

Disrupt Yourself Podcast

EPISODE 134: KAIHAN KRIPPENDORFF

Welcome to the Disrupt Yourself Podcast. I'm Whitney Johnson. I think, write, speak and live all things disruption.

In anticipation of the re-release of my book, *Disrupt Yourself* with Harvard Business Press - available for pre-order now at whitneyjohnson.com/disrupt - we are continuing our look at the seven-point framework of personal disruption. Today our interview focuses on accelerant number six - give failure its due.

In many ways, this is one of my favorite accelerants. Failure is a constraint we need to embrace. A tool of creation. When we're feeling limited by failure or the fear of failure, we're really being limited by shame. Brené Brown's work is key in learning more about shame, and we talk with her in episode 111 of the podcast. When we can ditch that shame and focus on learning instead, we can continue disrupting and growing. Which is what today's guest Kaihan Krippendorff, business strategist and author of *Driving Innovation From Within* knows how to do. He passionately believes that we have been overlooking the critical role that employees--not solo entrepreneurs--play in driving groundbreaking, world-changing innovations.

WHITNEY Kaihan Krippendorff welcome to the Disrupt Yourself Podcast.

KAIHAN Thank you for having me on.

WHITNEY Very first question for you is, where did you grow up and what did you want to be when you grew up?

KAIHAN I grew up primarily in Philadelphia. Um, my father's from Germany, my mother from Bangladesh. And we, my father has taught at the University of Pennsylvania for literally just over 50 years is the, it's the one job he had after graduating from graduate school. And, so I primarily grew up in Philadelphia, but we moved around quite a bit. I'm honestly not sure what I wanted to be. I kind of had this vision of what I wanted to be, but I didn't have a name for it.

And now that I think about it, I realize that very much I am doing that. So I knew I wanted to do something with creating things. I wanted to do something with ideas. I wanted to do something with advancing, something that's important to humans in society. Um, and so, occur a meandering path to, um, investment banking, and consulting, and, um, now I call myself a thought leader. And finally realized that that, that can be a job. So, I think I wanted to do, (laughs), what I'm doing now, but I didn't know what to call it.

WHITNEY What did you study undergrad?

KAIHAN I studied mechanical engineering, and I studied finance. There's this program at University of Pennsylvania called the Management and Technology program, so I was part of that. That said, m- my father has spent most of his life, so he- his background, so he came from the Ulm School of Design in Germany, which is kind of the founder of the Bauhaus movement, and he came to the United States to want to understand how artifacts communicate to humans. So like how does your refrigerator communicate to you that you should grab its handle to open it?

And that lead him to communications, and his area of study has been around how language creates reality, social construction of reality. And I think like growing up around that, and around his professor friends, had me realize after leaving school and having a very quantitative investment banking job, that I was really m- more interested in the say, softer side, the- the language and human side of business. Um, so then I sort of pivoted.

WHITNEY As I'm listening to you, I'm like, "Oh, fascinating, so you've got this really, you're really quantitatively strong. People probably kind of nudged you into studying into those fields of study, but then once you had this foundation, you started coming back to what you had learned in your, as you were dandled upon your father's knee of this idea of language bridged reality and ideas et cetera." I want to talk briefly though about your mom as well, because in reading your book, that we're going to talk about in just a minute, it sounds like your mom was a, has been a really, um, uh, really formative in terms of her view on the world as well, so tell us a little bit about her?

KAIHAN So she is from Bangladesh, and she moved to United States around the same time as my father. Kind of her destiny in life was to get married. So she was top of her school, and then there was a point kind of around high school where, society kind of said, "Well, you don't need to go to college because, you know, you're going to be married and- and we're, and we're looking for your husband." And she kind of escaped that by getting a Rotary scholarship to study at the University of Illinois.

And I think that she's been enormous influential to my life in- in many ways. I get a little kind of choked up thinking about it. I mean, one- one thing is that, um, I- I- after my parents got divorced, she ended up having to do a number of jobs that kind of I say weren't as fully demanding of her capabilities. Right, she was a secretary, she was a data entry person, and she's got a doctorate. And, um, later on, she- she won a MacArthur grant, you know, this Genius Grant.

