

# GOAL CLARITY: WHY BLUE-SKY THINKING IS AN INNOVATION KILLER

*by Amantha Imber*

Most weeks at Inventium I speak with groups of business leaders who want to grow their organizations and who recognize that innovation is a sure-fire way to do that. And as we talk, the following question inevitably pops up: “How do I create a culture for innovation?” I love being asked this question, because it is an area in which the latest scientific research tells us very clearly what works and what doesn’t. And sadly, the right path is usually the exact opposite of the path most of those organizations are taking.

Many leaders who have been given the directive to “build a culture of innovation” immediately think about the Googles and Apples of the world. Images of beanbags

and foosball tables fill their minds, as do “blue-sky” workshops in far-off country retreats. However, what we know from the research is that all this is completely ineffective in creating a culture of innovation.

As is often the case, the voice of popular culture and fad-ridden management books wins out over the voice of scientific research. Jargon-filled, densely written journal papers are harder to access than the pop-psych books filling the shelves. This article aims to remedy that: to give you a clear, practical understanding of what has been scientifically proven to create a culture of innovation. And it’s got nothing to do with beanbags. You can also learn more about our innovation process in Figure 1.



**FIGURE 1. INNOVATION AT INVENTIUM**

My recent book *The Innovation Formula* takes you on a journey through the essence of more than a hundred scientific studies into what creates a culture of innovation. It looks at the impact of the individual, teams, leaders, and the organization. It tells you how organizations such as Etsy, Coca-Cola, GE, and Disney are actively applying these principles to deliberately and successfully create cultures in which innovation thrives.

Though the book examines fourteen factors that drive innovation culture at four different levels (individual level, team level, leader level, and organization level), this article focuses on a key leader-level factor: goal clarity.

One of the biggest problems I encounter through the work I do at Inventium is “blue-sky thinking.” You may be reading this and thinking, “But I thought blue-sky thinking was a good thing. In fact, I participated in a blue-sky workshop just last month!” I hear this kind of thing a lot and I cringe when I hear it. Blue-sky

workshops, where there is not a set goal or challenge—just a bunch of people sitting in a room being asked to come up with the next big thing for their industry—are a huge waste of time. Asking people to go blue-sky with innovation is like playing darts without a dartboard: you simply don’t know where to aim. And though you may have a great time in the idea generation workshop and feel really excited, ultimately you end up with a lot of ideas that collect dust on someone’s desk and never see the light of day.

Another version of blue-sky thinking workshops occurs when organizations implement idea management software (a fancy phrase for an online suggestion box) and open it up to all employees to suggest absolutely any idea. I have seen this happen countless times, and what inevitably happens—in the absence of clear challenges to solve—is that the innovation team will receive a stack of ideas. Hundreds, if not thousands. And the team sits around scratching their heads wondering (1) how to give feedback about all these ideas and (2) how to make decisions about which ones to implement. And the truth is, both of these questions are very difficult to answer. It is challenging to give feedback about ideas when you don’t know what problem they are trying to solve. Likewise, it is almost impossible to make decisions about ideas when there is no set challenge or opportunity against which you can evaluate it.

Any decent innovation process needs to start with clear goals. At Inventium we call these “Innovation Missions.” Innovation Missions provide broad but focused opportunities that the organization can look to pursue. Some of these missions will be focused on improving the core business (i.e., on incremental

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innovation). Other missions will be focused on innovation that is more breakthrough or disruptive.

As well as clarifying the organization-wide goals, ensuring that teams and individuals are clear on the goals relating to the projects they are working on is critical in building a culture of innovation. There is decades' worth of research into goal setting and productivity, but there's also a smaller body of research into the effect of goal setting on innovation projects. At first glance, you might think that goal setting and innovation cannot coexist, because innovation projects are by their very nature full of ambiguity and uncertainty. Martin Hoegl from Bocconi University in Milan, Italy, set out to investigate this topic further.

