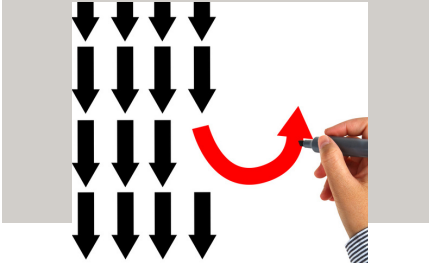


# Leading Innovation: Insights From Industry Executives (Part 1)



By Kim Jones and Ron Magnus

**F**MI often hears stories about innovations and positive disruptions occurring in and around the engineering and construction industry. These new ideas are often associated with project-related processes, systems or technologies. And while some ideas and technologies stick, many others seem to fail.

FMI's Center for Strategic Leadership (CSL) has been observing innovation trends with a slightly different lens that is focused on how leadership positively or negatively impacts the innovation process. We have seen many leaders struggle to navigate and truly lead their organizations through disruption—whether it's by introducing a change in their business processes or adopting new ways of thinking.

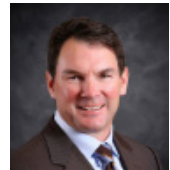
Along the way, we've discovered that the influence of leadership in this process has a more profound impact than most would think. In fact, several key leaders in our industry have thrived in their leadership roles during times of highly innovative and disruptive shifts in their businesses. Witnessing these shifts caused us to pause and reflect on what we saw. We began by asking ourselves questions like:

- What types of leaders successfully drive innovation?
- What differentiates them from their peers?
- What have they learned over the years of leading innovation?
- How can FMI help spread their knowledge to current and future leaders in our industry?

## Industry Disruptor Profiles



**Thomas Z. Scarangelo, P.E.**  
Chairman and CEO  
Thornton Tomasetti



**Russ Becker**  
CEO and President  
APi Group, Inc.



**Atul R. Khanzode, PhD**  
Director of  
Construction Technologies  
DPR Construction

These questions led us to orchestrate an intimate, one-day “think forum” with three leading industry disruptors: Russ Becker (APi Group), Tom Scarangelo (Thornton Tomasetti) and Atul Khanzode (DPR Construction). Each of these leaders has led innovations and positive disruptions within our industry in different ways. To share what we’ve learned from our in-person conversations, we will develop a three-part series in which we will highlight:

1. The traits of successful innovation leaders
2. Lessons learned leading organizations through innovation and disruption
3. The influence of culture, talent and leadership in the innovation process

Trends in innovation and thought-provoking ideas from these leaders will be sprinkled throughout the series. This first article describes what it takes to successfully lead innovation in our industry. The traits, characteristics and worldviews that were discussed by Russ, Tom, Atul and FMI are outlined below.

### Six Key Traits of Innovative Leaders

When people think about innovative leaders, they envision someone who has the latest technology gadgets and who constantly discusses new product introductions and trends. While this may be true in some cases, there is more to the story than just technology. To effectively drive innovation, leaders in the engineering and construction industry must focus on more than just the way they design and build structures; they must harness very different characteristics than what stereotypes and tradition would tell us. According to Russ, Tom and Atul, the following traits are common to those who lead innovation and disruption well:

- Focus on people and culture first—the rest will follow
- Identify the opportunity in every situation
- Have the courage to take a risk and face the tough questions
- Share ideas as often as possible—both internally and externally
- Continually push your own thinking
- Understand your own limitations

#### 1. Focus on People and Culture First—The Rest Will Follow

During our one-day think forum, the main focus of our conversation was on how leaders actually lead the business to drive innovative thinking and execution. There was strong agreement that a leader’s chief responsibility is to lead his or her people and organizational culture first. As we dug into this further with the group, a few common worldviews around this topic emerged:

- Spend your time, energy and resources on your organization’s people and culture. Helping them learn and grow in their thinking, experiences and competencies will pay dividends later when you need an innovative shift. Shortcutting people development never pays off.

