

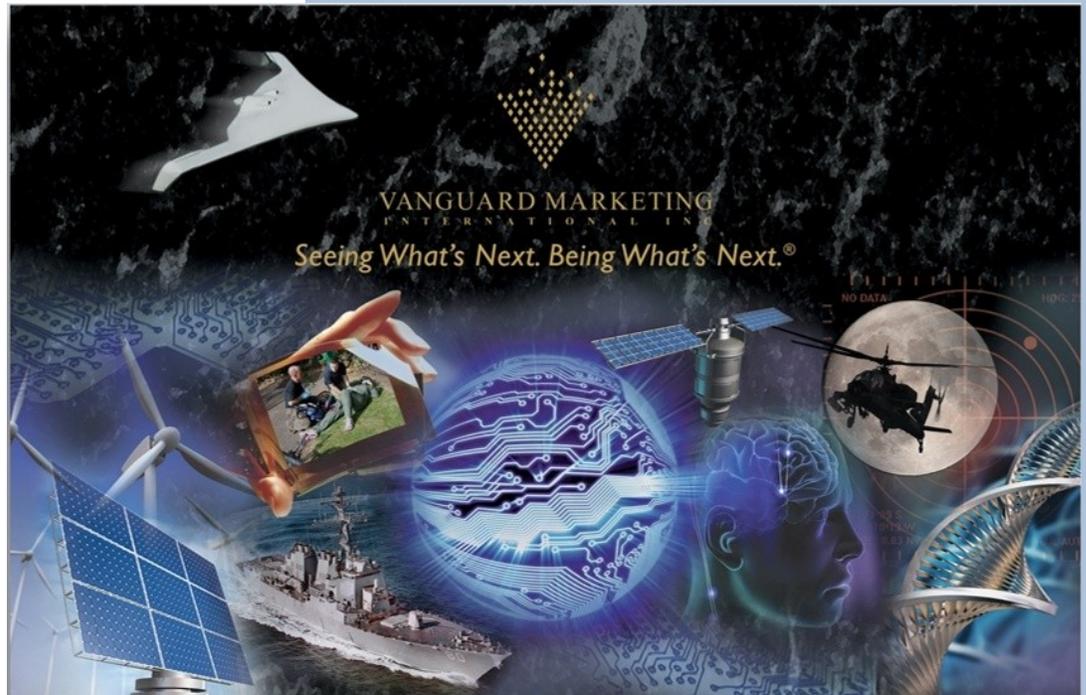


Visionary Leadership and Culture of Innovation

VMI Leadership Series® No. III

Plus Supplemental Readings on

- One at a Time: Hiring the Right Talent
- Hewlett Packard: Creating a Culture of Integrity and Innovation
- Moscow JV: Ideas Don't Have Borders – Look Internationally



Vanguard Marketing International, Inc.



Concerns facing top CEO's today:

"The industry is in trouble; my customers are pulling way back. What can we do to survive and thrive?"

"Our way of doing business over the past forty years no longer works. We have to change. But how?"

The Challenge facing most businesses today:

How to re-awaken its culture of innovation, seize opportunities, and grow profitably once again.

When Markets are Strong...

When markets are strong, management rides the wave of "their" success. As long as the company is growing and can maintain parity with their peers and competitors, there isn't much cause for concern. In fact, management tends to believe it is because of "their" leadership that things are going so well.

But in times when markets falter, the tendency is to point to factors outside of their control such as a worsening economy, lack of credit or shifting customer budget priorities, etc. The root of the problem surely can't be due to a lack of leadership or to a corporate culture that has lost its ability to compete and win!

In the past which stressed slow continuous improvement, market qualities such as vision, leadership, and breakout thinking were not stressed or were often even suppressed. Unfortunately, a low risk corpo-

rate culture developed, which committed to following the market and following the competition – taking the "low-hanging fruit" and relying on market expansion to pull them along.

