



Leading Innovation: Insights From Industry Executives (Part 3)

By Kim Morton and Ron Magnus

Examining the influence of culture, talent and leadership on innovation.

A question we often get asked at FMI's Center for Strategic Leadership (CSL) is, "How do I lead in this market with all of the changes that are taking place?" Changes are coming at us faster than ever, and leaders are struggling to keep up. These shifts come in many forms, but innovative and disruptive changes can often be the hardest to lead through. Surprisingly, leaders who have figured this out are not focused on the change itself—or anything near it. Instead, they center on a much broader, longer-term area of the business related to developing their cultures, talent and leadership.

As we continue our series, "[Leading Innovation: Insights From Industry Executives](#)," we focus on how organizational culture, talent development and leadership influence the innovative process. During our intimate, one-day "think forum," Russ Becker (APi Group), Tom Scarangelo (Thornton Tomasetti) and Atul Khanzode (DPR Construction) all agreed that these three key areas sustain their success in this ever-changing industry. This article summarizes these executives' insights and offers practical industry examples.

The Influence of Culture, Talent and Leadership on Innovation

Through various bouts of trial and error, Tom, Russ and Atul have learned just how powerful their organizations' culture is in implementing and sustaining innovation. Talent that is primed and ready to receive change, as well as leaders who are well-equipped to guide the changes, has proven to be a key driver for their success as industry leaders. Here are the three topics we discussed in our think forum:

- Your culture will determine if innovation succeeds or not—build it wisely.
- The right talent can drive and absorb innovation—invest in it.
- Your leadership team is your secret weapon for innovation—equip it appropriately.

Your Culture Will Determine If Innovation Succeeds or Not—Build It Wisely

Some of the most distinct organizational cultures in the world were built with purpose, intentionality and consistency. Without those three elements, leaders often struggle to make culture shifts stick long-term. Russ, Tom and Atul brought up the power of their internal organizational cultures multiple times during our day together. In summary, they noted:

1. **Building a culture of innovation takes time and many real-time course adjustments.** Consistently reinforcing the value of innovation, testing disruptive ideas and rewarding people for successful implementation are great ways to build a common mindset across the company.
2. **Internal collaboration influences external collaboration.** Cultures that are accustomed to collaboration in all areas of the business can lean on each other to build off each other's ideas and solve problems. It's not just an expectation for these companies; it's a natural way of working to get things done. When this happens inside the company, partners on the outside notice and are willing to collaborate on new or different methods for project delivery and/or addressing challenges when they arise.
3. **Cultures that encourage trust and collaboration can generate innovative ideas and withstand disruptive changes much more easily.** Atul noted that, "Our work is really about bringing people together. When humans trust each other and feel connected, they are willing to take risks, be vulnerable with radical ideas and try new approaches." Demonstrating trustworthy behaviors from the bottom to the top is not only expected within DPR, but also rewarded.

Integrated Project Delivery (IPD) has driven the success of many of DPR Construction's innovative projects. Instilling the [principles of IPD](#) into the training, development and performance reviews for employees reinforces the value of collaboration and the influence it has on making innovation stick.

4. **Many innovative cultures, like the one at Thornton Tomasetti, recognize opportunities where others see risk.** Tom noted that, "Cultures that focus on the big ideas and simultaneously see challenges as opportunities are the ones that are keeping up in this market. We encourage all of our engineers to see a challenge and spend time finding the opportunity to innovate with each other on every project." This doesn't happen in the occasional pocket; it's encouraged on all internal and external teams throughout the organization.
5. **Setting a vision for innovation and clarifying what innovation means within the context of a company is key.** When everyone knows where he or she can win in the marketplace (related to innovation) and how it applies internally, the culture is likely to rally behind the vision and help support it throughout the ebbs and flows.
6. **Cultures that can't see changes, or that don't know how to respond to them, frequently reject new, innovative ideas from their employees.** If people have witnessed how to handle change and know how to respond in their own context, they tend to thrive with disruption swirling around both internally and externally to their business.



