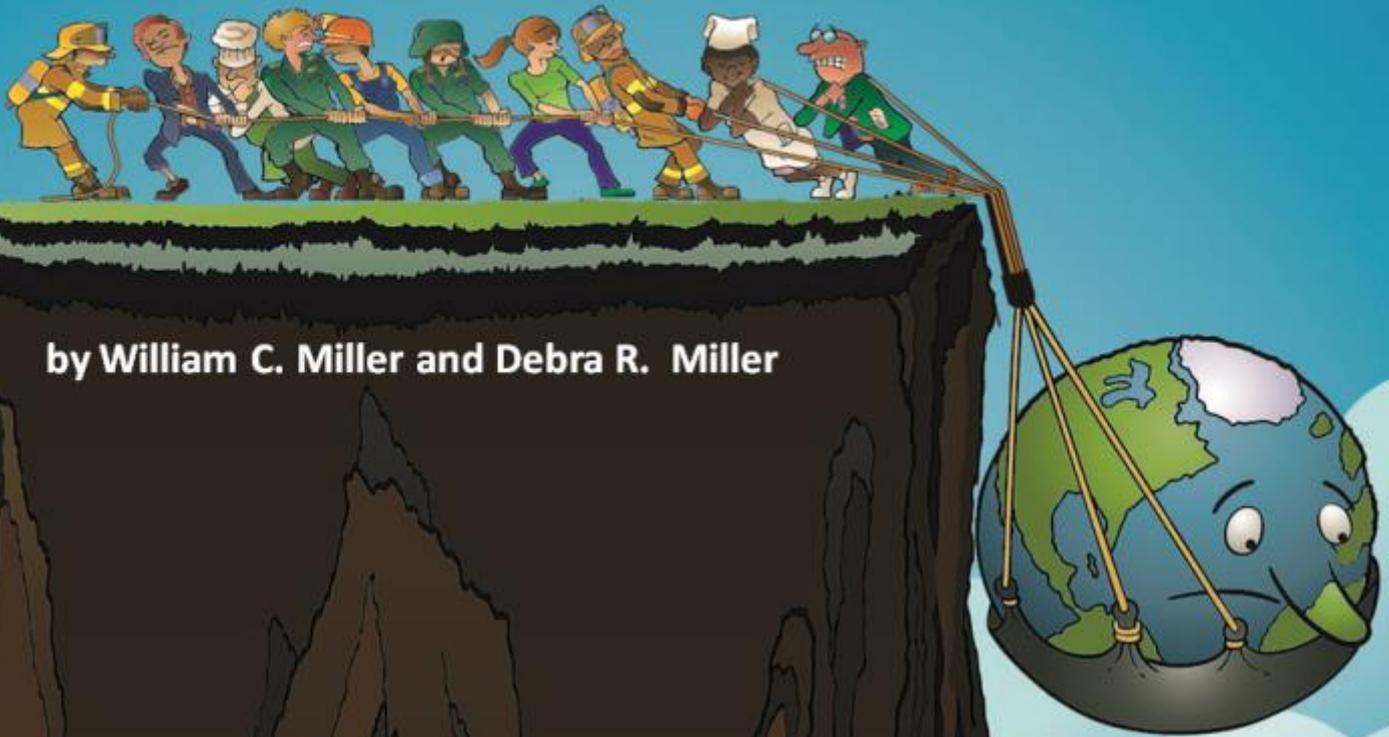


# Bringing Human Values to the Forefront of Corporate Innovation



by William C. Miller and Debra R. Miller

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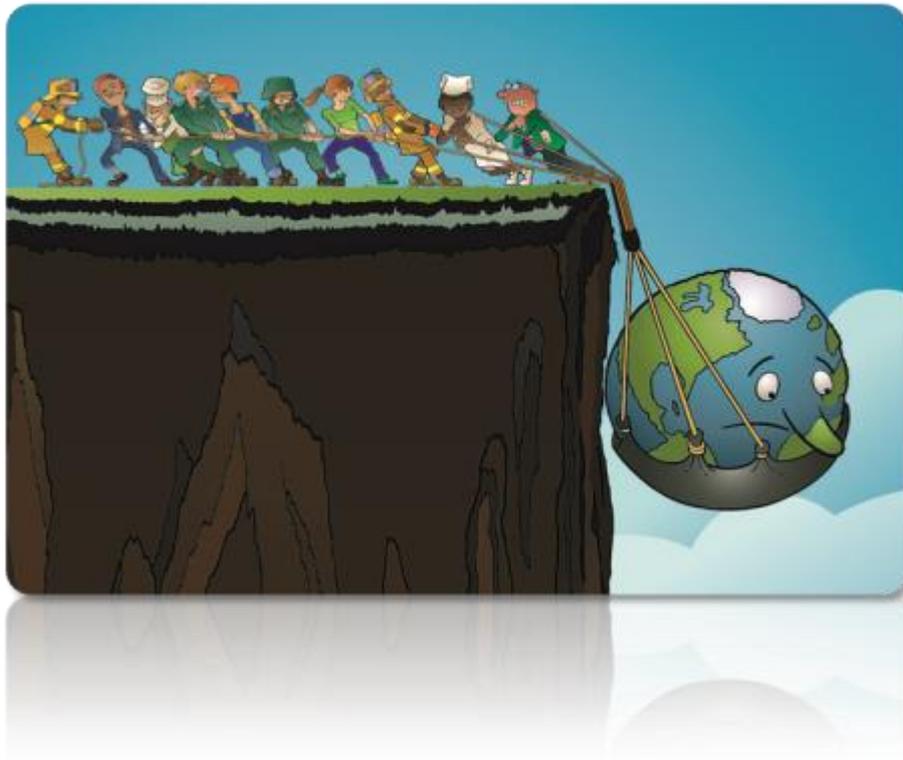


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## On a grand scale...

The history of mankind can be told as the epic story of man's innovations in art, religion, science, business, technology and culture.

## On a much more personal scale...

Innovative work is something that everyone of us can participate in, whether by:

- Coming up with a new way to generate revenue
- Improving a work process or the society we live in
- Generating and sharing new knowledge
- Designing a new business model
- Fostering stronger relationships with stakeholders

Some innovations may be incremental, while others radical, but they're all innovations none the less. And truly, we all have the capacity to participate, in one fashion or another, in the innovative efforts at our workplace and in society.

But as we look at the field of innovation today, the question arises, *What is stimulating and guiding us to innovate in the first place?* This paper describes where this line of inquiry has taken us, including 6 specific case stories that have informed and inspired us...