But what happens when markets slow down, consolidate or contract? Qualities such as visionary leadership and a culture of innovation become highly prized as a means to change the game. Now is the time for those who want to change and create their new position in markets. It is a time of opportunity for everyone to have a shot at being number one. Now is a time of musical chairs where every position (between companies and even within an organization) is open and available, and when it's all over not everyone will survive. This is a time of opportunity and a challenge to be managed and exploited.

If you find yourself in the same position as the CEO's quoted above, the question then becomes how to revitalize the underlying leadership and the culture of innovation that once thrived in your company?



Revising the Goal

Taking a step back in time, when the markets were expanding, companies tended to define their goal as "consistent, strong, profitable growth." It may not have said so "officially", or in so many words, but often times this became the mantra. We understand this premise and when all a company had to do was keep pace with the market, the sheer momentum of the market provided needed growth. Nobody really thought all that much about the goal, except for short term results that could satisfy stockholder demands. But today markets are no longer expanding and in many cases they are contracting. Companies now have to shoulder the burden of getting markets moving and expanding, it's their turn to do the heavy lifting and accelerate their markets, no more free rides.

So let's understand a basic fact –

Profitable growth is a metric, not a goal.

Management Consultant Peter Drucker once said "companies don't make money – they make shoes." The opportunities available to companies today are to improve their position within the market by taking share from their competitors while working to expand the market in the months and years ahead.

What should the goal be and how can it be achieved?

In their book, *The Discipline of Market Leaders*, Michael Treacy and Fred Wiersema state

the goal of any company should be Market Leadership based on one or more paths:

- Operational Excellence
- Product Leadership
- Customer Intimacy

Companies and organizations deliver operational excellence through a combination of quality, price, and ease of purchase that no one else in their markets can match. Product leaders in turn consistently strive to provide their markets with leading-edge products or new applications of existing products or services. Companies can demonstrate customer intimacy by cultivating relationships and crafting complex solutions through broad product lines and dedicated account teams. Each path has its specific recipe for whatever type of market leadership you choose to pursue.

Economists will tell you that these paths work if the market is expanding. Yet constant continuous improvement, adherence to processes, and listening to the customer have constricted creative talents of the workforce, to where only a few members of any given team know why and how they got there. Where companies once benefited from these three paths towards Market Leadership, the paths themselves which are full of "gates" and "processes" have eroded their ability to create and to disrupt. So when markets get tight... companies come up short because they tend to cut costs and wait or hope things will turn. Leadership sticks with what has worked in the past but won't take chances on a culture that has lost its ability to innovate when uncertainty is at stake.



We suggest a journey that transcends these traditional paths to leadership.

The New Goal

We propose that companies must undertake a goal of Visionary Leadership based on a Culture of Innovation. With this goal companies can achieve far more than they could ever hope to achieve using "cook book" formulas.

The results are seen in metrics such as revenue growth and double digit profit margins that can be achieved and sustained through new markets, new categories of products, or the revitalization of existing markets by meeting challenges that have yet to be formally valued or solved by early adopters.

A business culture must explore a variance of possibilities to gain unexpected knowledge and learn from past errors, while still fostering a comfortable level of risk taking. This culture dares to influence all aspects of the business, not just technology and products.

A business culture that explores the possibilities gains unexpected knowledge and learns from mistakes, while fostering a certain level of risk taking.

So how do you achieve this goal? How do you re-awaken a culture that once led an industry? What path should you take?

Visionary leadership begins with senior leaders-not managers- in a company or organization. Visionary leaders seek foresight and understanding from many different perspectives, and they see risk as something to be managed not feared. The notion that

challenges companies are experiencing are new is a myth. All one must do is look at what has occurred in similar markets, industries or countries to gain better perspectives of trends, business issues and how others have addressed them – then inject those insights into your business. This is what seeing what's next is about.

Visionary leadership begins with senior

Seeing What's Next

leaders-not managers- in a company or organization. Visionary leaders seek foresight and understanding from many different perspectives, and they see risk as something to be managed not feared. The idea that the challenges that companies are experiencing is new, is a myth (I've never seen this before!) All one must do is look at what has occurred in similar markets, industries or countries to gain better perspectives of trends, business issues and how others have addressed them – then apply those insights in innovative ways to your business. This is what *seeing what's next* is about.

