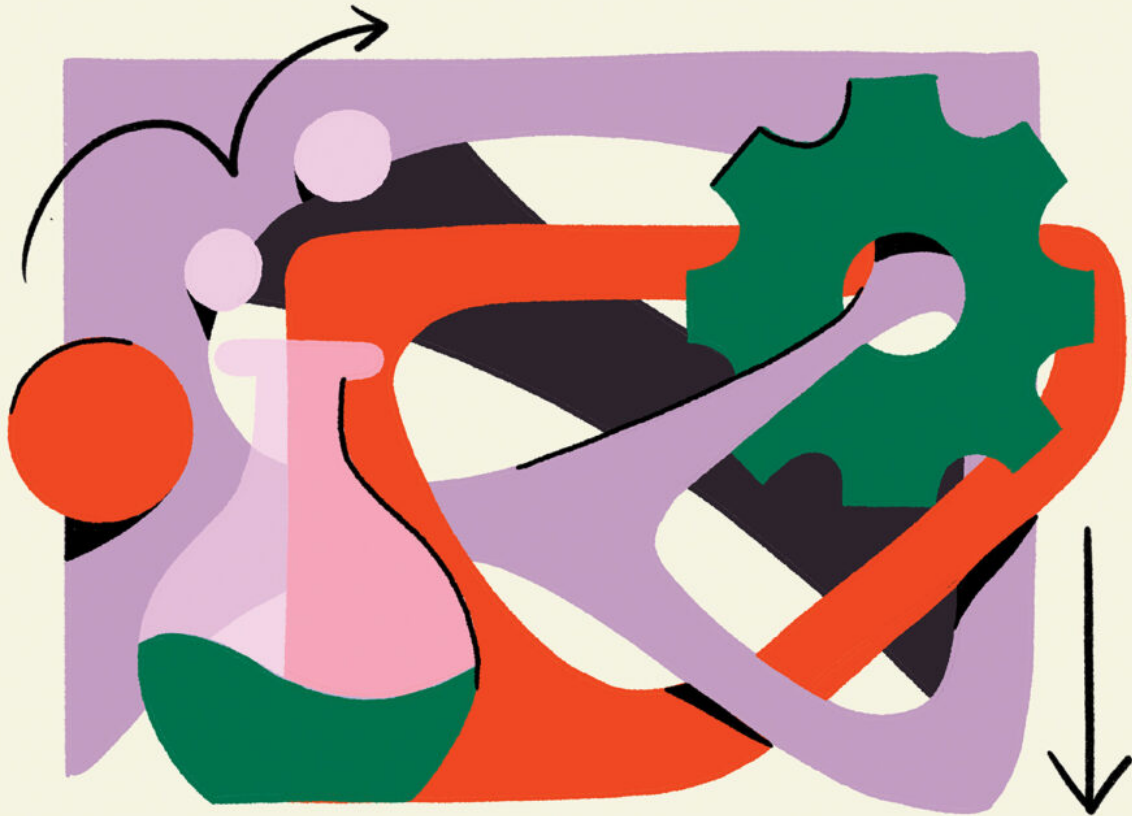


Harness Your Network to Unlock Innovation

by Bill McEvily and Anne ter Wal

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Timo Kuilder

Summary. Why do so many big companies get poor returns on all the money they invest in innovation? A large body of research suggests that it's because their managers tend to think novel ideas are “deviant” and resist them. As a result such ideas get watered down to make them less threatening—or get squashed

Many corporate CEOs are unhappy with the level of innovation they're getting for the billions they pour into R&D. One root cause of the low return, a large body of research suggests, lies in the managerial tendency to treat novel ideas as aberrations to be resisted. At each stage of the innovation process—from inception to integration to implementation—executives will either water down “deviant” ideas to make them fit within existing businesses or crush them altogether.