## The Role of Values in Innovation

*What stimulates and guides us to innovate?*  
It must be something important, because innovation often takes a lot of work in the face of day-to-day pressures, risk and uncertainty. From our research as well as a combined 45 years of experience in corporate consulting and management, we've seen firsthand that innovation is energized, motivated, and guided by our values – consciously or unconsciously. The word “value” comes from the Latin word *valere*, which means *to be strong or to be of worth*. So our values are what we hold to be “of strong worth” to us, *what's most important to us* – what we esteem and revere. For us, “values” are the “raison d'être,” the “reason of being,” for innovation.

To illustrate this, let's take an example from process innovation. Ananth Raman, chairman of an American manufacturing company called Graphtex Inc.,<sup>1</sup> told us in an interview about a time when he was introducing the quality standards of “ISO 9000” to his company. Quality was one of the values that Ananth wanted to operationalize at a new level, and this ISO 9000 initiative promised to do that through new innovations in quality control.

However, Ananth was having great difficulty in implementing the ISO 9000 system in the

company's “job shop.” They had a very complicated process for producing specialty items, making it hard to standardize those processes. Even when their consultant expert tried to reassure the workers that this was very simple – “just write down each of the procedures that you are already doing” – the workers were still very worried and resistant.

Then Ananth took time to reflect on the situation:

*“One evening I was thinking about this while attending a study circle with my spiritual group. I saw that all of this was simply talking about unity of thought, word, and action. So, I called in my employees and told them, ‘This is nothing but the concept of having what you feel, what you write and how you act be the same. This is all that ISO 9000 is about.’ They understood the concept very easily.”*



Putting together the two values of “quality” plus “unity of thought, word, and action” struck a chord of importance and meaning in the employees' minds. They felt enthused and motivated to bring a great variety of process improvement questions to Ananth,

such as, “If a customer wants us to deliver a product the next day and we know it is going to take one week, usually we tell them it will be the day after tomorrow so we can buy some time. Can we do that? If we do, then it disturbs the unity of thought, word and action. So, what do we tell them?”

Ananth responded to their queries in ways like this:

*“I tried to help them see the difference between telling a customer, ‘No, it won’t go tomorrow, we are having difficulties,’ which is the truth, versus ‘It will go day after tomorrow,’ which is a lie. In this way they could still buy some time without promising something which was not going to happen.”*

As a result, the employees initiated a series of innovative improvements in their operating procedures. And after a while, the momentum grew and grew, as Ananth recalls:

*“They started raising all of these questions throughout the departments; I was amazed at the chain reaction that began.”*

The company began to have monthly meetings to examine issues that employees

brought up in their continuing quest to innovate and improve their ISO 9000 quality standards. It was the employees’ dedication to working in accord with the value of “unity of thought, word, and action” that energized their desire to find innovative solutions to their quality challenges.



Looking at values from another perspective, when we look at the field of innovation today, we see there is an important distinction between being “*value*-based” versus “*values*-based” (with an “s”). “Value,” as it is used in relation to innovation, refers to the tangible and intangible benefits delivered to stakeholders such as customers and shareholders: “a fair return or equivalent in goods, services, or money for something exchanged.”<sup>2</sup>

Being “values-based” refers to working in accord with principles that are, in the dictionary’s wording, “intrinsically valuable or desirable.” In a sense, “values” refers to the moti-

vating factors that inform and drive our innovative efforts from the front end of the process to the finish, whatever those motivating factors might be. “Value” refers to the back end, the benefit derived as a result of our “values-based” work.

Our focus in this paper is on what impels and guides the entire process of innovation from start to finish, including how our front-end choice of values can impact the back-end value that results.

## Values, Commitment and Innovation

In our experience, individual and group values have not been fully understood and appreciated as a driver of innovation. While “values-based management” and “values-based leadership” have gained popularity in recent years, there is still almost no research, writings, and methodologies that focus on values and their direct relationship to *innovation*.

Today, when values are discussed within a business context, they are usually focused on personal and professional development, goal achievement, quality of relationships

and making a contribution.

When we are aware of our own values, we naturally strive to find a way to express them through our work. Our awareness of what’s important to us raises the level of personal investment, dedication, and commitment that it takes for us to innovate.

This relationship between personal values and commitment was the subject of research by Barry Posner, Dean of the School of Business at Santa Clara University, and W. H. Schmidt.<sup>3</sup> They showed that commit-

ment to our work is directly related to the clarity we have about our personal values – much more so than clarity about company values.

In their research, people were asked to rate three things:

- How well they understood their company’s values
- How well they were aware of their own personal values
- How committed they were to their work

Chart 1 shows two significant findings. First, clarity of personal values corresponds to a much higher level of commitment to work – by as much as 30%. Second – perhaps surprisingly – clarity of company values played no role in the increase in commitment; it all came from the increase in *self-knowledge about one’s personal values!*

Of course the ideal is that there is an alignment between company values and personal values. Most organizations today have a set of values that it wants its employees to embrace and practice. These values are part of the mission-vision-values that align and attune employees to a common cause. They provide the cohesion and guide the decisions at all levels needed to operate successfully. When we can align the personal values that we hold to be most meaningful to us with our organization’s values, we are

able to tap into a strong source of energy and inspiration to work collaboratively and innovatively toward goals based on common priorities.

So, our values are what we hold to be “of strong worth” to us, *what’s most important to us*. As we shall see, this sense of strong importance impels *why we innovate* – what we find most meaningful and motivating in our innovative efforts – as well as *what we innovate* and *how we innovate*.



**Chart 1—Values and Commitment**

## The Best and Worst of Innovation

If we innovate what we believe is important, for better or for worse, the question then becomes, *What kind of values are informing, energizing, motivating and guiding our innovative efforts?*

Our colleague Deependra Moitra brings a great deal of research and experience to this question. He has a Ph.D. in “global innovation” and formerly was a General Manager of Research at Infosys Technologies and a General Manager of Lucent Technologies India R&D Center. From that background, he has concluded that the top motivators for our innovativeness – the values that drive innovation – are the quest for power, the desire for knowledge, the pursuit of money, responding to fear, and the wish to serve others and make purposeful contributions.

Reflecting on his list and our own experience in the field of innovation, we have observed that sometimes our quests, desires, pursuits and wishes are not always healthy or in our best interest. Some values, such as the importance we might place on maximizing personal gain or amassing status and material comfort, can stimulate innovations that do as much harm as good.