Not Only Survive, Thrive

Some years ago, VMI began working for the CEO of a Fortune 500 company that was experiencing all-time highs by virtually every single metric imaginable in the healthcare insurance industry. Yet, this CEO was seeking to define a roadmap that would provide the company with significant growth outside of its core business within the next ten years.

When asked why he was launching such an initiative at such a prosperous time, he said, "With years of double-digit growth within our industry, I am seeing people's expectation for its continuance to be unrealistic, especially if



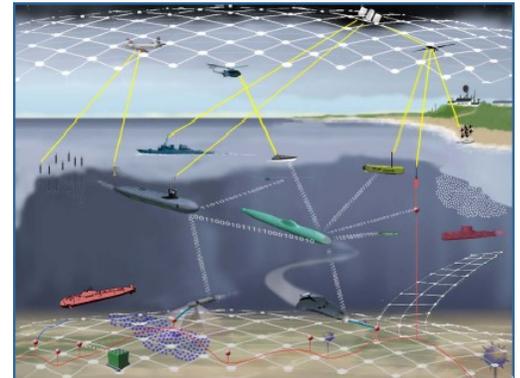
they apply it to all products and services, whether warranted or not. If you plot these expectations against key developing trends we've been following – national discussions about universal healthcare and more government regulations, I realize double-digits simply cannot continue, and those who believe it, are kidding themselves.”

As part of his decision making process our CEO drew upon market experience with the implosion of the NASDAQ and the Internet bubble in April 2000 along with a similar trend from the telecom industry. (Once hugely successful, the telecom market was entering years of upheaval and uncertainty with convergence of technologies, wireless mobile devices, the Internet, and a collision of pricing models... where huge pricing differentials existed... 32¢ vs. 9¢ a minute between companies). The CEO continued to say, “I have to be prepared for events - some of which may be out of my control. I know there is a tsunami out there that will affect our industry just like telecom. It's coming my way ... I'm just not sure if it's going to hit in two years or four but it's coming. I want us to not only survive but thrive.”

Awareness vs. Understanding

There is a lot of discussion around being a “360 degree leader.” We would argue (as well as our CEO above) that 360 degrees offers a two-dimensional view and is simply, far too limiting. With this singular mode of operation no ship's captain scanning the horizon would last very long before she had a career ending episode from below by a submarine or from above by any one of a number of nasty threats overhead.

Similarly if a CEO relied on viewing the world from their market as made up of their peer



set and customer base, she could eventually be blind-sided by threats from adjacent markets, suppliers looking to “move up” the supply chain and so forth.

So, rather than following peers or simply talking to customers about ways to improve the current operations, our CEO sought out indicators above and beyond his industry. In this way he was synthesizing and socializing ideas across a broad range of smart people – he was “living” visionary leadership. It was not a function of being paranoid ... it was about realistic expectations, foresight and the ability to interpret key trends, forces,

He was synthesizing and socializing ideas across a broad range of smart people – he was “living” visionary leadership.

practices and technologies across a variety of industries as well as within the context of his market, and understanding the action necessary to deal with the developing future and the courage to take independent action.



Being What's Next

When it came to execution, our CEO assigned responsibility and authority for guiding and implementing the project to the company's co-founder and executive vice president. This fellow was one of those people with large quantities of imagination, personality, energy and emotion, who knew how to design a tangible path to a great outcome, he was fit for the job at hand. Not only did the CEO have the qualities of a visionary leader but so did his team which he charged with the assignment to foster and promote a culture of innovative thinking and reliable execution.

The EVP sought concepts from his team of innovators, comprised of both internal and external leading thinkers. They brought together ideas based upon trends in several disciplines: science and technology; consumer behavior, business models, mobility and demographics. They viewed other visionaries in similar fields and formulated concepts that had potential to innovate the ways in which people live and work. In the end, they came up with four new business concepts with the potential of several billions of dollars. Today, two have been carried through to adjacent businesses.

