

CIO Corporate innovation online Innovation management best practices

Do CEOs think differently than ‘Others’ and how does CEO thinking differ from CIO’s Best of the Best?

CEO insights using the use of the online survey.

A comparison with ‘Others’ and with CIOs Best of the Best.

CEOs and others have responded to the online survey and shared their opinion on the twenty-five Factors which make up the online survey¹.

CIO examines, initially, one of the three themes explored when using the online survey; in this case the **organization and management (O&M) of day-to-day affairs** and whether there is a difference of viewpoint between CEOs and what we refer to as ‘Other’ respondents to the online survey.

Of the three themes covered by CIO, this theme happens to be the most amenable to change should that be managements’ concern. Where there is a difference between the ‘Ideal’ and the ‘Reality’ for each of the eight Factors making up this theme, leadership can bring about improvements by making the right decisions and the results are traceable.

Further insight into CEO thinking is provided by comparing responses from CEOs to the ‘Best of the Best’ (BofB), a measurement developed by CIO from its research into innovation best practices.

Highlights

CEO insights using the online survey.

A comparison with ‘Others’ and with CIOs Best of the Best

Organization and management of day-to-day affairs.

CEOs are particularly interested in communication, the need to decentralize and support the idea of forming independent work groups.

Leadership topics.

CEOs from our survey have less interest in innovation than CIO’s BofB

Idea generation and realization topics.

Mavericks may be a problem for CEOs as is the tolerance for failure.

Balance of Factors

Appendix

CEO/COO Thinking – from the online survey. What is their Ideal? What are their expectations?

¹ The online survey is no longer available, but the data base is and serves as a source of information into best innovation management practices.

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Organization and management of day-to-day affairs.

Coded 'blue' in the Appendix.

CEOs are particularly interested in communication, the need to decentralize and support the idea of forming independent work groups.

CIO reviewed the responses to the on-line survey and extracted the opinions of those who registered as CEOs, COOs, or as a member of the Board of Directors for their organization. Only a small percentage designated that they were a member of a Board, so the results are with CEOs and COOs. Responses were mainly from the private sector but approximately 25% were from not-for-profit organizations.

Eight Factors make up this theme. All eight Factors have to do with management practices which are the direct result of the actions by leadership and the legacy of the history of the organization, its founders, and leaders.

The chart opposite shows the results from the analysis of responses.

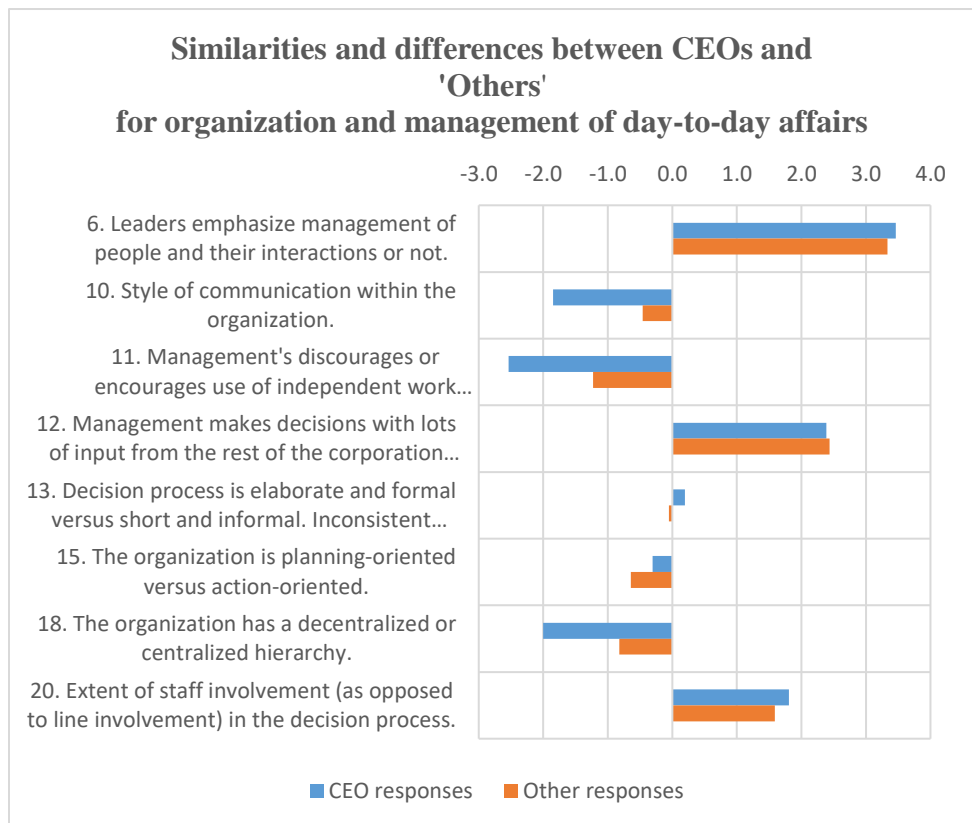
For three of the Factors there is a consistency in the responses. Both CEOs and 'Others' beliefs are the same.