In fact, it's not hard to see the positive and the negative impact that the human propensity for innovation has had on our quality of life:

- On the one hand, we have an electronic global network. On the other hand, we have the accelerating effects of global warming.
- On the one hand we can generate nuclear power. On the other hand we have nuclear weapons and hard-to-store nuclear by-products.
- On the one hand, we have innovated with job design and job enrichment, in white collar jobs as well as manufacturing, to empower people with more complex and self-affirming jobs. On the other hand, with the allure, power, and demands of these jobs, we have fostered a new breed of workaholics who choose to work rather than spend time with their families, leading to an epidemic of work-life imbalance.
- On the one hand we are increasing crop yields through pesticides, fertilizers, and genetic engineering to feed a growing planetary population. On the

other hand, the chemicals are causing toxicity to our groundwater and food chain, while biotechnologies are quite controversial regarding their impact on health.

- On the one hand, we innovate new financial products and services to help people invest in their own future, perhaps buying their own home for the first time. On the other hand, we gamble with these investment products by betting on an ever-upward market, which has culminated in the “economic tsunami” now impacting the globe.
- On the one hand, the USA and Europe have provided the consumer engine for world economic growth, as developed and developing countries around the globe all strive for a major presence for their innovative products and services

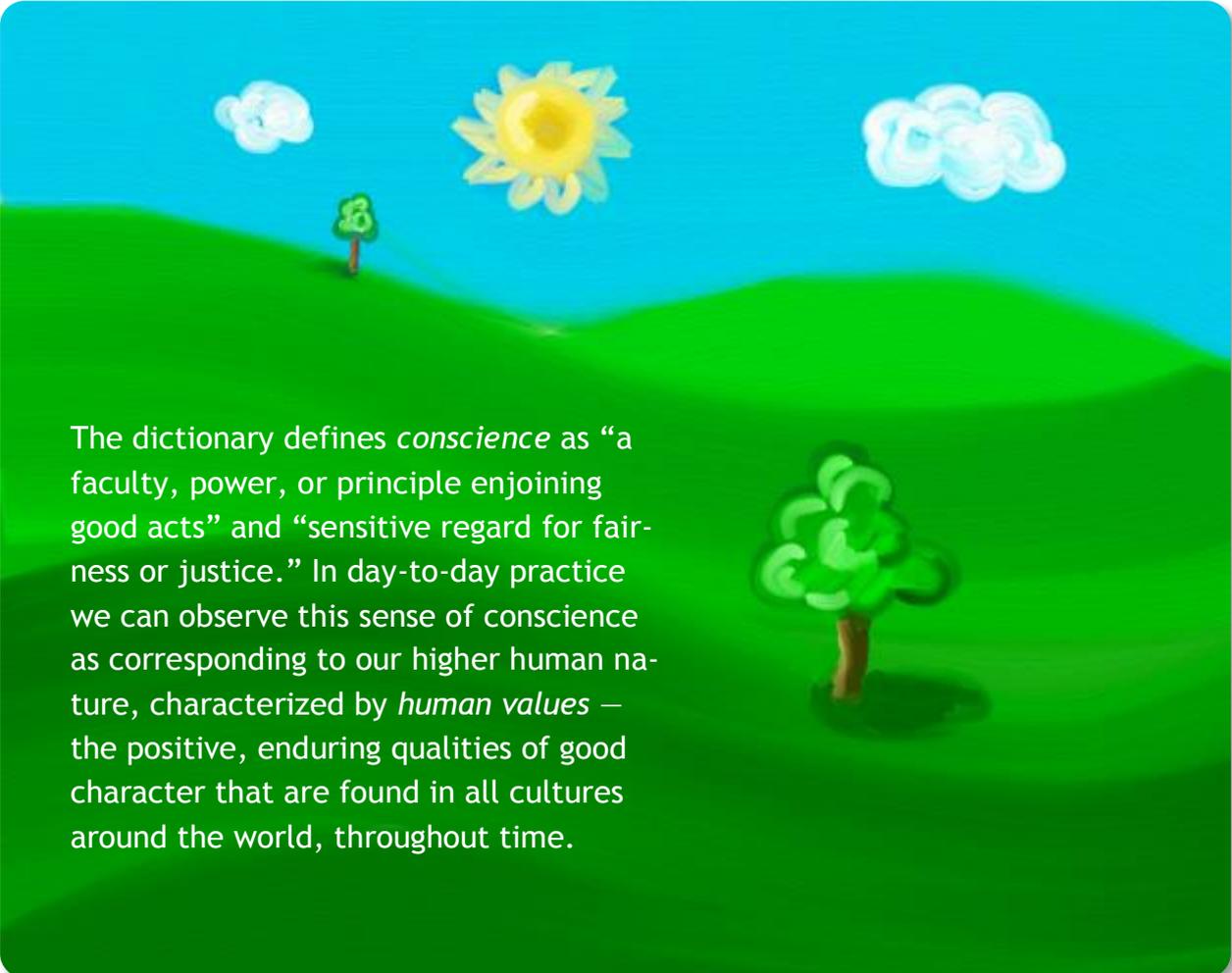
in the American and Euro marketplaces. On the other hand, rampant consumerism, fuelled by seemingly unlimited desires, continues to deplete the Earth’s natural resources in an unsustainable manner. A report in Harvard Business Review<sup>4</sup> stated that if the global economy were successful in bringing the material standard of living of China and India up to Euro-American standards, it would take the natural resources of 4 planet Earths to support the system.

- And on the one hand, we have rid the world of smallpox and are on the brink of eliminating polio. On the other hand, the majority of deaths in developed countries today are from lifestyle-related conditions. For example, according to the USA Center for Disease Control (CDC),<sup>5</sup> the leading causes of American deaths are heart disease, cancer and stroke – three conditions related to our lifestyle values. CDC also describes what they call “the actual causes of death” behind the 3 major killers: “The combination of diet, physical inactivity and tobacco are all leading causes of death.”



Our desire to temporarily relieve our physical maladies, so we can continue our unhealthy lifestyle habits with less discomfort, encourages companies to produce innovative products to meet our demands. And we wonder why the cost of health care is spiraling out of control! Unfortunately, the workstyle we take for granted in many companies contributes to these lifestyle maladies. The internal competitiveness, the drive for career advancement, the difficulties in balancing work and family duties... all contribute to the stresses of the day.

Thus, our values can produce innovations that turn out to be either healthy, unhealthy, or both, for our society and the environment as a whole. Given the magnitude of economic, political, social, and quality-of-life challenges that face us today, the call now is not just for more innovation, but for innovation that is motivated to achieve more consistently positive and systemically beneficial outcomes: *innovation with a conscience*.



The dictionary defines *conscience* as “a faculty, power, or principle enjoining good acts” and “sensitive regard for fairness or justice.” In day-to-day practice we can observe this sense of conscience as corresponding to our higher human nature, characterized by *human values* – the positive, enduring qualities of good character that are found in all cultures around the world, throughout time.

