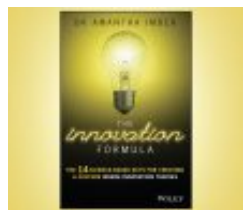


The formula for fostering innovation

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Innovation and the goldilocks factor -- finding the level of challenge that's just right

This post is adapted from "[The Innovation Formula: The 14 Science-Based Keys for Creating a Culture Where Innovation Thrives](#)" (Wiley, 2016). Imber is the founder of [Inventium](#), a leading innovation consultancy that uses scientifically proven techniques for boosting innovation performance. Follow her on Twitter [@amantha](#) and [@inventium](#).

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Jeff Immelt took over from Jack Welch as the **CEO** of **General Electric** on Friday, Sept. 7, 2001, four days before two planes flew into the World Trade Center towers. It is an understatement to say that his timing was rough.

Welch had delivered **GE's** shareholders average returns of 23% per annum during his two decades as the company's leader. Welch's success had come from clever acquisitions and improving efficiencies, but Immelt felt he needed to take a different tack. In his first two years he focused on investments in R&D and leadership and on identifying new growth opportunities for the business. However, by the end of his second year, income and revenue were at levels similar to where they were back in 2000.

Immelt knew he had to go even further in his pursuit of organic growth. He created an initiative that is still front and center at **GE** today. Immelt brought together his top marketing directors from across **GE's** varying businesses in September 2003 and asked them each to develop five Imagination Breakthroughs. These were defined as new business proposals that would deliver new growth to **GE**. And they had to be delivered within two months.

In November 2003, 50 Imagination Breakthroughs were presented to Immelt and 35 were green-lighted. Imagination Breakthroughs (or IBs, as they are called within the organisation) are now a core part of business leaders' roles at **GE**. Every year, leaders are challenged to come up with three IBs, which are defined as new projects that can deliver \$100 million of incremental growth within three years.

IBs are incredibly high-profile at **GE**. If you are asked to work on or contribute to an IB project, you re-prioritize everything else to accommodate it. This means that while the leaders feel a huge sense of challenge in presenting three IBs each year, they also have the resources at their disposal to rise up to and meet the challenge.

Within five years of the program's inception, IBs had generated \$3 billion in incremental revenues for **GE**, and the company had hit its growth targets for 14 continuous quarters.

It's important to feel challenged by your work, and this is borne out by many studies that link challenge to increased creativity and innovation. In the 2007 meta-analysis ["Climate for creativity: A quantitative review."](#) Samuel Hunter and his colleagues found that employees feeling a strong sense of challenge in their work is one of the strongest drivers of a culture of innovation. They defined challenge as the "perception that jobs and/or tasks are challenging, complex and interesting — yet at the same time not overly taxing or unduly overwhelming."

It is important that you don't simply think about how to give people the biggest possible challenge. Instead you should ensure that the level of challenge you set is one that is achievable. On the flip side, setting tasks that people are able to complete with their eyes closed will not breed a culture where innovation thrives.

So why is challenge so necessary for innovation? The answer lies in the work of Mihaly Csikszentmihalyi, a professor of psychology and management at Claremont Graduate University. Csikszentmihalyi is best-known for researching a concept called "flow." Flow, or "being in the zone," is the state of complete absorption in a task. If you have ever been working intensely on a project and suddenly realised that an hour, or several, have own by, you were probably in a state of flow.

In a nutshell, there are two preconditions for flow. The first one is a high degree of skill in the task you are doing. The second precondition is challenge -- that is, working on a task that you would define as challenging or difficult. Csikszentmihalyi found that employees experience flow 44% of the time and experience boredom 20% of the time. The rest of the time -- 36 per cent -- is filled with anxiety.

Finding tasks and projects that challenge you (or your team) will help to increase the percentage of time spent in flow -- just so long as you have the skills and abilities to rise to the challenge. If you don't, it will simply result in increased anxiety.

GE's Imagination Breakthrough program is a great example of how to ensure people feel an optimal level of challenge. The challenge set is a big one -- finding new business ideas that will contribute \$100 million of incremental growth -- but leaders are given an entire year to develop three new growth ideas. The challenge is big, but the resources made available to leaders make it a challenge that they can meet.

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