Um, so she's kind of had that kind of intellect and passion. Um, but for a number of years she sort of didn't do what she loved to do, in order to, take care of us, and I realized later that my purpose in life, um, is really people loving what they do. And, I think that came greatly from my mother, and seeing her not loving what she did for a period of her life.

WHITNEY Have you heard the quote from Carl Jung that "the greatest influence on a child, is the unlived life of a parent?"

KAIHAN I have not, but that makes a ton of sense. It makes a ton of sense. Yeah.

WHITNEY Sounds like you have great parents. All right, so, you go to, you get a, so you do undergrad in mechanical engineering, you get an MBA at Columbia Business School, and then you get a PhD, and your dissertation title, which really peaked my interest was "Strategic Narratives and Competitive Advantage: Do Winners Speak Differently?"

KAIHAN Mm-hmm (affirmative), mm-hmm (affirmative).

WHITNEY Which is interesting now hearing about your background with your family, but what did you discover?

KAIHAN The idea is that the way that humans see possibilities is not through logic. We don't like look at all the universal set of options and calculate with the options, which is kind of what I was taught, at least in my engineering and finance background. But, that we tell ourselves stories, and I think this draws a bit from my father's work of how language shapes perception of reality. And so, the idea is that, when we are looking to solve a problem, we think of options. The way we think of options is we ask, "What does this problem remind me of? What's the other s- s- problem that I've seen?"

And I call these strategic narratives. So we kind of apply different strategic narratives. And if we look at business strategy, every strategic concept you can describe as a strategic narrative. Like, controlling the diamond mines and oil is a narrative. Um, getting ahead of the pace of disruption is a narrative. Um, coordinating things that aren't coordinated is a narrative. And so, I believe there are 36 narratives, and I apply these 36 narratives looking at pairs of companies.

And I wanted to understand, "Hey, why is it that say Amazon is so successful today, and Google's so successful today, and other companies, say GE or Johnson & Johnson are less successful, relatively speaking, and I analyzed how they described their strategies looking at what narratives they used to describe their strategies, to see what were the statistically significant differences? And what I found is, yes, winners today, successful companies today, do use different narratives to describe their strategy, which means they used different narratives to create their strategy. And that kind of gives you a window into how they think.

WHITNEY Is there one specific example that you can use so that people can go, "Oh, I see what he means?" Like, how, like what would, what would an Amazon say in a situation, versus what a Johnson & Johnson might say?

KAIHAN Sure.

WHITNEY Although I don't want to denigrate Johnson because that's my last name, but, um, what would Amazon versus a less successful company say?

KAIHAN I found that there were three different narratives, one that is easiest to get our heads around is, what I call coordinating the uncoordinated. So, how do you create power? There are, say two options. One is to control something, "I own it." And the other is to coordinate something that you don't control. And when we look at successful business models today, for example, if platform business models, that's an example of coordinating things that you don't control.

If we look at Uber, right, they don't own the cars, they coordinate them. Blockchain is a coordination of the uncoordinated. So we can call them different business models, or different strategic concepts, but the overarching narrative is, that, something's uncoordinated, then you coordinate it. And if you look at the public statements of say Google, versus a more traditional company, you'll see that Google mentions this narrative of coordinating things, that were not coordinated more frequently than their underperforming peer.

Whereas Johnson & Johnson might look more towards controlling something, owning something, owning the patents. Does that make sense?

WHITNEY Absolutely. Super interesting. And you know what it reminds me of, is there's a, and I'm going to paraphrase because I'm not going to get it right, but we'll put it in the show notes, the Napoleon Hill quote that, you know, he wrote the book *Think and Grow Rich*, he interviewed, he basically interviewed the Jeff Bezos, and you know, the Steve Jobs of his generation a hundred years ago, and what he found, was that the people who accumulate resources aren't, do not necessarily have the knowhow themselves, but it's intelligently directed knowledge carefully organized. And that's exactly what- what you discovered is what he discovered from a qualitative standpoint a hundred years ago. Fascinating.

