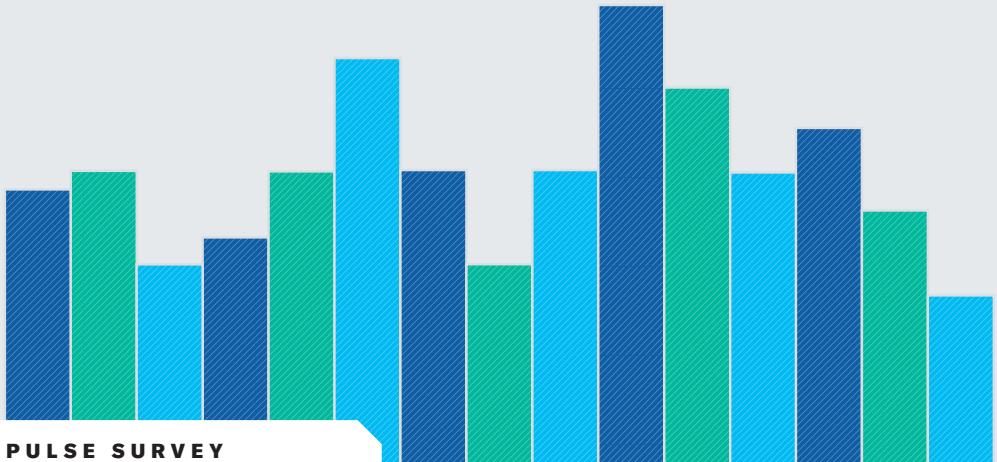


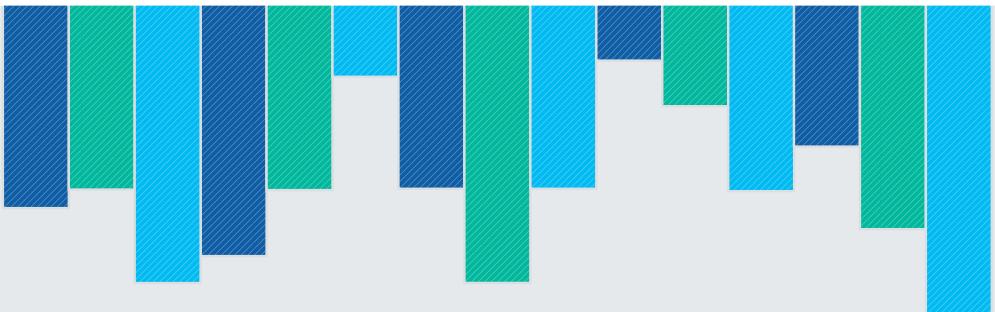


Harvard Business Review

ANALYTIC SERVICES



Empowering Employees to Drive Innovation and Agility



Sponsored by



SPONSOR PERSPECTIVE

Organizations today face constant change and disruption. Global events have led to dramatic shifts in remote work, changing markets, and competitive disruptions as companies look for opportunities amid the crisis. These disruptions have exposed for many organizations what most of us already knew: Most of our current ways of working are no longer delivering results. The long-standing challenges in the way work gets done have been amplified—including siloed workstreams, a lack of transparency, and the inability to respond quickly—and can no longer be addressed with rigid top-down systems or point solutions for productivity.

Businesses are taking a hard look at what they need to stay productive and maintain a competitive edge in the face of these challenges. How they choose to structure their organizations and support their workers will ultimately determine their success in the long run. This means balancing a top-down approach to innovation with a bottom-up approach that lets those closest to the customer develop creative ways to meet customer needs, support autonomous teams while maintaining visibility into their work, and find the right technology to empower teams to work dynamically.

While people and technology are often thought of as separate areas of investment, employees with the right tools and technologies are better able to quickly adapt and innovate in response to rapidly changing business needs. A secure, scalable work management platform that connects the entire enterprise and gives everyone the power to work together to innovate and adapt to continuous change can help employees thrive amid the pressures of today's environment—and in the face of future disruptions.

We've sponsored research by Harvard Business Review Analytic Services to help business leaders better understand how to unleash agility amid disruption and cultivate employee innovation from the bottom up. Through quantitative research and deep interviews with analysts, experts, and business leaders currently helping their organizations navigate change, this report is a new look at how organizations can empower their employees with the right mindset—and the right technology—to turn constant change into endless opportunities to innovate.