The Right Talent Can Absorb and Drive Innovation—Invest in It

Talent development and talent retention have been common themes in our industry for years. While we often hear leaders discuss their labor shortage challenges, Atul, Russ and Tom seemed unfazed by this issue. They acknowledged that they have normal turnover, but their focus on hiring the right talent has fueled innovation throughout their companies over the years. That is only one factor that leads to successful innovation, but they all noted that it works. Here are a few other key highlights they discussed:

1. **To be innovative, you have to be willing to invest in finding the right people, not the people you are comfortable with.** Russ Becker noted that, “It’s always a little bit of a risk to try something new, but APi knew that investing in our people and leadership first would bring huge successes in the long run.” All three leaders agreed that investing in talent with intention and purpose has helped them lead innovation well.
2. **Supporting your talent with time and monetary resources during times of rapid or disruptive changes enables employees to flourish (rather than flounder).** This is one form of investment that reduces stress, increases engagement and provides the best results for the masses of people impacted by change and innovation.
3. **Unleashing great talent can sometimes be easier said than done, but it can lead to incredible shifts in your business.** Atul said, “If you see people with huge potential that you really want to retain, give them the opportunity to spread their wings, leverage their brains and lead their own thinking. They will do powerful things!” Tom, Russ and FMI all agreed that reducing obstacles and allowing great talent to flourish have resulted in some of the industry’s greatest success stories.
4. **Some companies have several, if not dozens, of people who are wired to think differently about the business or project delivery.** The concept of innovation pods was discussed at length, since it’s another way to help people come together in a safe “incubator” to create ways of winning in the marketplace. Given the limited amount of time this group of leaders has on its hands, they would all encourage other organizations to consider this route if their organizations want to drive innovation in the industry.

Your Leadership Team Is Your Secret Weapon for Innovation — Equip It Appropriately

During times of change and innovation, people in the organization look to their leaders for guidance, direction, motivation and vision. They thrive on the leader's ability to deal with ambiguity while creating clarity—a daily task for many leaders. How well you equip your leadership team will determine how well your company absorbs change and innovation. Get this right and your leadership could be your secret weapon to leading innovation. In fact, developing leaders who can lead and influence others during times of disruption and innovation was a hot topic during this session. Here are some highlights that we discussed:

1. **How your leadership team responds to change and innovation will likely dictate whether or not innovation sticks long-term.** Helping your leaders learn to pause, consider the opportunities and the risks, and listen before responding have helped employees at all levels across APi Group, Thornton Tomasetti and DPR Construction.
2. **Adaptability and agility are two common competencies to look for in leaders of innovative companies.** The ability to deeply understand the business—and then adapt to and maneuver around the changing dynamics of the industry—is essential to long-term success.
3. **Where leaders focus their time and energy matters more than most realize.** Russ said, “Leaders shouldn't think in terms of innovation and disruption happening around them. They should think in terms of leading the right people so they can develop new ideas and leverage technology.” The rest of the group agreed that if leaders focus on the people, then the people themselves will be able to focus on the actual innovation.
4. **Give your leaders the freedom to lead their own way.** APi Group is known for its internal leadership development programs. Russ also commented on the firm's approach to innovation—through its leadership. When APi's leaders are laser-focused on giving people the freedom and permission to lead how they want, Russ says creative solutions naturally emerge. Getting out of the way and letting leaders find their own paths can also accelerate the innovative process.
5. **Leaders make mistakes when leading through innovative or disruptive shifts.** It's a natural part of leadership that most people don't like to talk about, but this group found it very helpful to acknowledge the fact and discuss it. Helping leaders learn from their mistakes (related to both innovation and non-innovative matters) is something that all participants perceived as critical in driving longevity for organizations in our industry.
6. **Leaders who can leverage the diverse mindsets, experiences, backgrounds and personality profiles on their teams achieve higher results** than those who tend to put people into general roles. Being able to identify and pull from each person's unique gifts and talents takes time, patience and a lot of listening to do it well.

Thank You

This is the final article in our three-part series on how to lead innovation. FMI would like to send *a special thank you to Russ Becker, Tom Scarangelo and Atul Khanzode* for taking the time to meet with us in person and sharing their insights for an entire day. A common theme from the conversation was the limited amount of time these leaders have, so we are grateful they made the time for FMI!

For more information, please contact Kim Morton or Ron Magnus.



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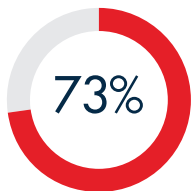
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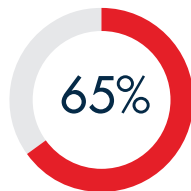
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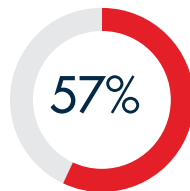
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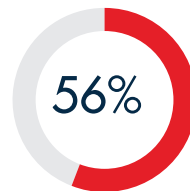
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