For the purpose of the conversation, we loosely used the following definitions to differentiate disruption and innovation:

#### Disruption

- Interrupting and changing the trajectory of business, processes and systems
- Challenging traditional methods
- Addressing a market or client in a significantly different way

#### Innovation

- Introducing a new idea, technology, method to a market or system
- Improving processes, products, services or technologies
- Creating new value (or capturing new value) for internal and/or external customers

- Recognize that the power of your culture is stronger than you think. Toxic, negative or close-minded cultures chew up new ideas and spit them out. Cultures where ideas are valued and heard provide a safe harbor for people to speak up and share different—and sometimes radical—new ideas that could forever change the trajectory of your business.
- Don't expect the leader to come up with all the innovative ideas. Every role in your business has a different perspective on how things could be done better. Provide an inclusive way for all voices to be heard—and then listen.
- Build a culture that encourages frequent conversations around continuous improvement and better ways of doing things. Create a safe place to talk about failures, learn from those mistakes and teach others in the future.
- Create space for nontraditional employees to join your team. External experiences and perspectives often bring some of the most influential shifts in our industry. Just because you don't have a traditional role for them doesn't mean they can't find a place to thrive.

## 2. Identify the Opportunity in Every Situation

Leaders have a choice each morning regarding what type of lens they wear to work. Some choose a pessimistic lens while others choose a skeptical lens, and few choose a highly optimistic lens. We all (Russ, Tom, Atul and FMI) agreed that leaders who choose to wear optimistic lenses each day see the business in a different light that often leads to positive disruptions in their businesses. It's much easier to focus on what is not working or what is wrong with a situation than it is to find the hidden opportunities. When we've observed innovation leaders in our industry, they are all consistently diligent (and sometimes emphatic) about balancing reality while finding the opportunity in every situation.

Tom explained how some of the most creative solutions in Thornton Tomasetti have emerged from leaders who are problem solvers versus problem identifiers. Rather than focusing on the challenge at hand, the most innovative leaders found the opportunity that solved the problem.

We also discussed how leaders find opportunities and innovative solutions during moments of crisis. Each of us has witnessed a moment of crisis where leaders were able to pause and see the situation differently than most. Russ stated, "Crisis is what drives people to change." And we all agreed that some leaders change in a healthy, productive manner and others change in a damaging and nonproductive manner. Innovation leaders don't waste moments of crisis; they see them as opportunities and act upon them accordingly.

## 3. Have the Courage to Take Risks and Face the Tough Questions

It's not surprising to hear that innovative leaders demonstrate the courage to take risks. In fact, one of the quintessential elements of the innovation process is venturing into uncharted territory without certainty of success. Courageous leadership in those moments is not easy, so we asked the question, "How do you do that well as a leader?" We got the following responses:

- Listen to new ideas and assess them for validity, implications (good or bad) and the opportunity.
- Clearly identify the benefit of trying something new, and then communicate it as broadly as necessary.
- Lead others well so that they can create a plan for testing the idea, learning from the outcomes and trying again. Leaders shouldn't be doing this in a vacuum.
- Clarify roles and responsibilities associated with the innovative risk so expectations are clear all around.
- After you've listened to others, ask yourself if you are willing to take the risk on behalf of the organization. At some point, you have to trust your knowledge, experience and intuition.

Innovative leaders also create a vision for innovation for their organizations. Clearly communicating why innovation is part of the organization—and what the future entails—helps clarify why risks are being taken in the first place. This communication acts as a guiding light for innovators across their organization and clarifies what risks the organization is (and isn't) willing to take.

A clear vision also helps innovative leaders face the tough questions head-on and open the tough dialogue with others, even when they'd rather avoid those conversations. We discussed how avoiding those tough conversations often leads to anxiety, doubt, cynicism and other negative behavior within their cultures—none of which is worth the risk in the long run.

#### **4. Encourage Idea Sharing as Much as Possible—Internally and Externally**

When a new concept or thought emerges, oftentimes people try to keep it as close to the vest as possible in fear that someone may steal their ideas. Ironically, Russ, Tom and Atul agreed that talking about ideas, sharing insights and building on each other's creativity are the best ways to lead innovation. Leaders who create a culture in which ideas are not shared tend to see poor results from their innovative efforts. Conversations—both internal and external—can spark a brand-new thought that would have never entered their thought process in the first place.

Innovation leaders also dedicate time to teaching their peers and other future leaders about what they are seeing and learning in the marketplace. Spreading knowledge across the industry can ignite a disruptive change faster than trying to compete with one another for ideas. The group agreed that if the industry can figure out a way to build a sense of team rather than competition when it comes to innovation, the rate of positive disruption increases exponentially.