Hoegl, now head of the Institute for Leadership and Organization at Ludwig-Maximilians-University in Munich, Germany recruited 575 employees and managers from a total of 145 different software development teams in Germany. Each person was interviewed and asked several questions about the types of goals that they set for an innovation project on which they were currently working. Questions included whether the goals were clear and comprehensive, whether the customer needs were clear, whether the manager had been clear in communicating his or her goals, and whether the goals had remained stable over the course of the project. They were also asked about how effectively their team worked together. The innovation project outcomes were then assessed for the technical quality of the software solutions and the efficiency of the

projects with respect to their being completed on time and on budget.

Hoegl found that goal setting had a significant impact on both quality and efficiency of project outcomes. But he also found that when teams had effective ways of working together, the relationship between goal setting and project outcomes was even stronger. Although goal setting is an important aspect of enhancing the innovation project outcomes, the effects will be much stronger when the team works together effectively and communicates well.

## Achieving Meaningful Goals

Once you have organization-wide missions in place and ensure that teams have clear goals, it's time to start work on achieving them. However, it is surprisingly easy for employees to lose motivation somewhere along the journey. Missions, in particular, are huge goals and can take months, if not years, to achieve. Conventional "motivational gurus" talk a lot about the importance of clear goals to help motivate—but these clear goals will motivate people for only so long. There is a crucial ingredient that you need to add to the mix to ensure motivation is maintained.

This critical ingredient is outlined in *The Progress Principle* by Harvard Business School professor Teresa Amabile and developmental psychologist Steven Kramer. One of the challenges of research is creating experimental conditions that are as close to real life as possible. Amabile and Kramer came up with a creative way to do this, by asking employees to complete daily work diaries. The study recruited people from twenty-six different project teams working across seven organizations—in total, 238 employees. The project teams had a diverse range of pursuits, from creating kitchen gadgets to solving IT problems for a hotel chain. The commonality across projects was that they all required a strong element of innovation for their success.

At the end of every day for four months, the 238 employees were e-mailed a survey to complete. The survey asked them about their work environment, their mood, events that stood out in their mind about the

day, and their level of motivation. This resulted in a total of around 12,000 diary entries to analyze.

One of the questions Amabile and Kramer asked when analyzing the data was: What were the differences between people's best days (based on how they were feeling and their levels of motivation) and their worst? The results were striking.

The number one difference between people's best and worst days was whether they took steps forward on their project or took steps backward. In other words, feeling a sense of progress was the most motivating factor in people's lives. On people's best days, 76 percent had taken a step forward. In contrast, on their worst days, 67 percent reported having a setback.

Although research results can often seem obvious with the benefit of hindsight, Amabile and Kramer went out to 669 managers from a range of companies across the world and asked them what had the biggest impact on employee motivation. Managers were given five factors to choose from: making progress, receiving recognition, receiving incentives, having clear goals, and interpersonal support. Managers had to rank these five factors from the most impactful through to the least impactful. The majority of managers ranked "receiving recognition for good work" as the most motivating factor, while only 5 percent of managers said that "making progress" was most motivating.

Another surprising factor about the research is that the progress that people reported making was generally quite small. For example, one participant, Tom, who was working on a complex billing problem, described one of his steps forward: "I smashed that bug that's been frustrating me for almost a calendar week. That may not be an event to you, but I live a very drab life, so I'm all hyped. No one really knows about it; three of the team [members who] would be involved are out today—so I have to sit here rejoicing in my solitary smugness."

## Applying the Progress Principle

The one caveat attached to the motivating power of progress is that the progress needs to come from doing meaningful work. If, for example, you are working

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work.*

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in a job that bores you to tears and holds no sense of challenge or meaning for you, then you could make all the progress in the world but fail to become more engaged and motivated.

There are several things to consider when applying the "progress principle":

- Rather than just setting big goals and milestones for projects on which teams and individuals are working, set some smaller goals too. Setting these smaller goals will help people to identify their progress more clearly.
- Create a "progress board" to help people visualize the progress they are making. This could be a central whiteboard that sits front and center. At Inventium, we have created progress visuals for all sorts of projects. One confidential project involved the team achieving 200 "micro-wins" (we called these "cherries," as our code name) so we created a grid chart with 200 boxes and every time someone had a micro-win, that person put up a cherry sticker. And when we hit certain milestones, such as 50 or 100 cherries, we would have a themed celebration, such as an afternoon tea of cherry pie, or chocolate-and-cherry ice cream. (We are very motivated by food.)
- Too often we only celebrate the big wins. Instead, take time out to celebrate the small wins that signal progress (in case people are oblivious to the progress they are actually making). Just like the cherry pies that we got for the team, think about how you can celebrate the day-to-day progress that you or your team make.