There's never been a more significant time to empower a dynamic, resilient workforce that can adapt quickly and drive innovation. This report can serve as a practical guide for you to start exploring how rethinking your business mindset—and your technology investments—can position your workforce to see your organization through this moment and whatever the future may have in store.



Karrie Sanderson

**Vice President,
Marketing Insights & Brand**

Smartsheet

Empowering Employees to Drive Innovation and Agility

The past two decades have marked an era of massive disruption. During that time, digital capabilities rapidly spread, technology and tools transformed the way people live and work, and the effects of global events have reshaped economies. Today, businesses must be prepared to weather disruptions of any sort, strengthen innovation efforts, and pivot quickly to remain productive and competitive.

For some organizations, having certain tools and technologies already in place played a pivotal role in adapting their ways of working during the most recent disruption, the Covid-19 crisis, a Harvard Business Review Analytic Services survey of 642 business respondents found.

In addition, 80% of respondents somewhat or strongly agree that agile and innovative workers played a big role in helping ensure business continuity and success during the disruption. Eighty-eight percent somewhat or strongly agree that having empowered, autonomous teams is critical to an organization's future success, according to the data.

"Everybody is looking for more business agility right now, and that's because we're in such a disruptive time," says Chris Marsh, research director of workforce productivity and collaboration at 451 Research, a unit of S&P Global Market Intelligence. "Forward-looking companies—particularly now—realize that you only really get this agility if you can provide more autonomy."

Businesses are also clear on the role of innovation, says Holly Lyke-Ho-Gland, principal research lead for process and performance management at the American Productivity and Quality Center (APQC). "Two of the top capabilities organizations feel they need moving forward are innovation and flexibility," she says. "And that requires more flexibility in how you create, how problems are solved, and where ideas come from."

HIGHLIGHTS



86% of organizations that strongly agree that their **leadership entrusted teams with innovating** prior to the pandemic also say they **adapted well**.



80% of survey respondents agree that **agile and innovative employees played a big part in ensuring business continuity and success** during the pandemic's disruption.