KAIHAN Fascinating, yeah. Very impressive.

WHITNEY All right, you have written a new book, it is concise it is rich in detail, it is prescriptive, it is a pleasure to read. It's called *Driving Innovation from Within*, uh, with a forward by Rita McGrath, who our listeners will know we recently interviewed her, and she was fascinating. Um, and as you can imagine, um, he's talking about driving innovation from within, um, I was immediately drawn to this topic because this is the Disrupt Yourself Podcast, so, Kaihan, what is the big idea in this book?

KAIHAN So the big idea is really that we are using the wrong narratives to describe the path of innovation. That we have adopted this idea that really entrepreneurs are the primary innovators, and that employees bound by the infrastructure and bureaucracy and hierarchy of their heavy organizations kind of have their hands tied. So what I do is, I show that actually most of the most significant innovations in society derive from employees, rather than entrepreneurs, and then I, after interviewing a 150 internal innovators asked each, what were the big barriers, and I'm looking to create a framework that employee innovators can apply to become more effective at driving innovation from within.

WHITNEY All right. So, interesting. So let's- let's break this down, you analyzed 30 of the most transformative innovations. Um, and maybe talk through what a, you know, a handful of those are, although we can probably all surmise what they are, and then talk us through some of the percentages that you found. Of those 30 most transformative innovations, how many came from entrepreneurs versus from internal innovators?

KAIHAN Because I know that this book will also be read by academics, I wanted to make sure I started with a validated list. So, I found a well validated list of the 30 most transformative innovations of the last 30 years, based off of- of 2000 submissions, and a panel of professors, and these are the big innovations, right?

This is the internet, email, DNA sequencing, MRI's, the- the big innovations, right? That many of the innovative companies that we admire today, kind of build their innovations on, really. And I asked, "Going back, who conceived of the idea, or ideas, that lead to this innovation? Who then developed and scaled the idea? Um, developed the idea, excuse me. And then who scaled the idea and brought it to market?"

Because we kind of have this narrative of the lone entrepreneur in the garage with the hipster and the hacker and the hustler building thing. I wanted to test if that's true, and what I found was that 70 percent of these innovations were actually conceived of by employees, not entrepreneurs.

WHITNEY Wow, right, wait let's just stop for a second. That's amazing, like I read that and I was like I was gobsmacked. So say it one more time, because I want people to like really let that sink in.

KAIHAN Yeah, 70 percent of the most transformative innovations were conceived of by employees, not entrepreneurs. You know, if you woke up in the morning, you wouldn't have a mobile phone to reach for, you would not have the internet to connect it to, you would not have an email to send if you could. If you got sick you couldn't get an MRI, you couldn't get a stent. We would live in a dramatically different and I think inferior world if it were true, that employees weren't capable of innovating, you know?

And, eh, yeah, that- that smacked me as well, and I think that there's a profound cost to that, that by celebrating entrepreneurs, which I am an entrepreneur, and I love entrepreneurs, and I, and I study them myself. But when we only study entrepreneurs, we are kind of communicating to employees that, "Hey that's not your job."

And if we start believing that as employees, then we might stop trying to innovate, and if we stop trying to innovate as employees, what those innovations are that employees are, what- what the next internet is, what the next MRI is, might not come to be. So, I think it's important that we celebrate, honor, learn from, study the narratives of employee innovators.

WHITNEY Yeah, you said something in the book that really was very powerful to me, I'm just, I'll read it really quickly. Um, "Internal innovators are critical forces of innovation in the modern world. We should be," as you just said, "celebrating and encouraging them. The fact that we are not, comes at a huge cost, one enormous cost is disengagement." Fascinating to me, um, and really powerful when we think about this idea of when people have an idea inside of an organization, what do we do with that idea? So, okay, so you found that from a conception standpoint 70 percent of these ideas are conceived by employees of the 30 most transformative innovations. Then talk us through on the development and the commercialization side, what did you discover?