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However, we believe that executives and innovators can combat this problem if they carefully harness their networks. This is something we saw in empirical studies on organizational networks we did with Paola Criscuolo of Imperial College London, David Krackhardt of Carnegie Mellon University, Ammon Salter of the University of Warwick, and Marco Tortoriello of Bocconi University. Altogether the studies—two of which were funded by the European Research Council—involved nearly 1,000 R&D executives and innovators. Through them we identified three particularly effective practices: *finding and mobilizing catalysts* in external networks who help launch ideas, *engaging with internal sparring partners* to turn those ideas into viable business propositions, and *selectively sequencing the introduction of ideas within your social circles* in the company to stress-test them and gradually gain buy-in.

While there's nothing inherently magical about these activities, in our work with executives and companies we've observed that few leaders fully appreciate or habitually do them. But all leaders can

master the three networking practices once they understand their underlying principles.

Find and Mobilize Innovation Catalysts

The first problem with novel ideas is, quite simply, that business leaders don't come across them that often. The siloed nature of organizations means that for many managers, a big chunk of day-to-day interactions are with the same people in the same context. And though C-suite executives at large, diversified companies will naturally mix with managers from around the organization—not to mention with numerous formal and informal advisers outside it—many of them still gravitate toward like-minded people with similar experiences, expertise, and backgrounds.

Our research shows that leaders at genuinely innovative companies consciously avoid that trap by deliberately seeking and spending time with people we call *innovation catalysts*: individuals who have a knack for cultivating networks that combine a sense of community and a diversity of perspectives. Because these people have access to wide-ranging knowledge that is acutely relevant, they're able to inspire new ideas and enhance their development. What sets catalysts apart is that they are unusually generous with their time, exceptionally skilled at staying connected to people from many spheres, and always on the hunt for out-of-the-ordinary ideas.

One business leader who can attest to the value of innovation catalysts is Jaideep (not his real name), the head of digital transformation at a large health care trust in the UK. For many years its affiliated hospitals had been coping with increasingly longer patient waiting lists and overcrowded emergency departments. A solution to the waiting lists in radiology came from an innovation catalyst named Hannah in a group of Jaideep's friends from medical school, who for the past 15 years had held weekend outings twice annually.

Warming up over a cup of tea after a mountain hike, Jaideep and Hannah got to talking about the waiting lists. Hannah, who'd been using artificial intelligence in her work developing new brain cancer therapies for a major pharmaceutical firm, suggested AI as an avenue for Jaideep to explore. She connected him with people in her network who had pioneered AI in other health care settings, putting him on a path that would eventually result in the UK's first cloud-based AI radiology device. Now deployed nationwide, it's able to read and interpret results far more quickly than human radiologists, resulting in faster treatment times and shorter waiting lists.

The strong bonds among members of the alumni group—who had built deep trust over many years of friendship—made it easier for Jaideep to share his challenges and for Hannah to commit time and energy to think about them. Equally important as the social bonds were the divergent career paths of the group's members, which spanned an extraordinarily varied range of medical experiences and expertise. But even among this well-connected bunch, Hannah stood out for her diverse array of contacts. She loved the exchange of ideas, often going to conferences well outside her own domain and making friends in many different communities.

Catalysts are unusually generous with their time, exceptionally skilled at staying connected to people from many spheres, and always on the hunt for ideas.

Conversations with catalysts are best held away from a larger group—at a quiet lunch outside a conference venue or perhaps over a shared drink on a park bench. Informality and privacy make it easier to bounce around ideas that might seem offbeat.

It's also important that both parties get something out of the exchange. Jaideep can't just harvest Hannah's ideas—he has to reciprocate by sharing ideas himself that she could pass on to some other connections of hers in a different line of work. Being part of a close-knit network involves give-and-take, which fosters trust as members build reputations for being helpful to others. Such reputations, in turn, enable people to get more assistance down the road.

Where can leaders find innovation catalysts? Peer groups, such as alumni networks, are good places to start, as Jaideep discovered. In addition to providing a shared bond, they often include people with many kinds of professional experiences.