The idea of introducing innovation (or businesses) at the expense of existing products (creative destruction) and services is seen as an opportunity to be managed and exploited, not something to be guarded against. The not-invented-here notion has no place in the organization, nor is it tolerated. Great ideas can come from anyone, anytime, and anywhere. It's about listening, synthesizing, and acting; enabling your company to not only survive downturns, but thrive.

Cultural Renaissance: Company Passion

The ability to innovate lives within each of us; it is the responsibility of the leadership to show vision and to provide an environment that stimulates and nurtures a culture of innovation.

So what about the companies that did not "see and avoid" the current global economic downturn, companies who are in the midst of the tsunami, what now? Is it a matter of revising goals to something more realistic, hunker down and cut costs and jobs until someone or something happens to make things better, years or decades in the future? Or do they establish a new set of goals - of visionary leadership based on a culture of innovation and begin setting their own course? How do they reset? How do they change?

Old ways die hard, but no one can deny the memory of how things used to be: the creative talents of the company founders; the disruptions they made in the marketplace; and the company's promise and reputation. It may have been twenty or thirty years ago, but it started with one or two self-aware per-

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sons. These people were very comfortable with themselves; they were hungry, stood for high integrity, had courage, and were extraordinarily creative. They had fun and got things done.

The difference between then and now is a belief in oneself and one's organization, with fewer self-imposed barriers, and maybe a little more diversity of culture and ideas. This is where to begin. Reinvigorating the company's passionate sense of self (and entrepreneurship) and extending it beyond the C-suite should be the focus of senior leadership. A culture of innovation starts with finding the right people that share similar core beliefs, and then these passionate leaders must extend their culture of innovation throughout the entire organization, its clients, and its investors.

The Code and Promise

Companies have two basic foundational elements that define and separate them from all others: code and promise. Once set, the foundational elements become non-negotiable while everything else should be open to change.

The code describes the company's ethics, morals, integrity and rules for which it will hold each person accountable. It may not necessarily be "published" as a written document, but more likely will be ingrained in the company's culture and way of doing business. The promise is the stake in the ground that defines the company to the market, investors and employees: what it stands for and where they want to be in the future.

Both the code and promise become vehicles for change in which cultivates a culture of innovation. Even long-time stars like Intel

that have had a few recent years of poor performance and malcontent are re-asserting their promise that will drive their people to the next level – daring them to be great in all aspects of their business and not just technology and products:

"Intel pushes the boundaries of innovation so our work can make people's lives more exciting, fulfilling, and manageable. And our work never stops. We never stop looking for the next leap ahead—in technology, education, culture, manufacturing, and social responsibility. And we never stop striving to deliver solutions with greater benefits for everyone." Intel Corporation

Leadership uses the code and the promise to inspire and enable people in extraordinary ways. In a culture of innovation, everything is fair game – the markets, the types of products and services, the methods of conducting business, etc. For corporate cultures that have settled into a routine of following the market and following the competition, re-seeding these foundational elements is their first step to transition into a culture of innovation based on visionary leadership.

Innovative cultures are open-minded, passionate, purposeful, intuitive and accountable. No closed doors are allowed. Think of Bill Hewlett and Dave Packard's philosophy of "management by walking around." (Refer to our follow-on article at the end of this section on Hewlett and Packard, and other visionary leaders' roles in creating a culture of integrity and innovation). The environment needs to be one where people genuinely like and respect one another. In an environment of very few formal meetings, people are expected to produce not to meet around a table. If you need to talk with someone, the idea of making an appointment to talk next week should be laughable. These are envi-



ronments where if you had an idea you wanted to kick around or a question needing an answer, you got up and socialized the question or the idea – not just within the four walls, but outside with your customers, your suppliers, and other industry or opinion leaders.

The Environment of Innovation

Sometimes answers are not nearly as important as the collaboration of ideas. These are cultures made up of people with a wide variety of hobbies and interests, people who read widely in areas that stimulate curiosity, creativity and the free exchange of thought. These people read, follow and attend conferences that have nothing to do with their work. They have a deep curiosity that goes well beyond their area of expertise.