“Innovation with a conscience” is innovation that is informed, inspired, and guided by our higher human nature through human values. Wisdom texts from around the world teach us that “human values” are inherent in our higher human nature and represent the greatest aspirations of humanity – values that bring out our best as human beings and create a sustainable, healthy society. Through our research and statistical analysis, we have identified three distinct orientations to human values that shape and guide our innovative work:

- **INTENTION:** Human Values for setting a positive, broadminded, meaningful purpose and direction
- **CONNECTION:** Human Values for initiating respectful, caring, trustworthy relationships with others
- **ACTION:** Human Values for taking principled, creative, and decisive action with accountability

Chart 2 lists some of the human values our research has shown are especially relevant and recognizable in our business context today.



Chart 2 – Human Values Orientations



While values in general, and human values specifically, may appear to be soft subjects for business, we have found that they have a power and an impact that cannot be underestimated.

The former President of India, The Honorable A. P. J. Abdul Kalam, has often spoken out about the role of human values as India strives to become a fully developed nation:<sup>6</sup>

*“We want to couple the economic prosperity and the human values, which are drawn from this civilizational heritage.”*

American President Obama in his inaugural speech brought human values to the forefront when he spoke about the enormous innovative efforts required to restore the USA and the world to a higher level of well-being. He said:<sup>7</sup>

*“Our challenges may be new. The instruments with which we meet them may be new. But those values upon which our success depends – hard work and honesty, courage and fair play, tolerance and curiosity, loyalty and patriotism – these things are old. These things are true. They have been the quiet force of progress throughout our history. What is demanded then is a return to these truths.”*

Bringing human values to the forefront of our innovative work is not an easy task and is not something to be taken lightly. Our corporate experience has shown us that when we sincerely strive to live and work from a basis of human values, it will naturally take us through a purification process in which self-centered desires ultimately become subsumed by our higher human nature.

Human values provoke a more wholistic perspective to life and work, and propel us to give our innovative best individually (even when no one is looking) as well as in joint effort with others. S. K. Chakraborty, Founder of the Management Centre for Human Values at the Indian Institute of Management in Calcutta, describes what happens when we sincerely embrace our natural capacity for human values; “We will progress from fragmentist consciousness to holistic consciousness.”<sup>8</sup>

## Human Values and the “Why, What and How” of Innovation

Innovation is like nuclear energy. It can be used for good or for harm, depending on our values, which shape our underlying motivations. When human values, shared among all humanity, are felt and put into action individually as well as collectively, it contributes to the well-being of all stakeholders, including customers, suppliers, employees, shareholders, society, and the environment.

Human values help us shape the answers to three questions related to innovation:

- “*Why* are we innovating?”
- “*What* should we innovate?”
- “*How* should we innovate?”

To follow are three examples of how human values contribute to the *Why*, *What*, and *How* of innovation.



# Why we innovate

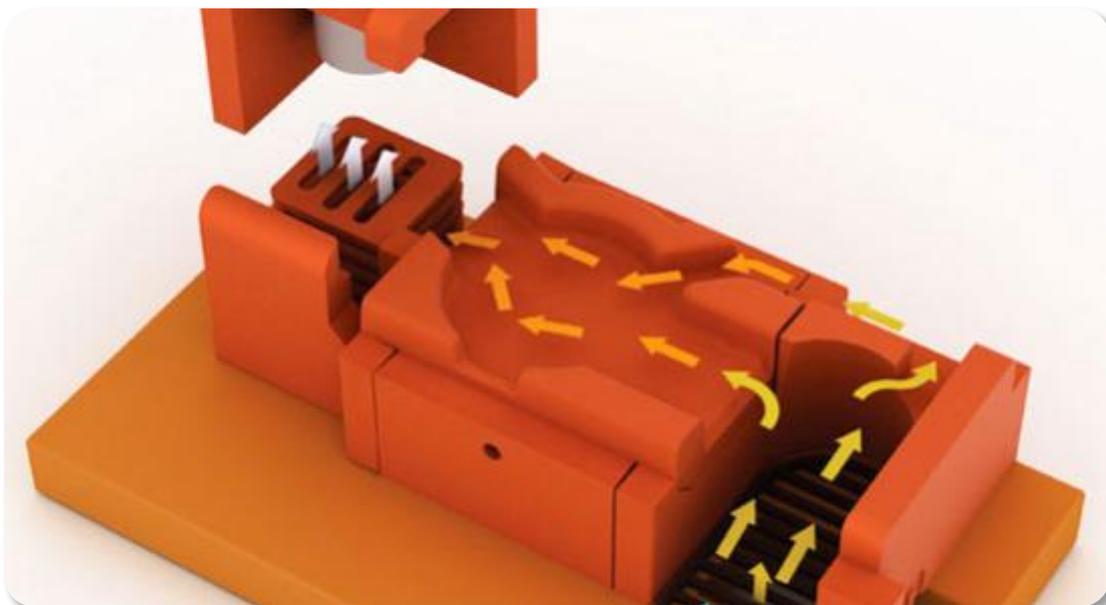
Let's begin with an example of product innovation driven by the values of Stefano Marzano, Chief Executive of Philips Design in India.<sup>9</sup> He and his group of 500 professionals from 35 countries are on a mission to execute a design strategy "that will improve the quality of life in both the developed and developing world." It's part of an overall, global Philips strategy to transform itself from a high-volume electronics producer into a design-led health, lifestyle, and technology company.

For example, in India and many developing countries, people in villages traditionally cook inside their homes on stoves that burn wood, dried dung, or peat. The smoke produced makes breathing difficult, even to the

extent the UN estimates that 1.6 million people die each year due to such smoke inhalation.

Unmesh Kulkarni and Praveen Mareguddi led a design team at Philips Design, India, to innovate a solution to this problem. They invented a Chulha stove that cuts smoke emissions by 95%, uses 45% less bio-fuels, and is affordable to villagers. Another version is available that costs even less that cuts smoke emissions by 75%.

The Chulha design is in keeping with traditional India stoves: The stove traps smoke and heat inside a locally cast housing to heat with high efficiency, using less fuel, and directs the smoke through a chimney that



includes a stack of slotted clay tablets that clean the exhaust. Cooking pots fit snugly above the fire.

In 2005, Marzano initiated a program called “Philanthropy by Design” to provide “meaningful solutions that empower some of the more fragile categories of society.” This requires going well beyond the notion of “bottom of the pyramid” consumerism. As such, Philips is following a strategy to bring a variety of partners, including users themselves, to co-create social innovations, not just product innovations.