Forums that bring together people who play similar roles in different types of organizations are another good source. For example, technology leaders from some of the largest U.S. science-based corporations regularly get together in what are commonly known as industry peer networks. In these groups members share knowledge about common issues such as emerging technology trends and the implications for technology strategy. During one of the peer network gatherings we attended, we saw members engaging in an intense debate about the conference theme—the merits of open innovation—and realized that the changes implemented in one firm could help catalyze changes in others. For example, the firm had redesigned its intellectual property function so that it no longer solely prioritized the protection of IP rights but also enabled safe collaboration, a model the other firms could follow.

Catalytic Networking

To find and mobilize innovation catalysts who will help launch novel ideas:

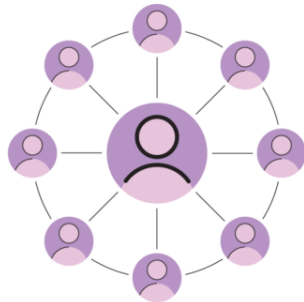


1. Embed yourself in close-knit, diverse communities.
2. Open up about your business challenges and help others with theirs.
3. Find individuals who are passionate about new ideas, exceptionally well-connected, and generous with their time.
4. Use input from them to generate innovations and enhance them.

Potential pitfalls

Too much similarity

Surrounding yourself with like-minded advisers will blind you to the need to depart from the status quo.



Too much novelty

Reaching out to many advisers outside close-knit communities may overload you with low-quality ideas, limiting your ability to find promising ones.



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However, not everyone in such peer groups will be a catalyst. Leaders will have to invest time in getting to know members to find someone who checks all three boxes—generosity; deep, diverse ties; and a passion for unusual ideas.

Innovation catalysts are adept at understanding the problems faced by others. They can draw a line from the challenge a leader confronts to the answer, and they can help the leader brainstorm an idea safely before exploring it further. Not only do their many connections allow catalysts to tap into a wide range of solutions, but their participation in in-depth exchanges in community-like settings helps them understand how those solutions may be applied to novel problems. Because their ideas tend to be more viable than those from more-isolated individuals, catalysts help leaders avoid becoming overloaded by a deluge of suggestions that are unlikely to be workable.

Engage with Sparring Partners

Integrating a novel idea into a corporation's existing production and marketing operations and getting it through legal and financial reviews almost always leads to conflicts. What makes an idea unique may also make it disrupt the smooth operation of the mainstream business. It may be a new technology play that doesn't fit with the current model. Perhaps it's a service when the company sells only products. Or it might make a technological platform the company is invested in obsolete.

Dual Networking

To engage a sparring partner who will help you fit novel ideas into your current business context:



1. Identify a colleague whose input is critical to turning ideas into compelling business propositions.
2. Reach out to advisers in your partner's domain of expertise who are not in your partner's network.
3. Encourage your partner to do the same in your domain.
4. Challenge each other to find integrative solutions that will make your ideas a reality.

Potential pitfalls

Too much separation

Siloed conversations with your own connections in your own domains will prevent you and your partner from developing solutions that are broad enough.



Too much convergence

Tapping the same networks as your partner can elicit feedback that ideas are too “deviant” and lead you to water them down.



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Leaders who engage with internal sparring partners about a new idea will boost the chances that it will eventually fuse—rather than clash—with the company's core mission. The concerns and questions such people raise can actually help turn the seed of an idea into a compelling and compatible business proposition. The

best partners have the credentials and confidence to defend their expertise—but also curiosity about how another area of expertise might be relevant to their own work.

After identifying a sparring partner, a leader should reach out to others who are knowledgeable about the partner's domain but aren't in the partner's network. The leader should also encourage the partner to likewise look for advisers in the leader's domain who aren't close to the leader. That will set the two colleagues up to do what we call *dual networking* and gather a fusion of perspectives that will enhance a new idea.