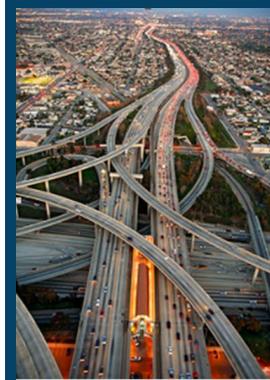
The environments where I experienced the most creativity and innovation didn't have basketball courts, coffee bars, or lots of trappings from people paid to make the place "look innovative." Instead, we always had some form of a laboratory or center of innovation. The lab was the greatest thing just down the hall and always open and full of great stuff: workstations with virtual games, the latest technology products (ours and others), Popular Science and other magazines on just about every subject you could think of with great music playing softly in the background. Basically a place to go and let your mind freewheel or have discussions while working through problems. To have a culture of innovation you need an environment that supports brainstorming and fosters collaboration.

The Environment of YES!

The word where innovation lives is the Environment of Yes! It is where risk is seen as just

another issue to be managed not feared. In an Environment of Yes! there are processes and procedures that seek situational understanding and answers beyond the four walls of business; they are meant to support achievement ... they are not a series of "exit ramps" providing nothing but an excuse to quit before someone has to do something.

An Environment of Yes! fosters a culture of innovation ... it does not cause people to quit because they are not getting the outcomes expected; it is an environment where unexpected outcomes are welcome and in fact an-



"The path is there. I just need to design my way as I go."

anticipated. Why? The journey to Visionary Leadership based on a Culture of Innovation is not straight nor is it well defined. We know our starting point and our goal but the journey along the way should be seen as a leadership design challenge to be solved in stages as we progress. Setbacks are nothing more than opportunities. This is the environment as crafted by a culture of innovation.

Reflections

When you think about your company and team, ask yourself:

1. What are our foundational values?
2. What are the things we hold that are non-negotiable?



3. What is the goal (and skip the vague stuff)?
4. What is the path you have chosen?
5. Are the senior members of the corporation visionaries who lead or are they managers who follow?

After having answered the questions above, now check your answers by thinking about the following:

1. How would you describe your company's culture?
2. What is your brand promise to yourself, coworkers, share holders, customers and suppliers?
3. When did the company last offer a true breakthrough innovation?
4. When was the last time a supplier approached the company with a true innovation? What happened to it?
5. What is the environment – is it an Environment of Yes! or is it an environment of finding excuses not to do something?

The opportunities facing companies today are amazing. People want to contribute in meaningful ways, they want to use their imagination and have fun. Its leadership's responsibility to show vision and create an environment where a culture of innovation thrives.

Readings

Next in VMI Leadership Series on Innovation: Invention and Systems.

We have argued that a culture of innovation must be at the heart of a company if it is to achieve visionary leadership. But what exactly is innovation and how does it contrast with invention? This is the topic of our next paper.

As a follow-up, the reader is encouraged to review Vanguard Marketing's website and published white papers on selected topics related to Vanguard's core competencies at www.e-vmi.com

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FOLLOW ON READING BELOW

- One at a Time: Hiring the Right Talent
- Hewlett Packard: Creating a Culture of Integrity and Innovation
- Moscow JV: Ideas Don't Have Borders – Look Internationally

If you are interested in seeing photographs of the Russian journey (described in an article below) with a much younger Bill Gates, Steve Ballmer and Cosmonaut Alexey Leonov go to: www.flickr.com/photos/byers-russia/

One at a Time: Hiring the Right Talent

In the late eighties I was able to work with a dynamic founder and leader of a major Chicago Board of Trade trading house. This fellow understood that he needed an approach that didn't rely on one person as the driving force. The company was privately held with ten or so partners and the company did an amazing amount of business. Even though he was the managing partner, he rarely got involved directly in the business. Instead he would sit and talk for hours about how to find a "good guy or gal – a good person" to be a "good fit" for the organization. He was a visionary leader obsessed with solving this one problem - creating a visionary leadership culture, one person at a time. To him, a good person was someone who was highly self-aware ... very comfortable with themselves and what they stood for: integrity, courage, creativity, team success, and having fun. And what they wanted most was to find other

people who stood for the same things they did.