## Setting Clear Individual Goals

So far this article has looked at organization-wide and team goals, but the other way to think about goal setting is in the context of individuals. Silvia da Costa, from the University of the Basque Country, and her colleagues reviewed several meta-analyses. The researchers examined the difference in innovation performance between people who were clear on both organizational objectives and objectives for their own role, compared with people who worked in environments in which there was low clarity. The researchers found that 54 percent of people who were clear on objectives (both organization-wide and individual) demonstrated above-average creativity and innovation in their performance. In contrast, only 46 percent of people who did not have this clarity showed above-average innovativeness.

Christine Gilroy, group general manager of innovation at the Australian property company Mirvac, has placed a deliberate focus on setting clear individual goals and key performance indicators (KPIs) around innovation. “If you go back five to ten years at Mirvac,” says Gilroy, “innovation was something that happened but was left to chance and was quite reactive. We were good at reactive innovation—when we had a problem, people would come up with fantastic solutions, but we lacked a strategic approach to innovation. We hadn’t stepped back and looked at the full universe of opportunities or challenges and decided where we wanted to focus.”

Mirvac’s company-wide innovation program Hatch was launched in 2014. One of the components of the program, which provides a proactive and strategic approach to innovation, is that the executive leadership team all have KPIs for innovation. In addition, the program’s innovation champions all have a KPI around innovation, as do their managers. “When the program becomes more mature, the aim is that every person in the organization will have a KPI for innovation,” explains Gilroy.

The performance of Mirvac’s innovation champions is measured by their response to the question: “Give examples where you have added value to your Innovation Mission [a business challenge that the

champion has been tasked with helping to solve] and the business by using the Hatch methodologies and innovation process.” All members of the executive leadership team have the KPI of enabling their teams to contribute to innovation at Mirvac. The KPI is measured by people providing examples of supporting or enabling their teams to achieve innovation objectives. Managers of innovation champions are also measured on this KPI to ensure they support and encourage their champion to contribute to innovation at Mirvac.

And if the idea of setting formal KPIs across your entire leadership team, innovation champions, and managers of innovation champions feels like a huge leap, you could use an approach that one of our clients tried as a gentler start to embracing innovation KPIs. This client, a food manufacturer, decided to start with qualitative KPIs. Every six months, every person in the R&D team was asked to answer two questions:

1. What ideas have you contributed that have made a difference?
2. How have you collaborated with others to build ideas?

Having a very clear and overt focus on innovation has meant that innovative behaviors have become more frequent and innovation is kept at the forefront of people’s awareness—all through asking two very simple questions.

## Conclusion

Blue skies are great for birds, but leaders trying to foster a culture of innovation require something more tangible: the need to set clear organization-wide goals to keep people’s efforts focused and effective.

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*How have you collaborated  
with others to build ideas?*

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Adapted from *The Innovation Formula: The 14 Science-Based Keys for Creating a Culture Where Innovation Thrives* (Wiley, 2016).



*Amantha Imber is an innovation psychologist, bestselling author, and founder of Australia's leading innovation consultancy, Inventium. With a PhD in organizational psychology, Amantha has helped companies such as Google, Coca-Cola, Disney, LEGO, Red Bull, American Express, McDonald's, Virgin, Commonwealth Bank, and many others innovate successfully. Amantha was a finalist in the Telstra Business Women of the Year awards. She is the co-creator of the Financial Review's Most Innovative Companies list, an annual list that Inventium compiles, ranking Australia's top innovators. Amantha is the author of The Innovation Formula: The 14 Science-Based Keys for Creating a Culture Where Innovation Thrives and The Creativity Formula: 50 Scientifically Proven Creativity Boosters for Work and for Life.*