With the Chulha stove, Philips teamed up with non-traditional partners, such as local development agencies, to stimulate job creation, not just consumerism. These agencies helped set up small roadside manufacturing facilities for the components, which are made from mud, sand and cement and require no costly manufacturing equipment. As its philanthropic contribution to sustainable development Philips Design allows local stakeholders to use the Intellectual Property for free.

Self-help women’s groups can sell the stoves in villages for a small commission



and local entrepreneurs will receive training to produce, install, and maintain the stoves. Such income sources give the villagers a way to afford the stove.

What’s the benefit of all this for Philips and its designers? The Chulha stove and similar projects help Philips to gain insights into the growth regions of the future and experiment with new business models. For the designers working within the Philanthropy by Design initiative, their benefits are more personal: they get to create solutions that empower people, satisfy their needs, and make them happy in a way that also preserves our planet’s resources.

# What we innovate

How do human values influence and inform the characteristics of the innovations we produce? The case of Fuji Xerox<sup>10</sup> gives us a clear example. Fuji Xerox started in 1962 as a joint venture between Fuji Film and Rank Xerox of the UK as a business in Japan for selling copier machines and other products. In 1993, executives were mulling over the depletion of the earth's natural resources and questioning how they could reduce the new natural resources they used in manufacturing their copiers.

The human values of caring and the conservation of resources led the way for them to set a very challenging goal: to produce high quality products with reused parts that would be as good as new ones. They thereby incorporated the concept of "inverse manufacturing" aimed at minimizing the use of new resources and energy while reducing the

volume of waste. Inverse manufacturing would consider the entire product life – including design, manufacturing, use, and disposal – in the design phase of every copier.

Thus, their intent on saving natural resources and energy led them to design parts for multiple generations of copiers, so they could re-capture key used parts after the leased machines had been used and returned to the company. Two specific challenges arose: how to ensure that the quality of recycled parts would be equivalent to new ones, and how to design parts that can be used for a variety of products and over many product generations.

For the first challenge, they innovated a set of special sensors that could measure and categorize the specific conditions of each part and sort them by categories. From the



data gathered by the sensors, the engineers could then determine the lifetime of each part.

For the second challenge, to increase the ratio of parts that could be reused, Fuji Xerox innovated their “recyclable design” process to increase the lifetime of parts and to make it easy to separate parts that had long life spans vs. those with short life spans. They also were able to increase the number and types of parts that could be shared across a wider range of models.

From this they developed a nationwide “original resource” recycling system and an advanced re-use technology to recover the parts in a condition equal to that of new parts – ensuring that products made with the recycled parts were on par in quality with products made with entirely new parts.

As an example of their success, in 2003 they introduced a new digital copy machine, the "DocuCentre 507-MD," which has much less environmental impact than a conventional model because it is made of 70 percent recycled parts, by weight. With this copy machine Fuji Xerox has succeeded in reducing carbon dioxide emissions by 75

percent in the new models' manufacturing process, compared to conventional models made from all new parts. Furthermore, because of the multi-generation design process, around 60% of recycled parts were reused in third-generation models.

Again, what was the role of human values in all this? Executives and employees at Fuji Xerox were inspired to conserve the planet's natural resources as much as possible. What they innovated was a series of products designed with the recycling of parts in mind, along with an innovative way to forecast, manage, and recover those reusable parts in a responsible manner. They have blazed a new trail in establishing inverse manufacturing as a feasible and responsible way to do business.



# How we innovate

Corporate innovation is rarely the achievement of a single individual. When we work in teams or groups, human values play a significant role in how we innovate together.

Consider the experience of Nilofer Merchant, CEO of Rubicon Consulting, a marketing consulting firm in the USA that works with large corporations. Nilofer was highly recommended as a candidate for our research on spiritual-based leadership and as a result we spent several hours interviewing her about how she drew from her deepest values in her work.<sup>11</sup>

She recalled a time when she was working with a group of Senior Directors, Executive VP's and VP's to innovate a new marketing strategy. At the same time, these executives were also engaged in innovating a new organizational design and structure. One day, in the midst of a group discussion with them, she found that,

*"Everyone was talking about this [new marketing strategy] in a very intellectual way, the way you normally proceed in business. We had presented all of the options, along with the pros and cons. I was watching the dynamics going back*

*and forth and was well aware that there was lots of tension in the room, which no one was addressing; everyone was in their minds speaking intellectually."*

Nilofer became quiet for some time as she watched the group, even though she was actually leading the session. At one point she sat back and thoughtfully asked the group, "What is it we are not saying? What is it we are not addressing?"



Nilofer Merchant

A department VP who had been reluctant the whole time spoke up and said, "I am really afraid about what this will mean for my people." As a result of this important disclosure, it brought the whole group together and as Nilofer described it,

*"People began to step forward and say, 'I'll take 50 of your people' and 'I can really see your people transitioning into this new organization, we'll take care of them.' For the first time in that discussion, that one Vice President was able to agree to the new organizational structure even though it meant he would be sacrificing his organization. This was really the big decision that was on the table, even though it had not been said explic-*

*itly. He was able to let go of his positions that he had held tightly to, and offer up his organization for the benefit of the whole team.”*

Nilofer summed up her experience by saying,

*“It was one of those moments where I just offered to the group the gift from my heart that happened to be there. I just happened to be the one who could help them find the truth that was already there. I think this process drew upon people’s goodness. I think sometimes we forget that most people really do want to live in alignment with their values, but they just don’t know how. So*

*often it’s up to the leader to create the environment so people can live their values.”*

By practicing the human values of empathy, truthfulness and caring, Nilofer was able to evoke innovative solutions with a corporate team that left them feeling inspired and energized to help each other through their critical organizational change.



## The Power of Human Values: Great Innovation and “Great Places to Work”

Now let's turn our attention to the larger focus of an entire corporation intending to innovate and operate in accord with human values. It's not too difficult to find corporations who are known for their innovativeness – magazines such as Business Week and Fast Company regularly publish lists they derive from top executives around the world. But what about human values? Are there any lists of innovative companies that also exemplify the depth of intrinsic motivation based on human values?

One source we can turn to is “Great Places to Work Institute,” which conducts surveys all around the world to determine the “best companies to work for.” In their philosophy and criteria for what constitutes a “great place to work,” we can find evidence of human values as the operating principles behind a company's success.<sup>12</sup>

Their definition of a great place to work is a place where employees “trust the people they work for, have pride in what they do, and enjoy the people they work with.” Their evaluation system is based on employees (not managers) ranking their company on five dimensions.

