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MANAGEMENT & CAREERS

Why Innovation Is a Team Sport

Companies that encourage ideas from all employees see faster growth, happier workers, study finds



A new study found that companies where more people said they felt their ideas were sought out and valued tended to yield more revenue growth and employee productivity. PHOTO: ANDREW HARRER/BLOOMBERG NEWS

By Janaki Chadha

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Companies that welcome ideas from all employees have better growth prospects than those with a less-inclusive approach to innovation, a new study finds.

The finding comes from research and consulting firm Great Place to Work, which surveyed about 500,000 U.S. employees at nearly 800 public and privately owned companies, most of them based in the U.S. Employees were asked how often they were included in larger, strategic decisions, whether they felt management was interested in their ideas and whether they were encouraged to try new approaches to their work.

It found that companies where more people said they felt their ideas were sought out and valued tended to yield more revenue growth and employee productivity. Companies that scored in the top quartile on those metrics generated, on average, more than five times the revenue growth of companies in the bottom quartile.

The analysis—which split companies into three tiers based on how many employees said they got opportunities to innovate—found workers at firms in the most inclusive group were 14% more likely to say they want to stay at their company long term than those in the least inclusive group. Those employees were also 32% more likely to describe themselves as willing to put extra effort into work, compared with the least-inclusive group.

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High-scoring companies ranged from small startups to large multinationals and came from an array of industries, from finance to health care. Researchers

found many had set up special structures or practices to encourage employees to brainstorm and contribute business ideas.

At Quicken Loans Inc., for instance, employees are given four hours each week of focused “bullet time.” During those hours, they are able to step away from day-to-day responsibilities

and explore new skills and parts of the company's business not directly related to their own work, said Quicken Loans CEO Jay Farner.

In one case, Mr. Farner said, an employee used his weekly bullet time to improve his new app-building skills and helped develop an Alexa-based app for Quicken Loans' online lending platform Rocket Mortgage.

"I try to encourage our team to think outside of the real estate and finance industry—there are good ideas everywhere," he said.

Companies need to "open up their mindset" about what employees can offer in the way of new ideas and improvements, said Marcus Erb, vice president of innovation & development at Great Place to Work. "Leaders that don't see that are going to miss out."

Wegmans Food Markets Inc., a family-owned regional grocery chain with 48,000 employees, says it has "innovation teams" made up of frontline workers in Wegmans grocery stores and employees in the company's main office. These teams come up with new programs and improvements that are tested at select stores with the prospect of being applied companywide.

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At Genentech Inc., drug researchers can elect to hold a forum with the company's senior leadership whenever they'd like to nominate a new medicine to be developed. Genentech scientist Ciara Metcalfe says the practice enabled her to pursue research into estrogen receptors that ended up questioning a long-standing scientific hypothesis related to a particular type of breast-cancer medication. At one of the forums, Ms. Metcalfe said she and a team of colleagues got feedback on the proposal, which eventually allowed for a new molecule to move into later-stage testing.

"Having a mechanism like that to ensure that very senior leaders are in the rooms with the people doing the everyday science is really critical," she said.

Corrections & Amplifications

A forum that Genentech Inc. researchers hold with the company's senior leadership allowed for a new molecule to move into later-stage testing. A previous version of this article incorrectly said the forum led to the creation of a new molecule. (Aug. 9)

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