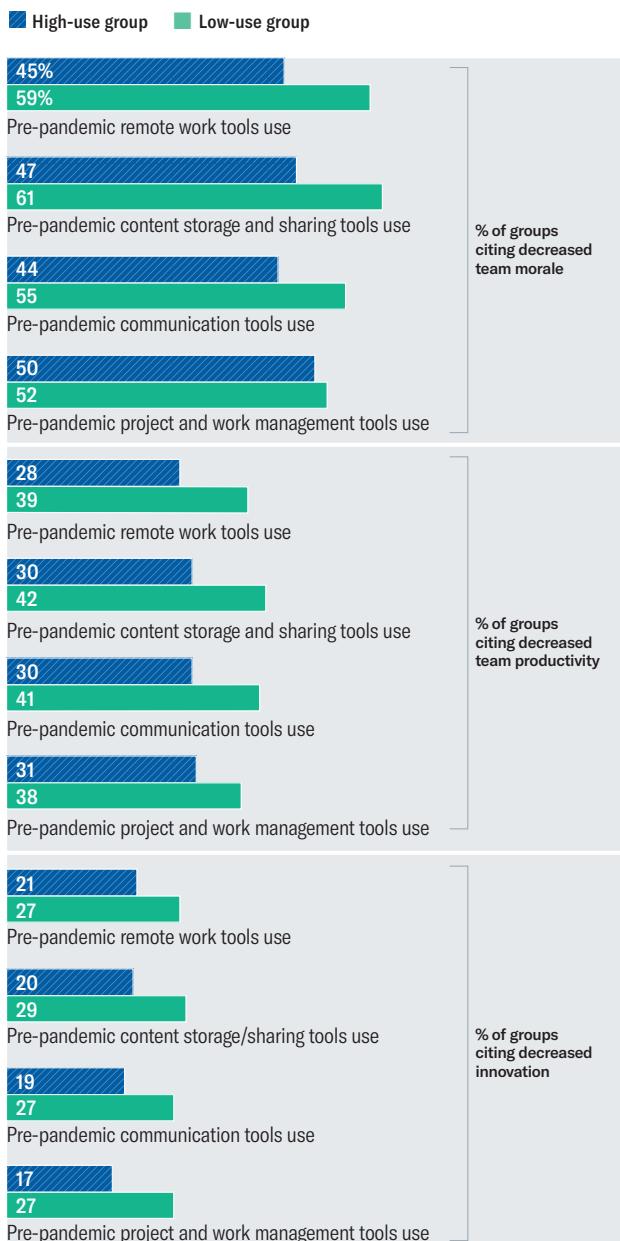


50% say that their **technology stack meets employees' current needs** well.

FIGURE 1

The Impacts of Tool Usage

Businesses that didn't use certain tech tools prior to the pandemic were more likely to report consequences.



Reading this chart: Percentages reflect responses to statements in the right column within two groups: those who had high use of each tool type pre-pandemic and those who had low use of each tool type pre-pandemic. For example, 45% of respondents who reported high use of pre-pandemic remote work tools cite decreased team morale. Fifty-nine percent of those who reported low use of those same tools cite decreased team morale.

Source: Harvard Business Review Analytic Services Survey, June 2020

Empowering employees and enabling them to operate autonomously—particularly with the right tools and technologies—allowed them to innovate and adapt during the early weeks of the pandemic. To prepare better for future disruptions, organizations must consider the factors that helped drive agility, the role that autonomous teams play in driving innovation, and the requisite tools and technologies critical to empowering teams.

Agility Amid Disruption

As remote work orders descended on organizations in the early weeks of the pandemic, companies scrambled to implement new tools and technology solutions that would help teams work under new conditions and constraints.

Two-thirds (67%) of respondents agree to some extent that their organization reevaluated its technology strategy during those early weeks, according to the survey. Nearly half (47%) agree that the pandemic revealed major gaps in their internal technology strategy.

“Businesses had to find a way to get people talking to one another, so there was a headlong dive into collaboration and communication tools for organizations that didn’t already use them,” Marsh says. “For many businesses, it was chaos for a while.”

But bright spots emerged. For example, 43% of the organizations surveyed report that they were able to adapt their way of working “very well” in light of the business disruption caused by the pandemic. Of those that adapted very well, one factor became clear: All reported significantly higher use of remote work tools, communication tools, content storage tools, and project and work management tools before the pandemic compared to their counterparts that didn’t adapt very well.

Those that report they didn’t adapt their ways of working very well overwhelmingly struggled with technology, the survey finds. Three-quarters (76%) of this group agree that the pandemic revealed major gaps in their organization’s internal technology strategy, and they were more likely to cite the need for improvements to nearly every area of their current technology stack, from flexibility and functionality to speed and user friendliness.

Organizations without the right technology in place before the pandemic realized consequences beyond an ability to adapt quickly. Respondents who reported low use of remote work tools were more likely to experience decreased team morale (59%, 14 points higher than those with high use of remote work tools) and decreased team productivity (39%, 11 points higher). **FIGURE 1**

According to Marsh, the crisis was a catalyst for uncovering these technological shortcomings. “[The pandemic] exposed a problem that existed pre-crisis, which was lots of noise from context switching—from emails to messaging tools to conferencing tools,” he says. Context switching refers

to jumping to and from disparate systems. As a result, the piecemeal approach to technology and processes resulted in ineffective workflows.

Organizations that adapted very well, however, already had these tools in place. Compared to their counterparts, they reported high use of remote work tools (70% versus 39%), communication tools (63% versus 37%), content storage tools (60% versus 36%), and project and work management tools (45% versus 19%). This suggests that the more technologically prepared organizations were, the more resilient they would be through operational upheaval.

Employee-Driven Innovation

While technology played a key role in an organization's ability to adapt to disruption, how businesses drive innovation was equally important. Prior to the pandemic, 41% say that their approach to innovation was driven a good amount or almost entirely by senior leadership, compared to the 18% of people who say it was driven a good amount or almost entirely by employees. Forty percent say it was driven equally by employees and senior leadership.