#### **5. Continually Push Your Own Thinking**

It's extremely rare for leaders of innovative organizations to be stagnant and complacent in their expertise, thinking and leadership. True disruptors in our industry are continually evolving as individuals and as leaders of their businesses. As we watched Russ, Tom and Atul discuss their insights and lessons learned about leading innovation in the industry, it was clear that all of them consistently pushed their own thinking in these ways:

- **They Read Extensively**—They are lifelong learners. Whether it's reading daily newspapers, industry trend reports, global economic articles, books (nonfiction and fiction) or innovation publications, these leaders constantly discussed new headlines and trends they were seeing in the marketplace. Industry disruptors are all extremely well-read, and they know how to apply that newfound knowledge to their own businesses and the industry.
- **They Listen for Understanding**—They listen to stories, insights and viewpoints (both internal and external to the industry) as often as possible. They slow down enough in order to deeply understand what is being said while applying the lessons learned to their businesses and/or thinking. Slowing down to listen has spurred many new, different and disruptive ideas that have been implemented in real time for these three leaders.
- **They Discuss Ideas With Everyone**—They love to push their own thinking by discussing lessons learned, new ideas and new concepts with other people. Like sharing ideas above, they know that different perspectives and points of view influence their own leadership style and approach to innovation every year.

Pushing your thinking as a leader helps you make better decisions related to innovation. A strong foundation of knowledge and expertise in the industry can influence how you assess risk and where you invest your time, energy and resources as an organization.

## 6. Understand Your Own Limitations

Humility and self-awareness were glaringly obvious traits among Russ, Tom and Atul. At one point, each of them said something along the lines of, "I don't think I'm personally a disruptor in this industry." Those characteristics are not common across most industry disruptors, but we did agree that the best leaders of innovation understand their own limitations. They are willing to admit when they are out of their depth and they lean on others. They are also willing to admit when they are personally falling behind on trends in innovation or other relevant factors related to their business.

Understanding your own personal limitations creates positive boundaries around what individual leaders should or should not be focusing their energy on. They know that others around them are smart, capable individuals who can backfill where they are deficient. They also realize that their own strengths can backfill the deficiencies in others. Self-awareness, teamwork and support for one another are common traits we have all observed in innovation leaders.

## The Next Step

In our conversations with these three innovative leaders, we gained valuable insights around what it takes to be an innovation leader. Like most leadership traits, the characteristics of innovation leaders discussed are teachable, which is great news for current and future leaders within our industry.

We will continue this journey in Part Two of this series, where we will outline the lessons that Russ, Tom and Atul have learned over their years of leading innovation and disruption in our industry.



**Kim Jones** is a consultant with FMI's Center for Strategic Leadership practice. Kim designs customized solutions that address a wide variety of leadership issues including: organizational development, cross-cultural leadership, developing strategic thinking, talent development and retention. She also serves as a facilitator at FMI's Leadership Institute and other training programs that help leaders reach their peak performance. She may be reached via email at [kmjones@fminet.com](mailto:kmjones@fminet.com).



**Ron Magnus** is a managing director of FMI's Center for Strategic Leadership. He founded the Center for Strategic Leadership, which has focused on developing the strategic capability of leaders worldwide. Many of the largest engineering and construction firms in the world are clients and friends of the CSL. Ron also serves on Boards as a director and trusted advisor. He may be reached via email at [rmagnus@fminet.com](mailto:rmagnus@fminet.com).

# About FMI

For over 60 years, FMI has been the leading **management consulting and investment banking**<sup>†</sup> firm dedicated exclusively to **engineering and construction, infrastructure and the built environment**.

FMI serves all sectors of the industry as a trusted advisor. More than six decades of context, connections, and insights leads to transformational outcomes for our clients and the industry.

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### Denver

210 University Boulevard  
Suite 800  
Denver, CO 80206  
303.377.4740

### Houston

9303 New Trails Drive  
Suite 350  
The Woodlands, TX 77381  
713.936.5400

### Phoenix

7639 East Pinnacle Peak Road  
Suite 100  
Scottsdale, AZ 85255  
602.381.8108

### Raleigh (headquarters)

5171 Glenwood Avenue  
Suite 200  
Raleigh, NC 27612  
919.787.8400

### Tampa

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