Consider the relationship between Xiu and Malika. (As with Jaideep and Hannah, these names are pseudonyms.) Xiu was an R&D director in a large pharmaceutical firm leading a team of scientists who conducted clinical research on menopausal symptom relief. It's well-known that many women don't consult their doctors about these symptoms because they believe that they're an unavoidable part of aging or they have concerns about the safety of treatments. Xiu was determined to give women easier access to menopause medication through an over-the-counter product.

The concerns and questions that internal sparring partners raise can help turn the seed of an idea into a compelling and compatible business proposition.

Xiu found a sparring partner in Malika, one of the firm's regulatory experts who had in-depth knowledge of clinical trials and FDA approval procedures. Rather than leaving regulatory

issues until the clinical research phase was completed, Xiu and Malika worked closely together from the outset in the race to offer the first over-the-counter menopause medication.

To be able to challenge Malika's input on regulatory affairs, Xiu would regularly consult some of her former colleagues who worked on regulatory issues at other organizations. That helped her have deeper discussions with Malika in their biweekly meetings. Likewise, Malika would spend time ahead of those meetings discussing progress on the clinical side with advisers in her own network. By independently getting advice on each other's domains of expertise, they could spar back and forth to co-create an imaginative resolution rather than arrive at a compromise that favored innovation over regulatory alignment or vice versa. One solution Malika and Xiu came up with, for instance, was a proposal that regulators interpret compliance requirements in a way that allowed greater exploration of new technological avenues while still ensuring that essential safety standards were met. Their years of hard work paid off when their company released one of the world's first over-the-counter menopause drugs.



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By embracing the principle of dual networking with sparring partners, leaders sidestep two common pitfalls. First, they avoid “divide-and-conquer” networking: when two parties each have separate conversations with others in their own domains. Those discussions may help resolve issues requiring specialized expertise but are unlikely to be effective when integrative solutions across domains are called for. A CEO that talks exclusively to other strategists in the organization may fail to convince the chief technology officer that a new idea is technically feasible. Alternatively, a CTO who draws advice from

only technical advisers may fail to meaningfully contribute to a conversation with the CEO about why an idea would or wouldn't make sense from a market perspective.

Second, if leaders and their partners rely on the same sets of strategic and technical advisers, they may both get feedback that an original idea is too dangerous to be considered. If that happens, they're likely to make the idea less disruptive to the status quo. In essence, the novelty will be squeezed out of it until it's no longer so threatening to the mainstream.

A telltale sign that this is happening in a company is when innovations deliver smaller and smaller payoffs. In some cases the failures may well be caused by flaws in the basic concept, but in our experience, more often than not disappointing innovations start out as ideas with great promise but get watered down after receiving negative feedback.

Selectively Sequence Your Idea's Introduction

Even leaders who effectively mobilize innovation catalysts to cultivate out-of-the-ordinary ideas and who leverage sparring partners to transform them into compelling business propositions may still fall short. Unless you can get buy-in to the value-creating potential of novel ideas across the organization, the risk of their derailment looms large.

Smart leaders meet this challenge by "sequencing their circles." This means stress-testing the idea initially with an inner circle of confidants who provide candid but constructive feedback on it and then vetting it with larger circles of pragmatic skeptics whose blessing can give it greater legitimacy.

When the team of material scientists at a maker of plastic packaging first developed a plant-based alternative to the ubiquitous polyethylene terephthalate (PET) bottle, Ben, the

director of research and development who led them, knew that the idea wouldn't gain acceptance easily. PET takes 450 years to decompose, and the plant-based alternative would be biodegradable—a real advantage for sustainability. However, the company's revenue from PET products was large and growing, and colleagues undoubtedly would raise concerns—about manufacturing complexities, the challenges of sourcing ethical, plant-based materials for plastic production, and other issues—that could kill the initiative before it ever had the chance for serious consideration.