- F#6; the 'management of people' needs emphasis.
- F#12; it is important that there be input from across the organization into decision making.
- F#20; staff as well 'line' should be involved in the decision process.

The 'style of communication – F#10 - is, as one might expect, of more concern and importance to CEOs than to 'Others'.

CEOs are also more enthused about the 'use of independent work groups' – F#11 – than are 'Others'. Factor #11 deals with the use of independent work groups or not, often an indication of the management style and facility for delegating and decentralizing decision making in any organization. In this case, CEOs are of the opinion that it is important to use independent work groups while 'Others' place less emphasis on this Factor.

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CEOs also seem more concerned (F#18) about the degree of decentralization and removal of hierarchy than are 'Others'. Results from an examination of the remaining two Factors, F#13 and F#15, are inconclusive except for the sense that neither are important issues when compared to the other six Factors.

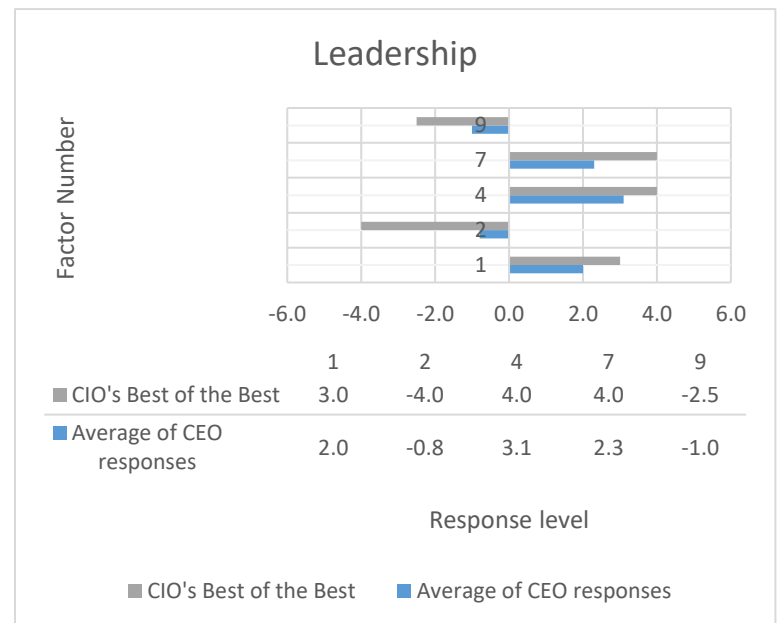
Leadership. Coded 'green' in the Appendix.

CEOs from our survey have less interest in innovation than CIO's BofB

Further insight into CEO thinking is provided by comparing the responses of CEOs with the Best of the Best (BofB), a standard established by CIO.

Five Factors are included in this theme. CIO provides a comparison between the BofB with responses from CEOs.