Top-down innovation that's spearheaded by leadership is important in organizations that orchestrate a clear R&D agenda, says Ben Wigert, director of workplace management research and strategy at Gallup, an analytics consulting firm. These organizations set clear objectives and allocate certain resources and priorities toward them. There is, however, an unintended consequence in relying solely on top-down innovation.

"If you only try to innovate on the things that get prioritized by the organization, you're missing out on a majority of the opportunities," he says. "Too often, employees think it's not their job to identify problems or come up with new solutions. Employees also tend to think their ideas aren't innovative or that surely their idea was already considered."

The top-down innovation approach is also slower, 451 Group's Marsh adds. "This notion of top-down enterprises is becoming very brittle. It used to be that you had a small number of people who created something, a bigger number of people who curated it, and then the mass of consumers who passively consumed it," he says. "But you're slower if you do that because the signals from the market will not manifest into strategy quickly enough. That's why we see everybody trying to adopt effective digital transformation initiatives—because they realize that the companies that can best respond to market changes are those that are disrupting incumbents. That's why 'top down' is challenging."

The need to adapt quickly during the pandemic may have amplified these challenges. The survey found that moving forward, the distribution of responsibility for innovation appears to be shifting to the middle ground, as 54% of respondents say their organization's approach to innovation will be driven equally by employees and senior leadership. **FIGURE 2**

Tool Definitions

Project and work management tools

Project/program/process management, task tracking, workflow automation

Communication tools

Intranet, extranet, messaging, and video-conferencing tools/platforms

Content storage and sharing tools

Shared online documents/spreadsheets, shared file locations

Remote work tools

Laptops, mobile phones, screen sharing, remote access to central servers, cloud computing

FIGURE 2

Innovation Before and After Covid-19

For many organizations, senior leadership played a large role in driving innovation.

Which of the following best describes your organization's pre-pandemic approach to innovation and the expected approach in the future?

■ Pre-pandemic ■ Future

18%
17%
Driven a good amount/almost entirely by employees

40
54
Driven equally by employees and senior leadership

41
28
Driven a good amount/almost entirely by senior leadership

Source: Harvard Business Review Analytic Services Survey, June 2020

The APQC's Lyke-Ho-Gland says that a shared innovation framework is ideal. "The more potential perspective you have on something, the more likely you're going to find something new. With a more bottom-up approach, you're able to develop ideas that are more outside the box and less incremental, making it a true innovation," she says. "But you also need some top down, which gives you a more holistic picture of the drivers of the organization. You need a balance."

Injecting more bottom-up innovation also gives businesses a chance to get closer to the customer, says Brooks Holtom, senior associate dean and professor of management at Georgetown University's McDonough School of Business.



86%

**of organizations that
strongly agree that
their leadership
entrusted teams
with innovating prior
to the pandemic also
reported that they
adapted well.**

“The customer doesn’t want a drill; they want a hole in the wall,” he says, paraphrasing *The Innovator’s Dilemma*¹ by Clay Christensen. “It’s the people who are close to the customer who can see what they really want,” he says. “They’re the ones who are typically creating the product or delivering the service, so they have insights into the efficiencies or the things that bug them. They know how things could be better.”

At Top Shelf Real Estate Advisors, a third-party boutique project management firm that caters to the hospitality industry, the top-down innovation model was once the standard, says founder and CEO Darrin Phillips. He would set the vision for the organization and determine which tools and processes to roll out. A few years ago, that routine changed.

“I would sometimes get pushback from senior management saying that the new process would create more work and they would wonder what the end goal was. They wanted more control over how they got their work done,” he says. “That’s how we operate today. We welcome and encourage ideas from everyone. They have the freedom to try new things, and it’s really enabled us to spend time on adapting and innovating and not wasting time on things that won’t help us.”

Bottom-up innovation appears to have helped businesses weather the pandemic better, too. According to the survey, 86% of organizations that strongly agree that their leadership entrusted teams with innovating prior to the pandemic also reported that they adapted well—16 percentage points higher than those that indicated that leadership did not entrust teams with innovating.

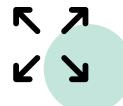
Supporting Autonomous Teams

For employee-driven innovation to work, businesses need to empower and support autonomous teams, which are encouraged to independently shape their own tasks and processes and explore innovation, says Gallup’s Wigert.