Basically, this leader was focused on one thing –building an organization of people with these qualities



but with diverse ways of attacking an issue. He wasn't trying to build a company that thought or looked like he did; he was looking to build an organization of diverse cultures and ideas while still aligning with the company code and promise.

For this CEO, a culture of innovation started with finding an HR person that shared his beliefs and basic qualities. In the early stages they both screened key people and rated each against their internal "good guy/gal" gut feel test and if a person scored 8 or higher they were hired. On very rare occasions (only six that I am aware of) a person scored a perfect 10 out of 10. All of the senior leadership



positions in the company were subject to a unanimous decision by the "ten club" while the hiring managers made their own decisions at levels below.

Once on board a senior leader has the complete trust of his/her peers and total autonomy over their area but they rarely act alone. The reason being that they have shown themselves to be a good person and they are already a well bonded member of a team that enjoys each other's company and shares the same values and maybe some of the same interests.

There are many ways people have judged this company and its leader over the years but as stated earlier the most common metric is financial and in the case of this company it became a financial superstar.

For most companies this approach to hiring seems way over the top. How many companies conduct interviews as if it were a random affair: with people being late or unable to show, so you will then meet with a substitute, and so on? Then once you get through the day's gauntlet you either receive an offer or you don't and you're not even sure what you are being hired to do?

When you as a leader consider your responsibility in creating a culture of innovation, think about your hiring practices, think about the people in HR and think about the people who do the screening and the people who actually make the hiring decision. If these people are not reflective of the innovative culture you're trying to create it's never going to happen.

Things to Consider

Hire people with the same core values. Values that match the culture and the promise you are trying to create, but avoid hiring people that look, think and act like everyone else in the company. You do not need more people who think like the other five people in the meeting.

Diversity enables innovation.

Hire people from other industries ... they may have valuable insights even if their background may be different than what you expect. This fresh influx of blood and new ideas will provide exciting ways to look at challenges and meet them with unique and innovative solutions.

Consider recruiting from the military. These are men and women who have demonstrated leadership, professionalism and entirely different experiences than anyone else in the organization.

If a position becomes available, are you willing to leave it open for a long period of time until you find the right person to fill that slot? Or are you willing to compromise and just get the first person who can do "okay" in that position? Imagine what the company will be like someday when it's full of "good enough" talent.

So where does HR fit within the framework of finding qualified people who share the same values as the company and are passionate to join and contribute to a culture of innovation?



How important is HR within the company leadership team? Are they sitting around the table when important issues are being discussed? Are human foundational issues such as morals, ethics, diversity, attitude, and entrepreneurship part of the position profiles or are they focused on an engineer with an advanced degree along with 10+ years of experience in widget making?

HR is or can be the portal to great people resulting in a great company.

Hewlett Packard: Creating a Culture of Integrity and Innovation

Creators and adopters of innovation cannot survive in a risk-averse culture.

When Bill Hewlett and Dave Packard were selling audio oscillators in 1938, the electronics industry was in an embryonic state, with the Test and Measurement market virtually non-existent. A key element of their success relied on Bill and Dave's strong sense of entrepreneurship and their ability to extend a culture of innovation from two partners to



tens of thousands of HP employees.

Bill and Dave were pragmatic, compassionate business leaders, innovative engineers and industry champions. There is no separation between the personalities of the leadership and the company itself. The company culture and foundational values grew directly from, and was inspired by, Bill

and Dave's leadership. Everyone recognized what the company stood for and everyone understood the path and the goal of the company. Bill and Dave were not timid in their pursuit of this goal. You can't have an aggressive innovative culture with timid, myopic leaders.

If a business culture is founded on values, then what was the culture of early generations of HP employees? A partial list of key elements as seen by Bill and Dave includes:

- Community
- Core competence
- Family
- Integrity
- Loyalty
- Management by walking around
- Myths and stories (continually told to instill and re-enforce values and behavior)
- Open door policy
- Profits
- Promotion from within
- The right to think and do
- Teamwork
- Trust
- Pulling the plug
- Corporate objectives

From Invention to Innovation

From the many stories, books and articles written about the early HP culture comes a profile of a company focused on highly motivated, highly competent, loyal individuals of integrity with the expectation and freedom



to create new ideas as part of a team.