The first 3 dimensions taken together constitute the level of **trust** in an organization,

which consists of the human values of *credibility, respect, and fairness*:

1. Credibility includes regular communication from managers to employees, soliciting employee ideas, and management integrity of words followed by action
2. Respect includes appreciating good work, fostering a spirit of collaboration across departments, caring enough to create a safe and healthy work environment, and having true work/life balance
3. Fairness includes equity in sharing economic success and receiving recognition, being impartial with hiring and promotions, and ensuring justice in the processes for adjudicating disputes

The two other dimensions relate to the workplace relationships: pride and camaraderie:

4. Pride includes employees knowing their work makes a difference, teams giving that “extra” effort, and the company having a strong reputation in the community
5. Camaraderie includes the ability of employees to “be themselves,” friendly and fun relationships with peers, a

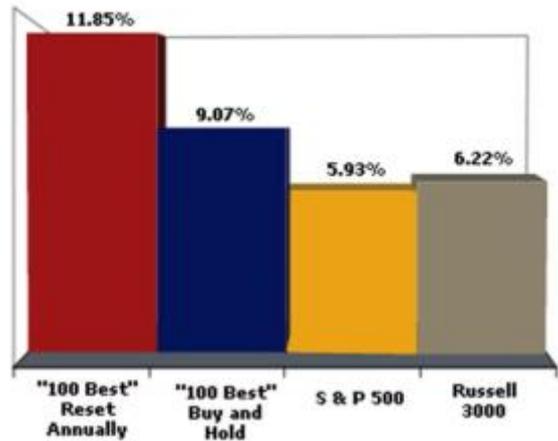
strong sense of community and collaboration within and across departments, and being connected by common values and purpose

The survey at a company includes open-ended questions such as, “Is there anything unique or unusual about this company that makes it a great place to work?” Some of the resulting comments from employees underscore how a culture based on these human values can support and promote the freedom to innovate:

*“I am not afraid to make mistakes, which allows me to be a risk taker. I am able to explore my ideas at this company.”*

Indeed, research by the GPW Institute confirms that workplaces ranked high on these dimensions also demonstrate benefits such as “fostering greater innovation, creativity and risk taking” and “receiving more qualified job applications for open positions.” These benefits impact innovation in a direct way.

In addition, since 1984 publicly traded companies ranked among the “100 best companies to work for” consistently have outperformed major stock indices peers in the market, as exemplified in the following chart for the period 1998 to 2007:



Source: Russell Investment Group. © Great Place to Work® Institute, Inc.

And between 1987 and 1997, the average annual return to shareholders is shown in this chart (in US\$):



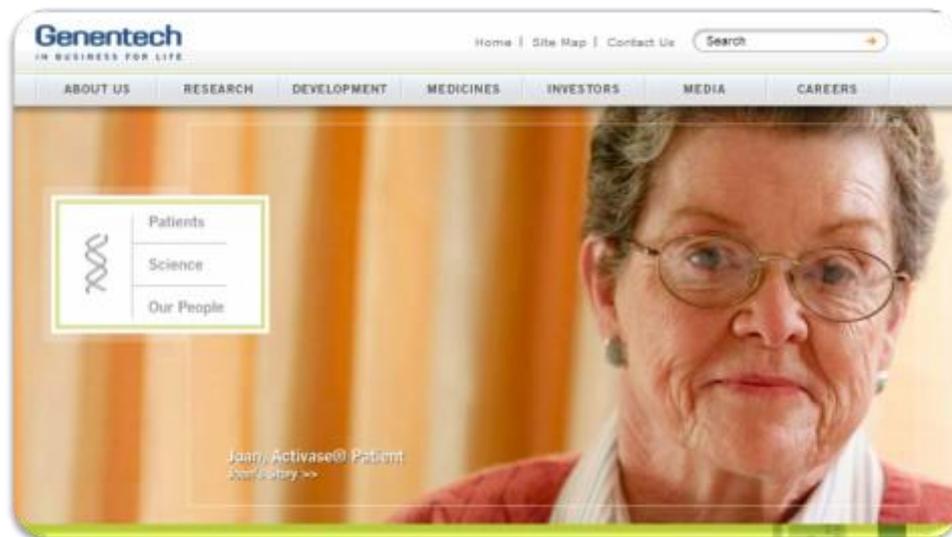
Source: Franklin Research & Development  
\$1,000 invested 10 years ago in the “100 Best” companies returned \$8,188 vs. a return of \$3,976 for \$1,000 invested in the Russell 3000.

So, what are some specific examples of companies that rank high on innovativeness and high on being a human values-oriented “best company to work for”? Two examples are easy to spot:

- Genentech, the #1 “best company to work for” in the USA in 2006
- Google, the #1 “best company to work for” in the USA in 2007 and 2008 and Google-India ranked #3 in those same years

Over the last few years, the global media has reported stories about each of these companies as worker-friendly, innovative leaders in their industries. But we have not yet seen their stories told through the lens of *human values*, to shed light on the intrinsic motivations that play a significant role in their innovative success. That is what we’ll do here.





Founded in 1976, Genentech<sup>13</sup> has for years been hailed as among the most innovative companies in the world – sometimes called the “founder of biotechnology” that pioneered both a business and an industry.

In May 2007, Genentech was ranked number 23 overall and number 2 in the healthcare industry on Business Week magazine's "100 Most Innovative Companies" list, which is based on a senior management survey on innovation that is distributed to executives worldwide. The Wall Street Journal in 2007 called Genentech, “...*the world's most innovative and successful biotech company.*”<sup>14</sup>”

Genentech’s core service is “using human genetic information to discover, develop, manufacture and commercialise bio-based medical therapies.” Today, over 10% of all USA FDA-approved biotech products stem from or involve Genentech science.

In the late 1980’s, the company seemed to lose focus in bringing out new drugs. Once the Swiss pharmaceutical company Roche bought a majority stake, it promoted Arthur D. Levinson, head of research, to become its new chairman and chief executive officer. Levinson gave the company a renewed, laser-like focus on innovation for “significant unmet needs,” especially in the fields of oncology, immunology, and tissue growth and repair.

Simultaneously, Levinson’s focus on innovation was matched by his passion for an open culture that could enable the level of innovation he aspired to. While their innovation is technology centered, their culture is people centered. As noted by Dr. Levinson, “It’s always been about

As with other “Great Places to Work,” the evidence is that human values – specifically credibility, integrity, respect, collaboration, fairness, equity, and trust – are core principles that have helped define Genentech’s culture. *Fortune* highlights three aspects of its values centered culture:

- Style of collaboration. According to *Fortune* magazine, “Status is conveyed not by snagging the fanciest title or the biggest office (CEO Levinson’s office measures about 9 feet by 12 feet and is done up with low-end metal office furniture). It’s defined by “matching wits and taking chances” to foster scientific breakthroughs through *group* collaboration.
- Recruiting people who have a passion for making a difference. Their hiring process deliberately screens out candidates who might be preoccupied with salary, title, and personal advancement. For recruits who feel they “like being different and special (as exhibited by status perks),” Levinson says, “If that’s important to you, that’s fine. But you won’t be happy here.”
- Failure is not punished. If management puts an end to a project because the science failed or became a low priority, the typical “fate” of the scientists is to help identify their next new project, not their next new employer.

