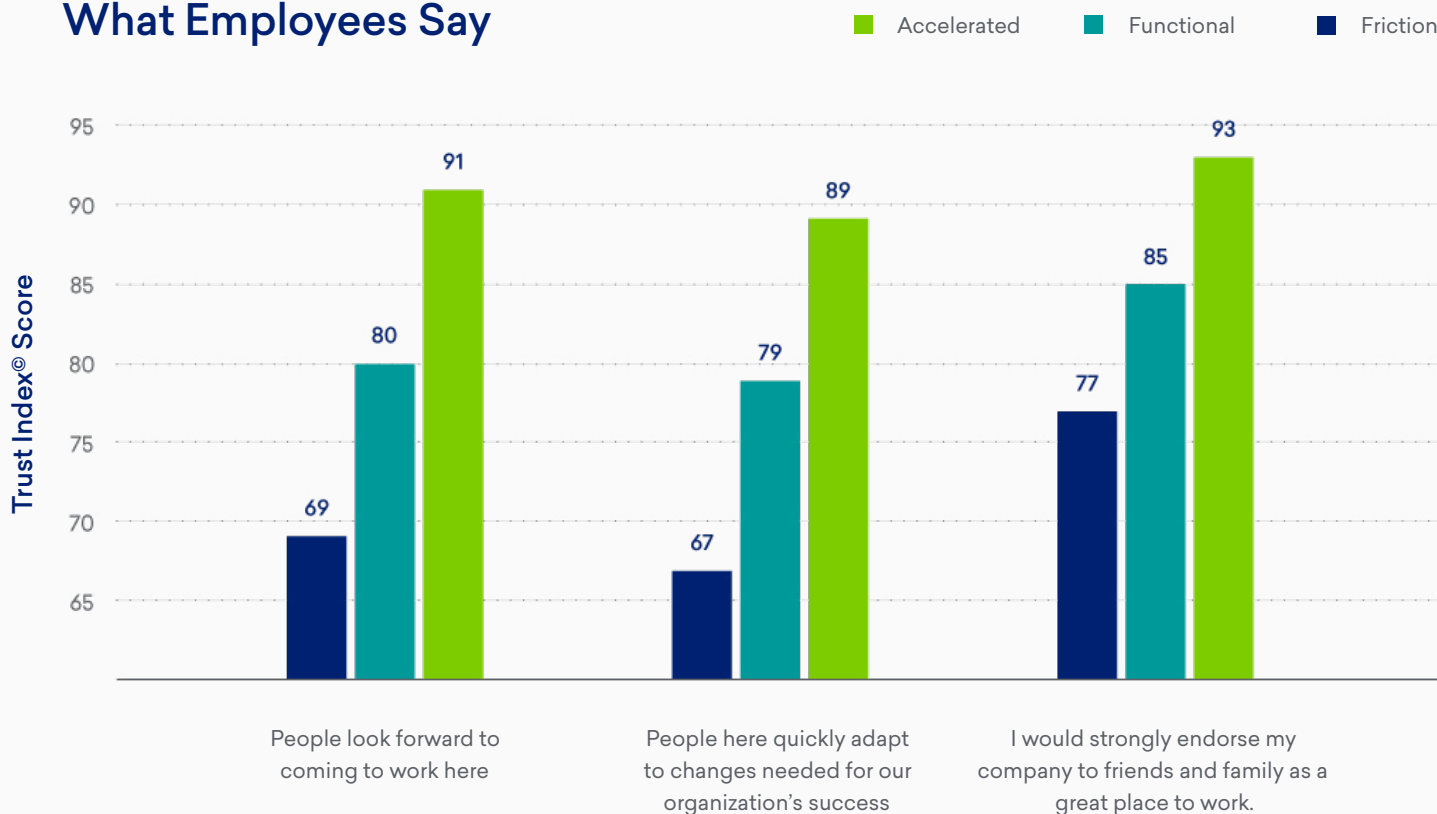
At Kenney's team-building stage of her innovation, given the 3:2 Innovation Velocity Ratio at Friction organizations, it would have been difficult for her to

find a critical mass of employees who were ready to jump in and innovate with her. And even if she had, given lower levels of trust overall, leaders may not have allowed employees to leave their posts in pursuit of a new idea.