- Factor #1 deals with whether the emphasis of CEO decision making is on the short term or longer term. CEO responses are in line with the BofB.
- Factor #2 deals with management's explicit desire for innovation. The result is surprising since all the highly innovative companies which CIO has researched place great emphasis on the need for innovation. In this case, CEO thinking is very much not aligned with the BofB. CEOs, in the survey, do not place emphasis on the need for innovation.
- Factor #4 deals with the planning emphasizes, i.e., is, in the planning process, the focus on rationing resources or identifying opportunities. There is alignment among CEOs responses and the BofB and, from the same research from the opinion of 'Others'; not shown in this chart.
- Factor #7 questions whether career ladders and other means are used to reward innovators. CEO opinion is not quite up to the standard of the BofB but close enough. From other research, the opinions of both CEOs and 'Others' coincide. Whether an individual corporation has the appropriate mix of rewards is more the issue, but the consensus is that it is an important issue to all parties.
- There are no observable results for Factor nine.



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Idea generation and realization. Coded 'orange' in the Appendix.

Mavericks may be a problem for CEOs as is the tolerance for failure.

Six Factors are included in this theme. CIO provides a comparison between the BofB with responses from CEOs.

- Factor #3 deals with the desirability of having mavericks in the organization. 3M, which is recognized as one of the most innovative companies in the world, makes it clear that mavericks are a part of their corporate make-up and are contributors to idea generation. CEOs are not convinced.
- Factor #5, tolerance for failure, is also a surprising result since traditionally the assumption of risk is a feature of highly innovative companies. P&G, for example, takes pains to monitor their risk level and to keep on target. Innovation does not come without risk! Again, CEOs are not convinced.
- Factor #14 is related somewhat to Factor #7; whether there are specific mechanisms within the corporation to reward innovators or not. CEO's opinion is like the BofB.
- Factor #19 asks whether resources (budget, personnel, time, etc.) are generally available for new ventures or not. CEO/COOs hold to the belief that resources will be available if the right projects come along. CEO opinion aligns with the BofB and aligns with 'Others', not shown on this chart.
- Factor #23 asks whether R&D budgets should be at least up to the competition. CEO's response indicates a lower standard than the BofB.

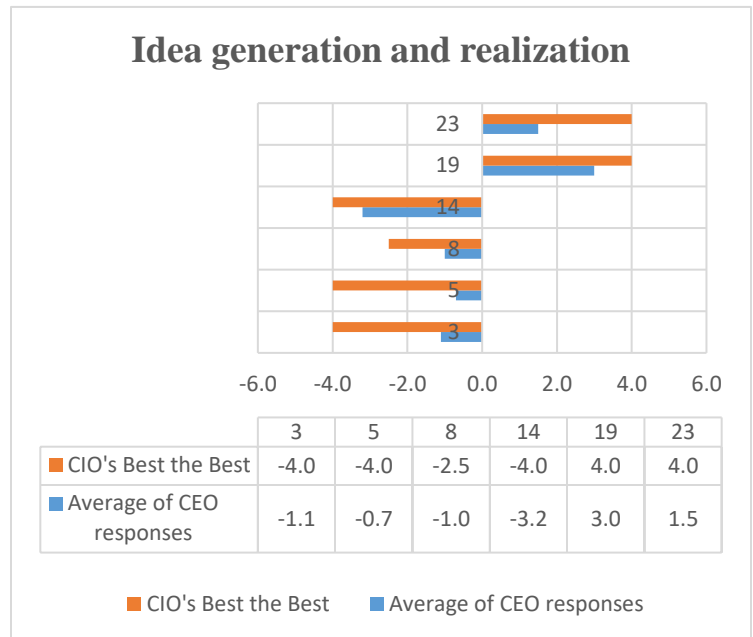
There are no observable results for Factor eight.

Balance of Factors

An explanation of these results is that the online survey draws from smaller companies than the P&Gs of this world. For example, for SMEs, failure can often mean the end of the enterprise whereas with a larger diversified company, the impact is not so severe.