For example, Michael Varney, senior vice president of “Small Molecular Drug Discovery,” states:

*“What has always inspired me is the unknown. I like taking on challenges that are large and complex and can only be solved by multidisciplinary teams. I am excited by the opportunity to use our great biological knowledge to decide which are the best targets... whether they reside inside cells or outside of cells. My vision is to build a dedicated, coherent group of scientists who enjoy taking on difficult problems and who are inspired by the prospect of improving the quality of people’s lives.”*

Thus, at Genentech innovation and human values are symbiotic (pun intended). Their values fuel the drive for a higher purpose, for “making a difference” in their innovative work. Science is explicitly NOT driven by market data or return-on-investment analysis. Their rigor is focused on uncovering the scientific dead-ends as well as the promising possibilities. “At the end of the day, we want to make drugs that really matter,” says Levinson. “That’s the transcendent issue.” As one employee stated in the GPW application:

*“We love what we do because we know that our job has meaning. Our management team always reminds us that the patient comes first, unlike other companies where the bottom line is the driving force.”*

[Google Search](#)[I'm Feeling Lucky](#)[Advanced Search](#)  
[Search Preferences](#)  
[Language Tools](#)

Following on the heels of Genentech, Google<sup>15</sup> was rated the best company to work for in the USA for the next 2 years, 2007 and 2008. Google-India also ranked 3<sup>rd</sup> among best companies to work for in India for those same years. Milton Moskowitz, co-founder of the Great Places to Work Institute, commented on this achievement by the founders of a company that is less than 10 years old:

*"These guys obviously had an idea originally about the search engine that was unique, but beyond that they had an idea at the very start that they were going to create a great workplace. It's a difficult thing to do – it takes effort and humility. Yet they did it. That was important to them, beyond simply making a lot of money – how they treat people is important."*

Google's fame for innovativeness is widespread, and for years Google has been rated among the most innovative companies in the world.<sup>16</sup> According to their employees, Google's culture is high on trust – credibility, respect, and fairness – and low on politics. And those human values feed their dynamic drive for meaningful innovation, as one employee stated:

*"I have been working in the high tech industry for 15 years, and have worked*

*at 8 different companies, large and small. Google is by far the most dynamic and meaningful company I've worked at. The company founders are candid and accessible. Management processes are transparent. Promotions are determined by peer reviews. Engineering decisions are made by engineers. This is a company that is trying to make a difference in the world in all ways. The 'Don't be evil' mantra is more than skin deep; it is the core of the culture."*

We note two important themes from that last quote. The first is that Googlers sincerely feel their work is full of meaning and significance and they are trying to make a positive difference in the world. Second, the Google "motto" is "Don't be evil." This is a human values statement for "do no harm" – a powerful message that is sometimes discounted by others, but to employees it is the guiding force that is "the core of the culture."

How do human values act as a foundation for their innovativeness? One way is how engineers work on each other's projects. Their first release of new products is, more often than not, within Google, knowing that their peers are demanding users. This demonstrates an extraordinary level of trust

and camaraderie – and a low fear of being perceived as “failing.” Engineers are also trusted in how they dedicate 20% of their time to their own choices of innovative work on new or existing products or services – one way to ensure that as the company grows, it won’t innovate less. Ideas such as Gmail and Google Finance came from engineers in India using their “choice time” for innovative concepts.

This kind of culture doesn’t sustain itself by chance. The hiring process is dedicated to bringing in the kind of people who are principled as well as innovative. As Google explains in their Culture Audit:

*“Google is organized around the ability to attract and leverage the talent of exceptional technologists and business people. We have been lucky to recruit many creative, principled, and hard working stars.”*

Roy Gilbert, director of online sales and operations in India, says they “look for new hires who have more than smartness and passion going for them; they must also be optimistic about the future.” And the level of human values that Google practices in the hiring process – such as caring and respecting people for who they are – is summed up by this India software engineer who participates in interviewing job candidates:

*“Being a Googler is a lot of responsibility. In interviews, a candidate should feel good whether she is hired or not.”*

A final quote from an employee on the “best companies to work for” survey sums up the human values basis of Google’s success:

*“It’s an incredibly open and progressive environment. Individuals are provided with the opportunity to grow in a nurturing environment, to contribute both as an individual and as a part of a [very] large team. Despite the growth and size of the company, you still feel as though you matter and people actually care about you. I think about the work I do and the contributions I make, and feel good about it.”*



# Human Values, Learning and Innovation

A discussion about human values and innovation would not be complete without acknowledging the link between innovation and learning. Learning, in the form of information and knowledge stimulates innovation. And in return, innovation gives birth to new learning and knowledge.

One way to experience the relationship between learning and innovating is to tune into our own breathing rhythms. Learning and innovating go together just like our inhaling and exhaling:

- Inhaling = learning: acquiring, creating, and sharing new knowledge; converting knowledge to wisdom
- Exhaling = innovating: generating, deciding upon, implementing, and celebrating innovative responses to opportunities and challenges

Human values play the key role of asking, “Why are we breathing in the first place?” – and providing the meaning and motivation for this “breathing process.” Thus, in quick review, we could say that learning provides new levels of “*know-what*,” innovation produces new levels of “*now what*?” and human values pose the question, “*so what*?”

Integrating all that we’ve covered thus far, to us, the lesson is very clear: human values play a fundamental role in energizing, motivating and guiding consistently positive and systemically beneficial innovations. For this, we’ve coined the term “values centered innovation™.”



### *HUMAN VALUES CENTERED INNOVATION™ IS:*

- the application of learning and knowledge
- to develop and implement
- breakthrough and incremental improvements
- in products/services, processes, knowledge, leadership practices, and stakeholder relations (with customers, suppliers, employees, society, shareholders, and the environment)
- to contribute to the well-being of stakeholders
- while generating healthy revenues, optimizing processes and resources, strengthening intellectual capital, inspiring the workforce, focusing leadership, and fostering sustainability in alignment with personal and organizational human values



That, in a nutshell, is the aim of values centered innovation™: innovating while drawing from human values as the source of guidance, inspiration, commitment, and tangible results.