KAIHAN It is interesting and there are lots of implications of this, that are yet to be discovered. Uh, and explored. I'm kind of more looking at the, um, the conception side. But as we go to development, you start seeing competitors step in. And competitors will start taking some of the innovations of development. And you start seeing academia and institutions playing a more significant role.

When you scale the innovations, when you get to scaling them, um, what you find is that, eh, actually competitors scale the majority of these. Um, 50 percent of the time competitors take over, and end up taking the idea and scaling it. So, for example, the first personal computer was created by the Italian company Olivetti, and we don't know Olivetti as that innovator. It eventually becomes Wang and HP, and IBM, and Commodore, that take the innovation and they end up scaling it, yeah.

WHITNEY Interesting. So the personal computer was conceived by Olivetti, it was developed by HP and Wang, uh, or are you kind of conflating at this point- development and commercialization, as those-

KAIHAN There's a little bit of a gray line between- yeah, the conception and- and scaling it, yeah.

WHITNEY Okay, got it. Okay, but it was conceived by one- one organization and then developed by competitors et cetera. Interesting, okay. Okay, so now that you've got this big idea, you've done this research, you've discovered that in fact we need to find a way to celebrate, to encourage, to support internal innovation, because that's where, you know, 70 percent of our transformative innovations are coming from, you came up with a framework.

Can you talk us through that framework of, you know, everybody who's listening, who's saying, "Okay, I have an idea, I've been frustrated in the past, because I haven't been able to move this

idea forward, and I've had days where I've thought to myself, I'm just going to quit. I'm going to become an entrepreneur, because I think this a- idea's important. Or if I'm not going to quit, I'm just going to give up and I'm just going to punch my time clock and move on."

You have a framework to help people say, "Okay, try it again, get up a bat one more time – what does that framework look like?"

KAIHAN

How I got to this framework was, there was a client that I had gotten to work with three or four years prior. And she came up with an idea at this company called Macmillan, a publisher. Her name's Jean Feiwel, she's the publisher that signed Harry Potter, when Harry Potter first came to United States, she's behind Goosebumps and Baby-Sitters Clubs, um, and she had this idea, and it eventually turned into an innovation that became recognized as one of the most significant innovations of publishing.

So I went to visit her and asked her what her journey was, and I found that her journey looked very different than what you would expect an employee journey to be, or an entrepreneurial journey to be. And then I interviewed a bunch of other people, and if we take all of that, and we put it into a framework is, I s- was able to massage it to spell INOVATE.

So, the framework is this, intent.

The first is that they'd activated the intent to innovate, if you do not have an intention to innovate, you do not see opportunities to innovate. They might appear and you don't recognize them as such.

The next is need, recognizing not only what the market and customer needs, but also understanding what your company needs. 55 percent of mid-level managers can't name even two of their company's top strategic priorities. So, when you understand what your company needs, and overlap that with what the market needs, then you have a fertile area in which to innovate.

O, O is for options, generating lots of options, and what you see these innovators often do, is they will have a backlog of ideas, they're working on multiple ones. When one doesn't pan out, then they could easily pivot to the next one. There's nothing more dangerous than an idea, when it's the only one you have.

Then we move to value blockers, uh, value blockers is really about when your idea's business model conflicts with the business model of the corporation, that generates lots of reasons to say, "Ah, this just can't be done here." But what these successful internal innovators seem to do is they view that business modeling as part of the problem, and they find ways to preempt and address those business models, and adjust their idea to kind of get it through the existing business model.

Then we move to A, act. Which has all to do with taking action on the ideas, rather than proving them. Experimenting, rather than writing a business plan.

Then we go to team, and what's interesting in team is that almost always these innovators assembled a cross-functional informal team, sort of a ground swell of support around the idea, that, and this team worked without authority, without a request, without a budget to begin it.

And then that lands us in environment, under vi- environment is about understanding the organizational political environment that you operate in, and finding an island of freedom,

where you have the right combination of leadership, talent, structure, and culture to bring your innovation into, and have the freedom to grow the in- the innovation.