Autonomous teams don’t develop organically; for many businesses, it’s a decision driven by the need or desire to advance innovation. To create this culture, organizations must set the expectation that teams should be creative and innovative; afford teams the time, resources, and autonomy to be innovative; ensure that teams feel supported in taking risks; and set accountability expectations. Accountability, he says, requires having a clear vision for what success looks like and rewarding and recognizing efforts to innovate.

“You have to create an environment in which different voices are welcome and different ways of thinking are celebrated and not just tolerated,” adds Georgetown’s Holtom. “People have to be agile and fluid in their thinking and be able to let go of the notion of ‘we’ve always done it this way.’ This is a cultural shift for many.”

The benefits of this organizational structure include increased speed, agility, and innovation, Lyke-Ho-Gland



“**People have to be agile and fluid in their thinking and be able to let go of the notion of ‘we’ve always done it this way.’ This is a cultural shift for many,**” says Brooks Holtom, at Georgetown University’s McDonough School of Business.

says. “When you have a high level of senior management involvement, there’s always the constraints of risk aversion. By creating autonomous teams, you’re able to lift that fear of risk aversion,” she says. “Businesses are less likely to have to go through a lot of waterfall or traditional project management levels to get to the prototype and testing phase of new ideas. They’re able to work faster and fail faster.”

For some organizations, the need to move quickly, work with more agility, and innovate during the pandemic may have revealed the value of empowered autonomous teams. Prior to the onset of Covid-19, 61% of organizations said their organization’s leadership entrusted teams with innovating based on their own specific needs. Going forward, 71% expect their organization’s leadership to increasingly entrust teams with innovating based on their own specific needs.

At a division of social network giant Facebook, project teams have accelerated productivity and increased innovation through the use of a work management tool, says Murali Kulathuani, vice president of portfolio management at Aptude, an IT consulting company that works with Facebook.

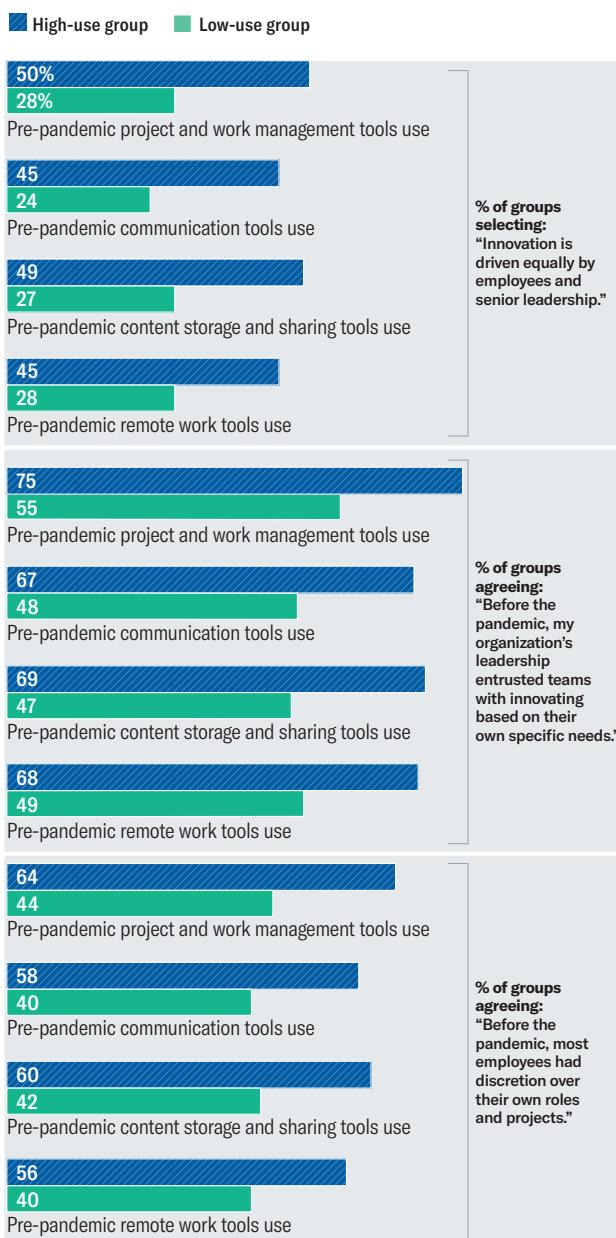
“There are a lot of interdependencies when it comes to big projects. Unless these are actively managed, this reduces the velocity of work execution in teams because you’re taking away their freedom to move since they’re dependent on each other, which greatly slows things down,” he explains. “The first big factor that promotes autonomy is visibility. When I can clearly see who’s waiting on me and what they need, I’ll do whatever I can to get that off my plate. Once people acquire that visibility, then the original promise of a self-organizing team becomes more true.”

