

WORK ENVIRONMENT ALLOWS IDEO TO DELIVER PROMISE OF INNOVATION

The Challenge

Pepsi, Nike, Prada, and other outstanding companies knock on your door when they are in need of an innovative product. Apple calls on you when they are stuck on a challenge and need a breakthrough. Your services promise the creation of breakthrough solutions, and your entire existence as a company rests on your ability to deliver innovation on demand. Are you up for the challenge, and what will it take to succeed?

The Company

Who could meet the challenges above, and how do they do it? IDEO, the now-famous design firm headquartered in Palo Alto, CA, has created innovative products and solutions for over 20 years. Because he disliked corporate rules and was motivated to create a company that was fun to work for, David Kelly started what is now IDEO in 1978 under the name David Kelley Design. In 1991, Kelley's company was renamed IDEO, with a focus on industrial design. Today, IDEO helps companies design innovative products, services, and processes, employing approximately 350 people worldwide.

Since ABC's *Nightline* news show reported on IDEO's innovation process firsthand, the world has become familiar with their impressive achievements. *Fortune* magazine described their visit to IDEO as "a day at Innovation U." The *Wall Street Journal* called IDEO "imagination's playground." There is consensus in the business and organizational world that IDEO is a leader in the area of innovation. What is that enables them to consistently produce innovative solutions? Do they have more creative talent? Is it a charismatic leader? Do they have a secret formula?

Cultivating Creative Consistency

If you take a close look at IDEO and examine how they have consistently produced well-known innovations, such as Crest's *Neat Squeeze* stand-up toothpaste tube, you won't find any magic bullet. What you will find is a combination of effective leadership behaviors, creative work environment practices, and a variety of processes that work synergistically together to produce a culture that exemplifies creativity.

Leadership

One of the first clients Kelley worked for was Steve Jobs of Apple. The lessons he learned from this experience were more valuable than the paycheck he earned. He was inspired by Apple's

dynamic culture, and the atmosphere there reinforced his belief that having fun while working could be productive.

Although founder David Kelley is no longer involved with the day-to-day operations at IDEO, his early actions set the tone for creativity to flourish. As the founder and early leader, Kelley frowned on rules. He participated in pranks and other fun antics, all of which made it clear that, in his shop, it was OK to be playful. Kelley's actions influenced the way new and up-and-coming leaders of IDEO would behave.

Leaders at IDEO have worked hard to eliminate the us-versus-them mentality. Traditional indicators of hierarchy, such as plush corner offices and titles, are missing. Employee performance is more important than seniority, and the behavior of IDEO leadership consistently demonstrates that flexibility is in and rigid rules are out.

Leaders understand that risk taking is essential and mistakes will occur. An example of how risk taking is encouraged and practiced is through in-house design challenges. Unlike a design challenge for paying customers, these in-house challenges typically have an open timeline and very few criteria. For example, a challenge was held to see who could design the best solution to a sun glare problem created by the office skylights. A simple and artistic solution, using umbrellas dangling upside-down, won the people's choice award.

Whether it's modeling the way, helping design the work space or supporting creative processes, IDEO leaders keep a focus on inspiring employee imagination and innovation.

Work Environment

Because it understands the value of employees, IDEO pays a great deal of attention to the work environment, both physical and psychological (emotional). Nothing is out of bounds if it is for a good cause. One employee built a pulley system to suspend his bike in the air over his work space to get it out of the way. It turned out to be such a hit that others followed his lead.

Physically speaking, IDEO's offices look and feel like a cross between a college dorm, a day care playroom, and an art studio. Work areas are clustered together in different locations. Mind maps and flip chart paper fill up walls. Old and new prototypes lie around or hang from the ceiling, providing fuel for new innovations. Magazines and unique gadgets are also in abundance throughout the work space, providing even more fuel for ideas.

There is some method to their madness. IDEO has learned that having the right size work space makes a difference. Too much work space decreases energy and slightly tight space generates energy. There are opportunities for spontaneous interactions among people. A studio system, similar to a movie studio, helps keep work groups small and flexible as the company grows. These studios are designed like little neighborhoods, having common areas where people can collaborate and private areas for solo time. They even have their own distinct personalities. Work spaces are modular and moveable to accommodate changing projects, new teams, or any crazy needs that arise. Most importantly, employees have the freedom to customize their personal areas beyond the simple family pictures.

When it comes to the human psyche, the environment at IDEO doesn't miss a beat. Their leadership practices reflect an environment where workers are energized, ideas flow, confidence is high, and imagination is plentiful. Some of these practices include allowing employees to select projects of most interest to them; bringing guest speakers in on a regular basis; providing generous amounts of food and drink for employees; and putting on interesting end-of-year work parties. There are fun project trips and spontaneous excursions to the movies. According to Scott

Underwood of IDEO, such practices keep employees sharp and the environment buzzing with energy.