So I-N-O-V-A-T-E, I'm- I'm not saying that that is the ultimate framework, or it's the truth, I- I believe this idea that all models are wrong, but some are useful. I attempted to spell it into something to make it easy for an internal innovator to say, "Ah, I'm now in the O stage, which is about options, and that's why I'm experiencing this, there's nothing wrong here, this is the path."

WHITNEY Right, so one thing I really love that you said is that the key trait that separates successful internal innovators from frustrated ones are those that view the political challenge as part of the problem-solving process, (laughs). That is really, really potent. So, let's- let's do this, I love this, I-N-O-V-A-T-E-

KAIHAN (laughs).

WHITNEY ... and you innovated by excluding one of the N's. Um, so can you tell us a story, tell us a story that will help us, you know, illustrate for our listeners what this can look like?

KAIHAN Yeah, so there's one person I interviewed is, uh, Lee Pillsbury, he was a junior manager at a Marriott hotel. He later on becomes the COO of Marriott. He later on launches a private equity fund, and he's very, very wealthy, successful investor in hospitality. But he was talking about his first job, or so his first job was a junior manager at a Marriott hotel- hotel in Texas. He learned that Exxon was moving its headquarters from New York to Texas, and he found the relocation manager and asked if she would use her his hotel as for the staging point for all of the executives that were going to come down and live somewhere while they looked for a home.

And he negotiated a price for her that was, um, this was a long time ago, right, so this is 12 dollars a, um, a room. And when he brought this deal, this opportunity to his boss, his boss immediately said, you know, "You can't do that, because our rates are less than 12 dollars a night. You have to go back and tell her that we'll give her a lower price." And he said, "But she's happy with the price, it's what they need, um, and, you know, it brings more revenue to the hotel." And he said, "What I will do is, I will go into every room over the weekend, and I will change, I'll remove the price list so that when they come, they don't feel like they got an inferior deal."

Another one that I really love, is, Heather Davis, she is, was a manager at TIAA, and she ran a fund that owns a lot of agricultural real estate. And she also has a son who is autistic. And her farmlands, they're the largest owner of private owner of farmland and the largest owner of orchards and wineries in the United States, and they had a problem, which was getting migrant workers, the rules were changing and they were having difficulty finding workers for these orchards.

So she flew to one of the orchards, looked around and she recognized that the kind of work that needs to be done is perfect work for people with autism. Knowing that her son was autistic, she recognized that. And so, she innovated by creating a program called Fruits of Labor that helps autistic people find work on farms, and they don't just work on the farms forever, they get a driver's license, they might buy a car, they get something on their resume, they become productive members of society, instead of being, living in their houses.

Um, so there're tons of examples of, but what the common e- the common element I think of these samples are, that they weren't asked, that they saw an opportunity that was right for the world and right for the company, and they pursued through the barriers to make it possible. And those are the seven barriers, I-N-O-V-A-T-E.

WHITNEY Yeah, and, um, one of the things, just for everybody whose listening, in appendix B of the book, Kaihan has a whole checklist of helping you think through, "Okay, what are the value blockers that I'm likely to encounter in this particular situation," that you can use, um, as you're working through this, and- and another thing that you say, that I'd love you just to comment on briefly is this idea of disrupt your competition without disrupting your business. So, do you want to just comment on that?

KAIHAN So there's a natural business model for your idea. And, um, that business model often is the right business model if you are an entrepreneur. However, as an internal innovator, you have another stakeholder in the game, right, you have your company. And so often, we get frustrated, we say, "This is how it should be," and our current business model is rejecting that. What we, is more helpful is to say, "Hey, just like our customer is a stakeholder, so is our company, we need to design a business that works for our company."

So Xbox I think is a great example of this. Um, Xbox was a creation of Microsoft that, for many reasons, didn't make a lot of sense. Microsoft is not, I would say, known as a very cool brand, and to be a successful gaming platform you have to be a pretty cool brand. They've never manufactured hardware before this, and they couldn't get anyone to manufacture hardware, because that's sort of like asking someone to s- ma- manufacture the razors without selling the razorblades.