As a result, teams at Facebook execute work seamlessly and at their own velocity, Kulathuani says. Instead of chasing people and asking whether they’ve completed A or B, they have visibility into the projects and are empowered to decide

FIGURE 3

Tools and Innovation

The relationship between strong use of advanced tools and positive innovation attitudes and pro-employee attitudes.



Reading this chart: Percentages reflect responses to statements in the right column within two groups: those who had high use of each tool type pre-pandemic and those who had low use of each tool type pre-pandemic. For example, 50% of respondents who reported high use of pre-pandemic project and work management tools say innovation is driven equally by employees and senior leadership. Twenty-eight percent who reported low use of those same tools say innovation is driven equally by employees and senior leadership.

Source: Harvard Business Review Analytic Services Survey, June 2020

on their own what needs to be done next, whose help they need, and when they do it.

The Technology Factor

Organizations need the right tools and technologies to empower teams to work autonomously and with agility, to innovate, and to better tackle future disruptions. According to the survey, 93% agree that providing teams with the software and tools they need is necessary to producing successful work.

Other data supports this empowerment approach to technology. In comparing those that strongly agreed that agile and innovative employees played a big part in helping their organizations ensure business continuity and success during the pandemic to those that didn't, the agile and innovative employees were more likely to give their tech stack a high performance rating (58% versus 33%). This finding suggests a connection between the strength of an organization's technology and how innovative its employees are.

Technology plays other roles in how businesses organize around innovation. For example, three-quarters of the respondents who report high use of project and work management tools agree that their organization's leadership entrusted teams with innovating based on their own specific needs before the pandemic. In comparison, 55% of the low-use group agree. Half of those reporting high use of project and work management tools also say that before the pandemic, innovation was driven equally by employees and senior leadership, compared to just 28% of the low-use group. FIGURE 3

While there's overwhelming data linking technology to positive business outcomes and innovation, just 50% say their technology stack meets employees' current needs well. Several factors impact technology's effectiveness, which organizations need to consider, Wigert says.

To start, the tools that businesses use should drive efficiency without adding complexity. "Technology takes something that's already difficult, which is teamwork and innovation, and adds a learning curve to it," he says. "But if teams already know how to work well together and they know what successful innovation looks like, then well-designed collaboration technology can help them communicate better, visualize, and bring their ideas to life."

Some solutions are evolving toward that sweet spot of helping teams work faster and more efficiently, says Marsh. These solutions include productivity software, work management tools, collaboration tools, and digital workspaces, he says. These are also tools that survey respondents said they plan to use more going forward compared to before the pandemic. FIGURE 4

"Everybody is looking for business agility, which ultimately will come from tools that allow teams to be more autonomous. But if you have [tools] without the alignment, companies will be fearful of a Wild West. It needs to be aligned back to strategy."

FIGURE 4

Tool Usage

Respondents expect tool use at their organizations to increase going forward compared to before the pandemic.



Source: Harvard Business Review Analytic Services Survey, June 2020

Businesses should also consider lighter enterprise solutions. “Rather than invest in traditional enterprise applications that are overseen by IT, digital leaders are looking for tooling that will give more of their workforce the ability to do higher-order kinds of things,” Marsh says. “They want no-code, highly scalable, flexible tooling that allows people to design and manage their own kind of workflow.”

That trend was reflected in the survey. Sixty-eight percent of respondents say that their organization plans to reevaluate its technology strategy in light of gaps revealed during the pandemic, and 54% agree that going forward, their organization will increasingly pivot its technology strategy toward achieving quick wins instead of wholesale optimizations.