When the team was first working on sugar-cane-based polymers—a project shrouded in secrecy—Ben sounded out his ideas with a select number of trusted confidants while making every effort to keep shielding the project from the outright skeptics he knew would discard the innovation as just plain foolish. The confidants were colleagues Ben had known for a long time and could count on to be critical but constructive and to patiently listen to unusual ideas that weren't completely baked yet. Confidants play a crucial role by predicting the “killer questions” that will put an innovation in jeopardy. Through conversations with his confidants, Ben realized that he had to put more thought into how plant-based bottles could be integrated into existing recycling infrastructure. He also needed to figure out how the new bottles would withstand the high-humidity climates in many important markets. Had he rolled out the idea too early, he would not have been prepared to address those concerns, and it might have withered on the vine.



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Only once he was confident that his idea could withstand outsider criticism did Ben gradually lower his guard. After he had convinced himself and his confidants that he could clear any potential hurdles, he sought exposure to a wider internal circle. Specifically, he reached out to high-status, well-respected experts, whom we refer to as “pragmatic skeptics.” Although they’re not easily persuaded, once pragmatic skeptics are on board, their endorsements produce a ripple effect and generate broader buy-in that the novel path is a promising way forward.

By sequencing their circles, leaders can effectively calibrate the timing of input from critics, use it to strengthen their innovations, and overcome the unavoidable resistance that truly original ideas are bound to meet. By calling on the right people at the right time, leaders can refine their innovations and validate them in the eyes of stakeholders near and far.

This approach will help leaders avoid pushing through innovations that have not been fully vetted and could have serious flaws—a common mistake we’ve seen the entrepreneurs and executives we teach succumb to. For instance, we’ve seen fintech entrepreneurs launch mobile applications that are genuinely transformative but come up short on ease of use and technical stability. Such weaknesses are the very kinds of issues that constructive confidants are adept at surfacing while the cost of modifying designs is still relatively low.

Sequenced Networking

To introduce your ideas gradually to your network to gain buy-in for them:



1. Stress-test the ideas by soliciting constructive criticism from confidants in your inner circle.
2. Leverage that feedback to strengthen the ideas and head off questions about obstacles.
3. Vet the ideas with pragmatic skeptics in your outer circle to validate them with the wider organization.

Potential pitfalls

Too much isolation

Leaders who shield their novel ideas from criticism risk derailing their innovation efforts with a lack of buy-in.



Too much exposure

Leaders who share novel ideas with outer circles too early may expose the ideas to criticism that kills them off prematurely.



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Introducing an idea to sequential circles of selected critics also lowers the risk that it will encounter strong pushback from skeptical stakeholders. Many leaders underestimate how far an organization will go to protect the status quo and resist their ideas. That's something a team of technology leaders and managers at one consumer products company learned the hard way. In their quest to develop a laundry detergent that was more

sustainable, they had fundamentally rethought the underlying chemistry to allow clothing to be washed at lower temperatures. Because the new product was highly effective, the manager leading the project didn't think it was problematic that the chemistry worked only in a powder-based detergent. But despite the brilliance of the idea, the project was deemed too deviant and was rejected, at least initially. Not only was it considered to be out of line with the recent market shift from products that were powder-based to those that were liquid-based, but the company's decision makers believed that consumers weren't ready to switch to low-temperature washing. As we listened to this manager recount her experience, we noted a marked lack of attention to the need to carefully and gradually build momentum for the innovation in her network before putting the idea through the formal approval process.

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From a leader's perspective, successfully launching innovations is less about creativity than it is about harnessing networks. Leaders who find and mobilize innovation catalysts by embedding themselves in close-knit yet diverse communities outside their own organization stand a better chance of discovering novel ideas that are feasible. Leaders who engage internal collaborators as sparring partners—ensuring that they each gather independent advice in one another's areas of expertise—will be more successful at turning the ideas into winning business propositions. Finally, leaders who skillfully sequence feedback from critics in their networks from the inside out will achieve what often seems impossible: getting valuable input while avoiding early dismissive reactions. If executives follow these three practices, they will find that innovating in large, mature organizations is not only viable but highly promising.

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