And so, they had to really change their business model. But what they did that was very clever, that made Xbox successful, and I would argue it is probably the most successful console, certainly has the largest platform of online gamers in the world. One thing that made them successful is that, they chose the right core customer. So there're two types of customers for you, but there are, on the developer side, right there are certainly the people who buy and use the consoles, but the key to success in console gaming, eh, and esports is, the developers.

And there're two types of developers. There are PC developers and there are console developers. Console developers are like EA Sports, they invest millions and millions of dollars on these very high-end games. PC game developers are like the game developers that developed, um, uh, Minecraft. It's kind of like in your, eh, in your room, a couple of people building something, and that was their primary audience. So what they did is, they shifted the model so that it wasn't going to be in a direct attacker against PlayStation, which was their target, or their- their- the competitor that they were kind of looking to counteract.

They said, "We are going to create the first console for PC game developers." So if you think that through there're kind of four different choices, right? You can either do things the way you're doing, and, do things the way your competitors are doing, and that's just kind of business as usual. That's just competing against your direct competitors. You can take a copycat strategy, which is, "Hey, Uber is doing this, let's do that too." In that case, what you're going to do is, you're going to disrupt yourself, because that is not your model. But you're not going to disrupt Uber, because that's the way they're already doing it.

You could take a really radical approach, which is do- do something that disrupts yourself, and disrupts the competition. There's high risk in that, for 95 percent chance of failure. But the magic quadrant is, to do something that disrupts your competitor, by doing it your way. By making a few choices that make it less disruptive to your model, and thereby your strategy is different than the attacker's strategy, and that gives you an advantage.

WHITNEY So walk us through what, er, how that played out then for- for Microsoft? It's, because it's interesting as I'm listening to you saying it, they weren't thinking about the end customer, they were thinking about the people who were developing, and looking at those two different, um,

constituencies, so, how in that instance did they disrupt their competition without disrupting their business, just tighten it up for us.

KAIHAN

Yeah, so a key success factor in winning in video games, um, in esports today might be a little different, it's like console video games. The key success factor is having good games for people to play. If people buy a console, and then they can't get titles and games that they want, then they'll abandon the console, or they won't buy it. And so, if you have good games, and you have a good enough platform marketing model, the players will come. For them to create an offering that would attract the console game developers would be a big stretch for them, and it would require them to build a whole new audience.

But they already had this audience of PC game developers, so they went to the current audience, the current customer, and said, "You, we're going to create a kit that will make programming a game for this console feel very similar to what you're already doing, we're not going to ask you to make a big change," which allowed them to more quickly recruit game developers and build their library, and so that when they launched, they had already a very robust library. That was one of the key capabilities, one of the kind of key assets they needed to have in place at launch.

WHITNEY

Got it. All right, so they looked at what strengths they had in-house, and said, "All right, we're not going to try to get these people to do something that they don't know how to do. Um, and, which means we will die. But instead, what strengths do we have, how do we leverage those?" And as you said, disrupt your competition without disrupting your business. That makes sense.

Okay, one other quote I'd love for you to riff on, is- is, if an idea's rejected, you see this as a sign it, that it has potential if I get the idea, immediately it's probably not that novel.

KAIHAN

So for something to be disruptive, it needs to be something that your competitors won't respond to. Um, you know, it, eh, eh, Gandhi, eh, Mahatma Gandhi, he has this quote that is, "First they ignore you, then they laugh at you, then they fight you, and then you win." And what he's describing really is a version of disruption, right? You do something that your competitors will ignore and laugh at. And you know the theory of, you know, disruptive innovation, which holds that you target a customer that your competitors won't defend, because they view them as low-value, or they view your offering as inferior.

You need to do something that your competitors will ignore and laugh at, for them not to respond to you. And they often will not respond to you because what you're doing is inconsistent with what's been done before. Not because you technically your idea won't work, for example, Dick Fosbury jumps over the high bar backwards in 1968, and before he jumped over the high bar he wins the Olympics 90- eh, 90 percent of high jumpers eight years later, jumping over the high bar backward, you're doing what's now called the Fosbury flop.