Realizing the Benefits

Syngenta, an agrochemical company, transitioned quickly during the first days of the pandemic with the help of tools it already had in place, says Chuck Mihaliak, IT portfolio manager. Its unified solution included digital workspaces, collaboration, remote work, and work management capabilities.

Within the first 48 hours, Syngenta used these tools to launch a Covid-19 preparedness portal, which became the hub for communication with its employees, whether they were working remotely or in labs across the country, Mihaliak says.

“We used this space to track the schedules of workers who still needed to be in the offices, review the status of other facilities in Europe and North America, for updates on the health risks in different parts of the world, and to approve permissions if travel was necessary,” he says.

While these tools helped the organization quickly transition most employees to remote work, they also helped the business pivot. To better track its raw materials, packing, and final products that were diverted or delayed due to border restrictions, Syngenta created a dashboard within its work

management tool. This effort was critical for the company’s supply chain to track hundreds of products from dozens of suppliers in multiple countries around the world, he says.

“The speed with which we were able to set some things up was enormous,” Mihaliak says. “If we didn’t have these tools, we would have taken a significant productivity loss across the organization. Investing in these tools beforehand made this an easier transition.”

While these tools provided agility during a chaotic time, they have also been key in empowering teams to innovate, he says. “These tools don’t require any heavy lifting from IT, which is a win-win for both sides. IT can focus on the big, business-critical functions and people can use these tools to develop solutions on their own,” Mihaliak says. “There are many processes where we run dozens of sheets that aren’t big enough to turn into a full-blown IT project, but if you get a group of smart people together, they can build a good solution on their own. That innovation becomes infectious, and more people want to develop their own solutions.”

Fifty-four percent agree that going forward, their organization will increasingly pivot its technology strategy toward achieving quick wins instead of wholesale optimizations.





As 88% of businesses expect to allow remote work more than they did before the pandemic, the technologies that connect a dispersed workforce will remain a necessity well into the future.

Conclusion

In order to prepare for inevitable future disruptions, businesses today are rethinking and reexamining their tools and practices. Communication tools, technologies that enable remote work, content storage and sharing capabilities, and project and work management tools helped organizations pivot and adapt to disruption more rapidly. As 88% of businesses expect to allow remote work more than they did before the pandemic, the technologies that connect a dispersed workforce will remain a necessity well into the future.

While technology played an important role in adapting to disruption, it also helped employees drive innovation—another key factor in an organization’s ability to adapt. These tools facilitate speed, agility, and autonomy, empowering teams

to independently shape their own tasks and processes, and explore innovation.

Now is the time for businesses to review and bolster their employee-driven innovation efforts and evaluate the tools that facilitate this, says Holtom. “Everyone on the planet is questioning the status quo, whether they’ve been doing things in the best possible way, and what changes they should make as we move into the future. Conditions right now are ripe. We’re more open to change in ways that we haven’t been before.”

Endnote

1 Christensen, Clayton, *The Innovator’s Dilemma*, 1997.

METHODOLOGY AND PARTICIPANT PROFILE

A total of 642 respondents drawn from the HBR audience of readers (magazine/ e-newsletter readers, customers, HBR.org users) completed the survey.

Size of Organization	Seniority	Key Industry Sectors	Job Function	Regions
39% 10,000 or more employees	18% Executive management/ board members	14% Manufacturing	19% General/executive management	48% North America
44% 1,000 – 9,999 employees	44% Senior management	13% Technology	10% HR/training	21% Asia Pacific
17% 500 – 999 employees	27% Middle management	12% Financial services	8% or less other functions	15% Europe
0% 499 and fewer employees	11% Other grades	11% Education		10% Latin America
		8% or less other sectors		6% Middle East/Africa

Figures may not add up to 100% due to rounding.

A B O U T U S

Harvard Business Review Analytic Services is an independent commercial research unit within Harvard Business Review Group, conducting research and comparative analysis on important management challenges and emerging business opportunities. Seeking to provide business intelligence and peer-group insight, each report is published based on the findings of original quantitative and/or qualitative research and analysis. Quantitative surveys are conducted with the HBR Advisory Council, HBR's global research panel, and qualitative research is conducted with senior business executives and subject matter experts from within and beyond the *Harvard Business Review* author community. Email us at hbranalyticservices@hbr.org.

hbr.org/hbr-analytic-services