While much has been written about invention (it was even part of an advertising campaign under Carly Fiorina), we would contend that HP was never about invention as an objective – it was always about the pragmatism of moving invention to innovation. Make no mistake this was a culture of excitement and fun but with a hardnosed expectation of business success. This was a visionary company with extraordinary technology, business models, and “human side” innovation that was able to sustain long term, profitable growth.

Where Great Ideas Come From

The realization that great ideas can come from anyone, anytime, anywhere and can lead to greatness, is best exemplified in the book *Bill & Dave*, where author Michael Malone describes how Hewlett Packard's entry into the electronic calculator walked through the door (twice) and how it took the introduction of two different breakthrough ideas from people outside of HP combined with the HP culture of innovation to invent an entire industry.

In 1965 Malcolm McMillan and Jack Volder presented HP with a prototype of the world's first scientific calculator. The prototype software was based on an “algorithm” called CORDIC developed by Volder for use in the world's first supersonic bomber, the B-58 Hustler. The problem was that the prototype hardware was one big kluge and simply not workable ... but the “algorithm” software was absolutely brilliant. As one of the HP

engineers was working through the problem of great algorithm terrible packaging he remembered another engineer, Tom Osborne, as a really gifted package designer so Tom was invited in to see if he could turn the kluge into a product.

But when Tom Osborne arrived all he wanted to do was talk about and demonstrate his totally functional calculator prototype (but not a scientific calculator), referred to as the Green Machine due to the strange green color Tom had selected for the plywood box package.

Once HP scientists saw the Green Machine they realized they were seeing the future. They asked Osborne if he could design his device to run CORDIC? Osborne immediately said yes, not having any clue what they were talking about. But no matter, Osborne and HP then entered into a relationship that would last a decade and resulted in the creation of an industry ... the personal scientific calculator.

Here we have a story of brilliant innovators in the form of the CORDIC algorithm, the Green Machine, handheld calculator and HP visionaries who could see the future and work to integrate the two forming an industry. In this example HP created and built an industry, which is much harder than the problem we are addressing, re-establishing and expanding an existing market but the key thing that HP had going for it was it already had visionary leadership based on a culture of innovation. They were a seeing what's next, being what's next company.



Leadership building an organization

A company's culture and environment may grow from its leadership but ultimately everyone in the organization must embrace it and live it to be successful. These are things that require continuous nurturing and if left unattended the culture will die. Reawakening a culture of innovation in a company is hard.

Moscow JV: Ideas Don't Have Borders... Look Internationally

Today more than ever companies are working seriously across global markets. And while the culture and environment of innovation as described so far has been US- and European-centric, the question becomes does it really work this way in emerging countries and cultures?



In the late 1980's, I agreed to be the General Manager of a new company that became the second ever Soviet-American Joint Venture based in Moscow. My wife and I sold everything we owned and got on a plane – next stop Moscow. The only thing we knew about the Soviet Union, we learned from President Ronald Reagan – Trust but Verify and the Evil Empire.

Our journey began in Moscow but it led to traveling and working across its entire eleven time zones, establishing offices and doing business in 26 cities.

The culture and the environment of our business started from a clean sheet of paper in a socialist country with highly motivated, well educated, skilled, and very open minded young people. This was the perfect opportunity to create and build a market, across a country of two continents AND a culture of innovation from the Kremlin up.

Our first significant business venture was with Microsoft to localize MS DOS and MS Works for the Russian market. We began by putting the teams together around our fundamental element of what we stand for as well as the path and the goal. In our case we made up five star pins representing the five P's people, products, profit, peace and prosperity. These were the pillars on which each of us was bound.



With the foundation laid we talked about such things as: documentation, product literature, user manuals, code page standards (this is a story on its own), project scheduling, milestones, deliverables and team management. I learned a great deal from our Russian team about how many things were the same as in the US and how much was different -- and quite possibly better.