There's nothing technically that made it suddenly possible in 1968 to go up over the high bar backward. But before that every gold medal winner had gone over forward, using either a scissor straddle or roll. Every trainer of every Olympic athlete had trained them to go over forward. What's stops defenders from reacting to attackers is rarely that they can't, it's more a mental complication, a dilemma, that for them to respond is to give up a belief that they hold.

So what that means is that if your idea is going to be, eh, disruptive potentially, it's going to create disbelief, in people who are experts, who know the industry. And you see the same pattern over and over again in my- in my book I pulled together a list of several of them, um, but for example, when Harry Warner of Warner Bros. Pictures, was proposed by his team, that they could release the first talking movie, because at the time they were silent movies. His response was, "Well who the hell wants to hear actors talk?"

Um, the, there's a Hewlett-Packard employee, named Steve Wozniak, you may recognize his name. Huh, he proposed a design for what became the Apple computer five times to HP, and he was rejected all five times. Example and after example of this, where the innovator proposes an idea and it's rejected, and what I think is really the dilemma of innovation is that- that rejection, that initial rejection is both a sign that your idea is bad, but also the only sign that potentially it is disruptive.

So if we can reprogram ourselves to recognize that as potentially positive feedback, that will give us the drive to push forward.

WHITNEY

I think that's super valuable, great. Um, all right, so you've made a list of 13 companies that are truly innovative, what was your criteria and, um, who made the list?

KAIHAN

I made the list - I basically wanted to filter out what Rita McGrath who's been a guest on your Podcast, um, calls innovation theater. And so, I wanted to say, innovation really I think should meet three criteria.

First it's got to be new and interesting and give you an aha, wow, that- that- that's exciting. But it also has to be adopted, and it also has to, through the adoption, create value. As Steve Jobs says, "Innovation is creativity that shifts, if it doesn't shift it's not innovation."

And so I took a list of companies that have appeared on the most innovative lists of Forbes and Fortune, of multiple times over the last five years, and there're 370 odd companies. And I asked which ones actually outperformed their competition? I decided to measure out performance across four metrics, do they grow faster, do they produce higher profit margins, do they produce a higher return on invested capital, and do they produce higher returns for shareholders, so, stock price plus any other benefits they provide to shareholders, and I filtered through and what I found that very, very few of the companies that we list on most innovative companies, that we admire, that we study, actually do not outperform their competition. So, Facebook for example is, er, does not, um, Salesforce.com, and I love Salesforce.com and I read about, but they do not outperform.

Um, Unilever is- is- is often in CPG, counted as one of the most innovative, it does not, um, there're only 13 companies that do consistently outperform. And a few of them are pharmaceutical companies who adopt a kind of centralized innovation approach, because their innovations come mostly from R&D. But of the rest, almost all of them adopt a more human-centered approach, where they disperse innovation, they encourage employees broadly to innovate.

Uh, for example Mastercard is a company that I know pretty well, for both personal and research reasons, and Mastercard has created internally this idea that they're a force for good. And this is not an advertising slogan. You don't hear this as a consumer, but Mastercard says, "We are driving to a world beyond cash." And a world beyond cash is a better world, it's a world in which drug dealers won't sell drugs to your children without that being traceable, a world beyond cash, it creates accountability, transparency.

And what that does it really activates employees. It gives us a purpose, and it attracts millennial employees, it attracts more innovative employees, there're more entrepreneurs that want to innovate on their platform. If you're using Apple Pay, you're using Mastercard technology. And they have adopted values that encourage innovation. They've adopted values that explicitly talk about risk-taking, about being proactive, about understanding the market. And so, there are a whole number of things that they do in order to elevate the level of internal innovation.

And if you go through each of these companies from Amazon to Netflix, to Tencent to Starbucks to, um, uh, to- to- to Coloplast, you- you see as a common set of activities that they initiate in order to encourage, empower, er, enable employee innovators.

WHITNEY Mm, that's great. And- and, er, and to everyone listening there's lots of detail in the book if you want to really understand this, and- and- and do, understand the analysis that Kaihan's done. So, um, where can people find you Kaihan, if people are listening to this, they're intrigued, um, they're saying, you know, "I- I want to figure out how to crack this code of internal innovation, I need to drive growth initiatives inside my organization, um, where can they find you?"