Creating a culture where everyone feels they can share their best ideas is no small feat. Mechanisms for hearing employees' great ideas must be in place, naturally. But fostering a climate where people are inspired to generate those great ideas in the first place, feel able to share them with leadership, and then execute them in practice, are other questions entirely.

All of these pieces are critical to successful innovation, and all are needed to inspire, harness and implement new ideas that come from anyone in the company, at any time.

What Employees Say



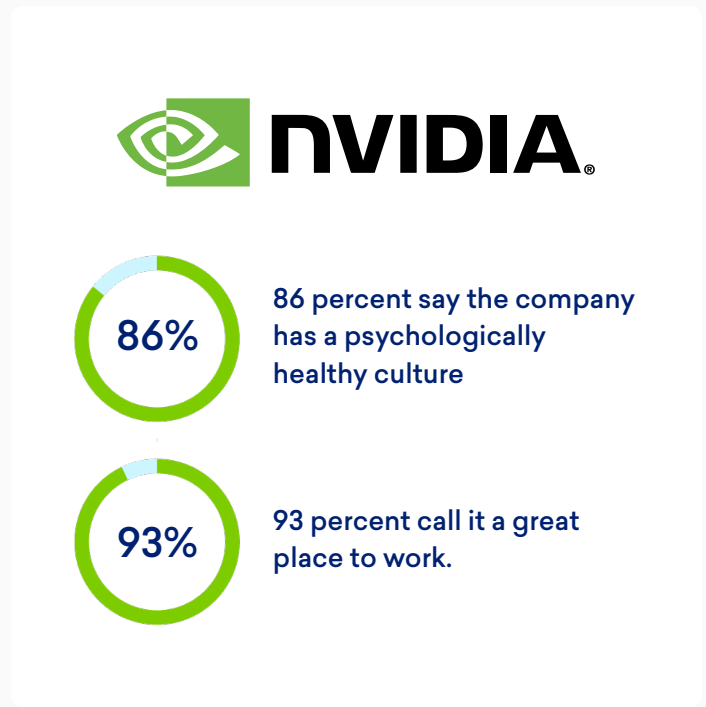


Innovation By All: Better All Around

A final, happy note about the new flight plan for innovation: the benefits go beyond your business results. Innovation By All also is better for people and for the world. Tapping everyone's ingenuity, creativity and passion leads to new products and services that can advance society. Inventions, dating back to the development of the wheel, have always had this positive potential. But Innovation By All practiced in organization after organization means the human race can accelerate toward a better future. It's as if the mind-flocks we see at Nvidia, Quicken Loans and other companies become intertwined and global in nature. With individuals everywhere noticing problems and proposing solutions, our species can adapt and elevate as never before.

Consider the Empathy Generator. Inspired by the idea of assisting customers with disabilities, Kenney and Quicken Loans are paving the way for many more organizations to develop inclusive ways of interacting online. This, in turn, promises to enable more people to reach their potential and contribute to the community. "This idea has this benefit to humanity that goes beyond helping a small number of people or one company," Kenney says. "It actually has this ability to transform society, to make people understand and learn differently."

Or look at how Nvidia's technology is helping to find cures to tough medical maladies, including cancer, Alzheimer's and Parkinson's. And it is enabling robotics to advance in ways that minimize injuries to people. Because Nvidia's hardware and software allow for such accurate simulations of reality,



computers can experiment with virtual robots. These artificial yet realistic environments allow for massive numbers of the experiments that enable machine learning and eventually robots that are ready to interact safely with human beings.