An early cultural lesson came when the teams delivered the first beta version well ahead of schedule and the notion of a team performance bonus was discussed. An amount was agreed upon with the project team leader and I made it clear that the distribution of the bonus would be at the discretion of the team leader. The team leader



then explained to me that if the team deserved a bonus then everyone would receive exactly the same amount, not one kopek more not one kopek less. Performance and contribution levels had no place in his thinking – the team succeeded and everyone would be treated the same. But, if someone did not perform well over time, the team weeded them out. This was definitely “The Three Musketeer” approach, all for one and one for all. I must admit I was surprised.

The environment was infectious there was music playing constantly, there were no clocks on the walls, no one wanted to leave and many of the programmers would sleep and work for days before returning to their apartments for fresh things. People didn't walk up the stairs ... they ran up the stairs. Everyone was in a hurry. There were no doors and no walled offices ... just large open rooms full of developers talking, laughing and creating while working to very specific delivery dates. The team was not into physical activity so there were no gyms or tracks. They often liked to select really hard math to work on in order to take their minds off whatever they were doing and just to have some fun. I was the strange lone holdout who actually exercised. Our building was adjacent to a large public area where I used to spend hours walking and taking photographs of people and things. I would also jog to the amaze-



ment of all. A runner in a Russian park at that time was a very unique site and subject to questioning their sanity.

The culture was less rigid than anything in my experience in the US. Other than the obvious items that the company provided, no one asked for things ... they just arrived. If the office needed a tea pot, it appeared. If someone thought something was necessary, it materialized. No one really thought about asking permission to get something that was obviously needed – they just did it. There was also a steady stream of really smart friends who were software developers looking for a place to learn, experiment and contribute. In the early days, it was hard to hire this caliber of talent but once a few were on board the need to recruit went away, as word spread, people actively sought out the company. Hire a few really great people and make them happy and others will follow. This doesn't negate the need for a strong HR function it just means that they have a lot more pre-qualified candidates to select from.

Innovative thinking was continuously required because when it came to dealing with the rules and laws during the period, leading up to the break-up of the Soviet Union in December 1991, things were very chaotic. At that time it was not uncommon for rules and laws to change daily and in some cases hourly, with few able to interpret what the heck was going on. This made for extreme resourcefulness and creativity in our staff – a major difference between U.S. and Russian workers back then.

One of the great moments of my life during this period came over dinner in our Minsk Belorussia apartment with our Aeroflot partner and very good friend who was very distraught about the political turbulence of the



country and specifically over the fact that the Minsk air traffic controllers were threatening to go on strike. As we discussed the events my friend made an unbelievable statement, he said that "what this country needs is Ronald Reagan." Wow, probably not something President Reagan would have ever expected.

When discussing my experiences in the former Soviet Union, many people have asked me how much "hand holding" was necessary to enable a culture of innovation since this was after all a communist set of countries in the midst of world-changing transition. To begin with, Russians tend to look at things a bit differently than many "westerners" do ... they see the government as "them" and laws as "guidelines." And once this thinking is presented with opportunities never before thought possible, it can be something incredible to behold. The Russian people certainly had a pent-up desire, pride and the ability to compete equally on a global basis.

Leveraging Diversity and Innovation

Once one understands the structure and the rule sets of a country and its culture, there is nothing that can't be achieved. And the more countries, cultures and diverse thinking you and your team are exposed to, the broader your thinking and your ability to synthesize data becomes.

Never allow yourself or those around you to become complacent and think of the U.S. (or your company for that matter) as the only place for innovation or visionary leadership.

There are people everywhere who believe in the same foundational elements, paths and goals as we do, and just as in the US it might

take time and commitment to find them and bring them together – once done startling results will follow.

So when you think about the culture and environment of your company, just remember, there is still much opportunity to learn from others. I can honestly say that I learned far more from the people that I worked with in Mexico and Russia than they ever learned from me. If you believe that the US is the heart of creativity and innovation I hope you are out of the work force because if you're not you soon will be.