KAIHAN Probably the two best places are on Twitter at my name, my name [@Kaihan](#), [@ K-A-I-H-A-N](#) and my speaker website is [kaihan.net](#). K-A-I-H-A-N dot N-E-T.

WHITNEY Got it. Okay. So let's, um, let's wrap up with two final questions. Uh, one is, if you had to give everyone whose, um, wrapping up listening to this podcast one or two pieces of advice, of what they can do next, they've got this idea, um, that they want to, um, move forward in their organization, what's one or two things that they should do today, to help make that happen?

KAIHAN I would encourage them to look at every no as a problem to solve, as opposed to a no, and that no could be, it won't work here, that no could be because we won't fund it, the no may be because we won't give you a team, but if you can look at each one as simply a barrier on the path, as opposed to a rejection, then you will adopt the learning mindset and figure out how to get through it.

WHITNEY Fantastic. What are you excited about right now?

KAIHAN Well, right now, my book is just published. I am really dedicating myself to advocating for this message, and I want to empower employees to see themselves as innovators, and empower organizations to transform into ones that become platforms that really encourage, empower, enable employees to find opportunities, rally the resources to pursue them, and express their creativity at work.

WHITNEY Great. Um, again everybody whose listening it is a terrific book. I- I- one of the things that- that Kaihan says is entrepreneurs struggle to scale, internal innovators struggle to launch. Once they do launch, they can scale quickly. This is a book about helping you launch your ideas.

Thank you Kaihan Krippendorf for being with us, it's been fascinating and a pleasure.

KAIHAN Thank you.

Wasn't that list of innovations that came from people within organizations amazing? You don't have to quit your job and become an entrepreneur to be innovative and help your company be disruptive. But there is work to be done around allowing employees, allowing yourself to experiment and embrace failure. To not see as an indictment on our identity, but as part of the innovation process.

I loved what Kaihan said about how to reframe things when your idea is rejected. That while it's true the initial rejection of an idea is a sign that your idea might be bad, it's critical to remember that it's also the **only** sign that your idea might be disruptive. And if we're looking for that Fosbury Flop or Apple computer idea that confuses and then

helps us overtake our competitors, we have to reprogram ourselves to not just give up at the first sign of rejection. To consider that while our idea might be a bad one, we might also be getting the feedback we need to know that we're on track with a truly disruptive innovation. Powerful innovations create disbelief at first. I've actually heard there are VC firms that won't make an investment unless someone on the team doesn't like it. Or as my friend Price Pritchett says, "Big ideas have a lonely childhood."

And finally, I loved what Kaihan said at the end, if you can look at the word "no" not as a rejection, but as a barrier, you move more quickly into a learning mindset. The ability to embrace "failure" and look at it through the lens of learning instead of rejection or shame is game-changing.

Practical tip:

One of the best ways we can give failure its due is by looking back at past events we considered failures and reframing them. Whether you see an experience as success or failure is a choice. Take a moment this week and think - how could you reframe something you've considered a failure as a success? You could start by asking yourself this - what did you learn that you didn't know before, and how can you apply what you learned to propel you up your current S Curve of Learning?

As we wrap-up, I wanted to share with you special opportunity for you our podcast listeners and newsletter subscribers---For those of you that pre-order the new edition of Disrupt Yourself before November 12, I will be holding a private webinar. It's wonderful to meet and consult with you in person at your places of work, but sometimes that's not possible. A webinar is. We're going to talk on this webinar about how to become a high growth employee, how to become a boss people love, and how to create a work environment where growth and innovation skyrocket. For more information, please visit whitneyjohnson.com/disrupt

Thank you again to Kaihan Krippendorff for being our guest, thank you to sound engineer Whitney Jobe, manager / editor Macy Robison, content contributors Emilie Davis and Nancy Wilson, and art director Brandon Jameson.

I'm Whitney Johnson

And this is Disrupt Yourself.