Another very important aspect of IDEO's creative work environment is the presence of teams. According to Tom Kelley, "Teams are the heart of the IDEO method." With a strong belief against the lone inventor, IDEO establishes teams for all types of tasks and projects. By leveraging diverse knowledge bases, personalities, and experiences, IDEO teams generate countless breakthroughs. Teams provide continuous, open exchange of information and ideas. In many cases, employees work on multiple project teams at one time, which helps promote crossbreeding of ideas. It is also very common and welcome for people outside a project team to spontaneously drop by and offer ideas during a Brainstorming session.

Are Ekvall's 10 Dimensions of a Creative Climate Present at IDEO?

At IDEO:

Challenge & Involvement:

- Brainstorming and other practices encourage all to participate
- Reputation & setting big goals challenges IDEOers
- Fun design challenges given by leadership

Freedom:

- Freedom to customize work space with more than just pictures
- Freedom to select projects of most interest
- Freedom to have some downtime at work when needed

Idea Time:

- Brainstorming is considered almost a religion
- Movies and other types of excursions take place
- Work space promotes spontaneous conversations

Idea Support:

- Constant encouragement /coaching by leadership
- Easy to get supplies for ideas/concepts
- Off-project ideas supported

Trust & Openness:

- Lack of rules and procedures
- Peer evaluations a common practice
- Team members interview and help make hiring decisions

Playfulness & Humor:

- Practical jokes are common at IDEO
- Project teams often give out fun awards
- IDEOers are given the permission to play

Debates (Viewpoints and ideas are appropriately challenged.):

- The evaluate & refine step of IDEO's innovation process provides time for discussion of different viewpoints.

Low Conflict (little or no presence of interpersonal tension):

- Strong efforts are made to blur the lines between management and workers.
- Intensive interviewing occurs to find employees that best fit IDEO's culture.

Risk Taking:

- “Fail often to succeed sooner” motto promoted by leadership
- New things consistently tried knowing some failures will occur

Dynamism:

- Past project prototypes appear throughout the organization
- Flexible work spaces changing continuously with projects
- Regular guest speaker events

Source: Creative climate dimensions based on Ekvall (1996).

Processes

Over the last 20 years, IDEO has developed a five-step new product development process that harnesses the collective imagination of project teams. Not only is the process repeatable, it also compliments and strengthens their culture. The five-step process used during most new product development projects consists of understand, observe, visualize, evaluate and refine, and implement.

- **Understand.** When taking on a project, IDEO employees try to understand all of its aspects. This may include things such as the market, the client, and any possible constraints.
- **Observe.** IDEO invests much time and energy into understanding consumer needs and wants. Conducting real-world observations provides a great deal more insight beyond the typical interview process. For example, observing mountain bikers in action inspired a water bottle that keeps mud out of a rider’s mouth.
- **Visualize.** This step is the most Brainstorming intensive. It includes the generation of many ideas or concepts, some rough prototyping, and in some cases, even storyboard-illustrated scenarios.
- **Evaluate and Refine.** Supporting one of their company’s motto, “Fail often to succeed sooner,” this step is essential for developing well thought-out innovations. Clients, consumers, and other IDEOers evaluate and refine some of the key prototyped concepts.
- **Implement.** Moving ideas from concept to commercialization is typically the longest step in the process. Implementation is one of the most rewarding steps for IDEO employees because it validates the whole process of making ideas into a reality and developing innovations.

Brainstorming is a miniprocess with a significant influence on the IDEO culture. According to General Manager Tom Kelley, Brainstorming is a crucial activity at IDEO. Although Brainstorming sessions are loose, freewheeling thinking sessions at IDEO, they are also taken

seriously. Rules are not just posted on the walls; they are painted on in big letters. Leaders sometimes join in and always support the Brainstorming sessions with all types of resources. Because Brainstorming is viewed as a skill, everyone works to continuously improve how well they do it.

Although Brainstorming is most evident in the visualize step of the IDEO innovation process, it has a ripple effect throughout the company. It encourages people to collaborate and share ideas even outside of sessions. Productive Brainstorming sessions fire up teams with confidence, optimism, and energy, making it one of the engines behind IDEO's culture.

What Are the Results?

With thousands of successful products over a 20-year history, it is easy to find examples of innovation. Although there is not a single factor that causes this innovation, it is clear that the blending of leadership that actively facilitates creative thinking, a work environment that supports employee imagination, and a product development process that is repeatable do much to ensure ongoing innovation.

How successful has IDEO been? Since the beginning, it has never had an unprofitable quarter. Potential clients are continuously knocking on their door, and many are turned away for lack of time. The turnover ratio for key employees is less than 5%. IDEO has played key roles in the creation of many well-known innovations, including the first consumer computer mouse, the Aerobe football, and the Palm V. Their products, such as the Forerunner portable heart defibrillator, have also saved lives.

As IDEO continues to be recognized for its accomplishments, winning awards, gracing the cover of popular magazines, and of course, being featured on prime-time television, its reputation and creative legacy grow. The creative climate and commensurate culture are powerful examples of the bottom-line effectiveness of how creativity and leadership work together.

Sources

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