Factors not included in this paper; Numbers 16, 17, 21, 22,24, and 25, while relevant to individual responses, are not applicable in these results.

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CEO/COO Thinking – from the online survey

What is their Ideal? What are their expectations?

Factor Description	Avg.	Extreme left	Extreme right
1. Management's emphasis is on short-term versus long-term profit.	2.0	Emphasizes very short term	Emphasizes very long term
2. Management explicitly looks for or has no interest in innovation.	-0.8	Explicit objectives for innovation.	Has no interest in innovation.
3. Management's tolerance for mavericks or not.	-1.1	A lot of tolerance.	Very little tolerance
4. Planning emphasizes rationing resources or identifying opportunities.	3.1	Very much rationing resources.	Focus is on identifying opportunities.
5. Management's tolerance for failure or not.	-0.7	Very high tolerance for failure.	Very low tolerance for failure.
6. Leaders emphasize management of people and their interactions or not.	3.5	Little emphasis on people.	Very much emphasize people management.
7. Corporation provides career ladders, powers and titles for innovators or not.	2.3	Innovators have limited career opportunities.	Innovators have careers and recognition.
8. Corporation is tolerant towards variances from the corporate norm or not.	-1.0	Corporation highly tolerates differences.	Corporation has little tolerance for differences.
9. Management's tolerance for uncertainty (as distinct from risk) in the planning process or not.	-1.0	Plans have a very low tolerance for risk.	Plans have a very high tolerance for risk.
10. Style of communication within the organization.	-1.8	Communication is highly informal.	Communication is highly formal.
11. Management discourages or encourages use of independent work groups for special purposes.	-2.5	Use of independent work groups is greatly encouraged.	Use of independent work groups is greatly discouraged.
12. Management makes decisions with lots of input from the rest of the corporation or not.	2.4	Little consultation.	Lots of input is sought.
13. Decision process is elaborate and formal versus short and informal. Inconsistent results make it difficult to draw a conclusion.	0.2	Process is short and informal.	Process is elaborate and formal.
14. The corporation has specific mechanisms available for rewarding innovation or not.	-3.2	Mechanisms exist for rewarding innovation.	No mechanisms for rewarding innovation.
15. The organization is planning-oriented versus action-oriented.	-0.3	Organization is prone to planning and analysis.	Organization is prone to action with little planning.
16. Management has an open and relaxed attitude towards mergers, acquisitions, joint ventures and divestitures or not.	-1.9	Very open attitude to mergers and acquisitions.	Very closed attitude to mergers and acquisitions.
17. Management expects people to be totally devoted to the corporation or makes room for personal development.	1.1	Insists all time and effort are devoted to corporate objectives.	Really encourages personal development.
18. The organization has a decentralized or centralized hierarchy.	-2.0	Highly decentralized hierarchy.	Highly centralized hierarchy.
19. Resources (budget, personnel, time, etc.) are generally available for new ventures or not.	3.0	Few resources are ever available.	Resources are generally available.
20. Extent of staff involvement (as opposed to line involvement) in the decision process.	1.8	Little staff involvement in decisions.	Lots of staff involvement in decisions.
21. Innovators tend to stay with the organization or leave.	-2.2	Innovators stay with the corporation.	Innovators leave the corporation.
22. The organization has or has not an innovative tradition.	3.4	Corporation does not have tradition of innovation.	Corporation has a fine reputation for innovation.
23. The R&D budget is less or more than the competition.	1.5	R&D spending is much less than the competition.	R&D spending greatly exceeds competition's spending.
24. Innovation is perceived as decreasing or increasing.	2.7	Innovation is decreasing rapidly.	Innovation is increasing rapidly.
25. Employee organizations discourage or encourage innovation.		Organizations encourage innovation.	Organizations discourage innovation.

The 'Average' is based on an analysis of respondents (CEO/COOs and Board Members) opinions as entered in the on-line survey.

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