Advanced robotics offers the promise of vast gains in productivity and improved standards of living for people. Even now, though, the people at companies practicing Innovation By All are benefiting in important ways. Opportunities to innovate are fundamentally about having a measure of power at work. They are chances to exercise autonomy, to be creative. Our research shows a close correlation between the frequency of people's meaningful innovation opportunities and the extent to which they call their workplace great. This data dovetails with other studies finding that a sense of control over work is vital to people's wellbeing. Experts estimate

that workplaces in which people lack decision-making power and experience other elements of poor management contribute to roughly 120,000 premature deaths annually in the United States.

The companies we are profiling in this series show that Innovation By All is positive for people. Nvidia's employees for example, also are thriving. Fully 86 percent of them say the company has a psychologically healthy culture, and 93 percent call it a great place to work.

Take Rev Lebedian. He's like a kid in a high-tech candy store. He got his professional start in the Hollywood world of computer-generated imagery, and says his career at Nvidia has been a thriller of one new opportunity after the next.

"Every time I've thought about leaving, or the thought even crossed my mind, there's some new awesome thing that I never thought I would ever be involved in," Lebedian says.

It's not just the new awesome thing. It's also the way that Lebedian and his Nvidia colleagues are able to rapidly reorganize themselves to swoop in. Lebedian says the company is full of people who have been together for many years, who trust each other, who communicate quickly and who can collaborate effectively.

"We end up sticking here because there's this network effect, and we have a shorthand between each other" he explains. "The lack of divisions makes it very easy for someone like me who's been here for a long time, if I need something from another group, I could just call up the guy or send an email. And without having to explain much, there's trust between

us and we can share resources and work together to solve this problem."

In other words, flocking has become almost instinctual at Nvidia—and it is fun.

"If another company were to come in, offer me three times more than what I'm making today, I couldn't leave because I know if I went there, I wouldn't have this," he says. "I'd be throwing away this foundation that I built here, and the whole company has this."

No wonder Nvidia is winging its way to new heights these days.

On the strength of its Innovation By All culture, don't expect it to come down anytime soon.

Bringing Innovation By All to Your Organization

If your company is like most, it still has opportunity to get even better at maximizing the full potential of each and every one of its employees. So how does it go about getting better? The first step is getting a better handle on where your organization is today. Have your company's employees complete Great Place to Work's Trust Index® survey and then subscribe to the rest of our Innovation Insights series to learn more about how to create an Innovation By All culture.. For more information, go to greatplacetowork.com.



On the Horizon

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Part 2

Barriers & Drags to Innovation

Assess what factors are dragging/blocking unleashing your innovation efforts

Lessons from companies with underperforming innovation efforts and those that turned theirs around

Gain ideas on how to break through barriers in your organization



Part 3

One Size Fits All

How Innovation By All works in any industry, any size company

Learn how companies scale Innovation by All as they grow

Learn what's distinct about your industry when building innovation experiences

Benchmark yourself against your peers

Learn which innovation drivers are most at risk during different growth stages and how companies scale as they grow



Part 4

Beacons & Leading Organizations

Understand the blueprint for Innovation by All based on stories, research, and lessons from the best workplaces at innovating.

Identify what practice areas may be assets or critical opportunities

Steps to experiment with best practices from other organizations



Part 5

Innovation by All in the Future

Learn how to leverage Innovation By All to tackle emerging technology shifts like AI

Engaging leaders to drive innovation, expanding beyond programs

GPTW predictions for the future

Assess the readiness of your company and strategic plans to be ready for key trends coming up over next 18 months

Authors

Marcus Erb, VP, Service Innovation & Development

Jessica Rohman, Senior Director of Content

Ed Frauenheim, Senior Director of Content

Chandni Kazi, Product Manager

Nancy Cesena, Product Manager



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For 30 years, Great Place to Work® has worked with leading companies from around the world to identify and build high-trust, high-performance workplace cultures. Our research has proven that building Great Workplaces For All isn't just the right thing to do, it's better for people, better for business, and better for the world.

U.S. Locations

Oakland (Headquarters)
1999 Harrison St #2070
Oakland, CA 94612
+1 415 844 2500

New York City
85 Broad Street, Suite 17-034
New York, NY 10004
+1 646 370 1125

Contact Us

greatplacetowork.com

getcertified@greatplacetowork.com