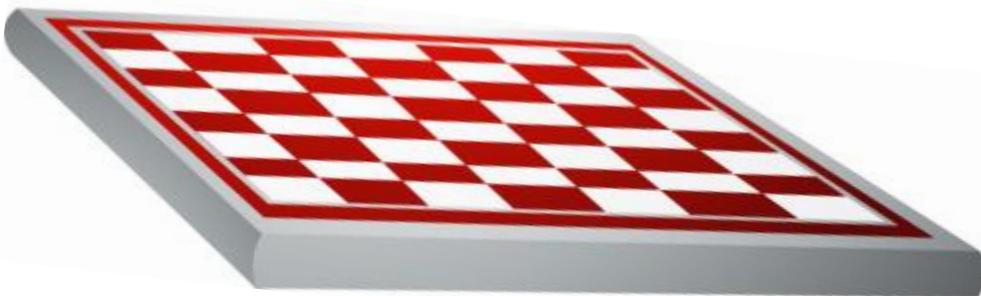
As we have pointed out previously, the game of values centered innovation™ is not necessarily an easy one, or one that always promises glowing success. Like we saw in the opening story about Ananth Raman and Graphtex, working in accord with human values can be a purifying process that challenges us to “be the best we can be” as human beings, individually and collectively. In their case, one major issue they had to confront was where they weren’t keeping their promises to customers.

Yet the process of working by human values can also be uplifting. At Levi Strauss years ago, they referred to their values as “aspirations” to signify that they might not always live up to them, but they were the guiding lights to inspire their best efforts. They diligently examined all their corporate policies and practices – the budgeting pro-

cess, the strategic planning process, the performance appraisal and promotion process, the R&D process, etc. – to see if they were aligned with their aspirations. If not, then innovative new processes had to be invented and put into place. It was a matter of corporate integrity – where the root word for “integrity” means oneness, wholeness.

In our view, human values promote our work as whole persons, with whole principles, as we innovate to benefit the whole planet with whole prosperity. They spark the quest for oneness in thought, word, and action. They impel innovation with integrity and conscience.

**To us, that’s a game well worth playing.**



## Inquiry Questions

We end with a series of inquiry questions to you, the reader, to use in your own self-reflection and dialogues with your friends, family, and colleagues. You might wish to use Chart 2, with its list of human values, to prompt your reflections...

1. When you examine your own work experience, how have human values played a role when you've faced innovative challenges?
2. Which human values have helped define your sense of purpose and meaning for *why* you innovate?
3. Which human values have helped energize your collaboration in *how* you innovate?
4. Which human values have helped guide your decisions and actions that produce *what* you innovate?
5. How could human values enhance the climate for innovation in the team or group you work with most closely?
6. Which human values are most prevalent in the overall work culture of your organization – and which ones are most conspicuously lacking? How does this affect the level of innovativeness where you work?
7. What steps can you take to inspire and empower human values as a source for innovative work in your organization?



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## ABOUT THE AUTHORS



For over 30 years, William Miller has been an internationally-recognized expert on values centered corporate innovation. He heads up the development of thought-leadership and intellectual capital as joint-founder of Values Centered Innovation Enablement Services, Pvt. In addition, he has been president of the Global Creativity Corporation (since 1987) and was Head of the Innovation Management program at SRI International (mid-1980's). In the late 1970's, he was corporate manager of training and development for Victor Equipment Co., the largest manufacturer of gas-welding equipment in the USA.

William has been acclaimed multiple times by *Leadership Excellence* as among the top 30 thought-leaders worldwide on the subject of leadership. Two of his four books have been rated among the top 30 business books of the year in the USA by *Executive Book Summaries: The Creative Edge* (1987) and *Flash of Brilliance* (1999). His audio program *Creativity: The Eight Masters Keys* was the first audio-tape training program ever endorsed by Fortune Magazine. His newest audio program, *The Art of Spiritual Leadership in Business*, was released by Sounds True Inc.

William has also published over two dozen articles, been quoted in *Fortune Magazine* and the *US News & World Report*, and interviewed on *PBS* radio and *CNN-TV*. As a co-founder of the Global Dharma Center, he has expanded his focus to include the emerging practice of spiritual-based leadership.

William has been a Guest Faculty member at the Stanford University Graduate School of Business and has consulted and delivered keynotes in corporations around the world in countries such as: India, China, Japan, Singapore, England, France, Holland, Czechoslovakia, Canada, and the USA.



Debra Miller is a joint founder of Values Centered Innovation, a global enterprise that enables individuals, groups and organizations to innovate to their highest human capacity. She has decades of experience leading IT initiatives, coaching executives on leadership effectiveness, and building innovation competencies. In the early 1990s, Debra founded Masterful Mission, a business coaching organization working with executives, business owners and entrepreneurs. Through her work and public speaking she helped to pioneer the now-popular concept of business coaching. She leads VCI's coaching and training practices and IT development, and co-authors VCI's IP.

In her 40-year professional career, she has managed corporate software development and accounting functions, trained thousands of people worldwide, and authored numerous books, articles and white papers on subjects such as business coaching, spiritual-based leadership, human values in the workplace, and innovation enablement. In the year 2000, she and William Miller co-founded the Global Dharma Center, which focuses on spirituality and human values for leadership and work organizations. She co-produced programs on *Human Values and Ethics in the Workplace*, designed for UN Habitat, and the *Spiritual-Based Leadership Research Program* that interviewed over 40 top executives from 18 countries.



*...enabling innovation in every one of us™*

[www.VCIhome.com](http://www.VCIhome.com)

VCI is a global “innovation enablement” enterprise... a mission with a business. Our aim is to inspire, empower, and equip you to innovate to your highest human capacity, based on human values and a versatile, wholistic perspective.

To help you strengthen your competencies for the art and discipline of innovation, VCI offers 15 integrated modules that employ a 4-step adult learning model. Each module includes individual and group assessments, learning materials, and practical application tools.

Additionally, VCI’s Creative Journey™ innovation process enables you to do your work innovatively no matter what kind of work challenges you face, such as: process improvement, marketing, customer relations, IT, product development, and team building.

When you innovate to your highest capacity, you can achieve your performance accountabilities while making a meaningful difference, generating creative solutions, and producing something that is both beneficial and sustainable.



Values Centered  
INNOVATION™

*It's in every one of us*

The call today is not just for *more* innovation, but for innovation that is motivated to achieve consistently positive and beneficial outcomes: *innovation with a conscience*.

Innovation with a conscience means innovation that is informed, inspired and guided by our higher human nature through human values.

Human values help us shape the answers to three questions related to innovation: *What should we innovate? How should we innovate? Why are we innovating in the first place?*

