

Interview with Larry Clark, Managing Director of Global Learning Solutions at Harvard Business Publishing Corporate Learning

A Crisis Could Provide Ideal Conditions for Deep Innovation

By Japan SPOTLIGHT

Another distinguished business management expert believes that a crisis could be a mother of innovation. *Japan SPOTLIGHT* held the following interview with Larry Clark, managing director of Global Learning Solutions at Harvard Business Publishing Corporate Learning.

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Self-Introduction

JS: Could you please introduce your work at Global Learning Solutions at Harvard, as well as your various backgrounds in business and education, in particular at Comcast and Microsoft and so on.

Clark: Just to understand what Harvard Business Publishing (HBP) is about, we are a non-profit wholly owned subsidiary of Harvard Business School. We take the research and ideas that come from Harvard's research centers as well as the external thought leaders that we work with, and we bring that thought leadership to a much larger global audience. A lot of people know us from the *Harvard Business Review*, and the leadership books that we publish but we also work directly with organizations helping them leverage Harvard's thought leadership and developing their leaders, so my role is leading the part of the organization that supports all our leadership and development efforts around the world.

Personally, I came to HBP about three years ago, as a customer. Just before that I was leading talent management, leadership and professional development at Comcast which is a Fortune 50 cable and telecom firm that is based in the United States, where I spent six great years. Prior to that I was with Microsoft for 12 years and worked in a number of different areas – in talent, learning development, organizational development, including several years leading all the learning content development for the Microsoft Global Field organization. I have had a lot of experience with organizations needing to innovate just to survive and so innovation is a topic dear to my heart.



Larry Clark

Key Factors for Innovation in a Crisis

JS: We are particularly interested in innovation and entrepreneurship during the current pandemic crisis. We think such difficulties would encourage innovation and entrepreneurship. What are the key factors for creating innovative thinking and entrepreneurship during a crisis?

Clark: Many people think that is all about solving a big new problem. I think that is partly true. A crisis presents a very novel situation that forces us to solve complex problems, usually really fast. I don't think that gets to the heart of the innovation opportunity that is presented during a crisis. There are four factors that a crisis presents that work together to provide ideal conditions for deep innovation.

The first is what I call unfreezing the organization. Most organizations have created structures so that they can get things done and save time and money, but that structure can over time start to stifle innovation. The Covid-19 crisis upended the way that grocery chains manage inventory, a process that they have been refining for years to maximize profitability and efficiency. But with a huge spike in demand for certain products at the start of the pandemic, purchasing managers bypassed this so that they could source much larger quantities of products much more quickly. This wiped away bureaucracy and allowed for fresh thinking.

The second factor is uniting around a purpose. Leaders are always trying to get more discretionary effort from people and to get more engagement from employees. During a crisis, you don't have to work so hard to inspire engagement, and that spike in energy can be easily

directed towards a clear purpose, which is of course addressing the crisis. In a recent global study we conducted with HR and talent leaders, they told us that despite the disruption from the pandemic, employee engagement was up significantly just because of the crisis.

The third is about how people can start to see the system of their organization differently. In normal times, companies leverage consultants to get an outside perspective, but in a crisis a lot of the things in an organization that we don't really think about – how basic processes work or aspects of our products and technology – suddenly we see them in a completely different light. So this new perspective reveals big opportunities for change and innovation.

The last factor which is probably the most obvious to everybody is this bias towards action. A crisis demands movement and change so the pace of ideation, the pace of decision making, and implementation go well up. Organizations are willing to test new ideas and experiment, to fail fast and move on. One organization took a project that was slated to last for four months and completed it in a day because the pandemic gave them this bias towards action, to just do things and do them quickly.

JS: You mentioned “unfreezing the organization”. That seems to be necessary even in normal times.

Clark: All of these are necessary but unfreezing the organization is a hard one. Tech firms such as Microsoft operate in a very unfrozen way. I was there for 12 years and had 13 different leaders, as it was a much more fluid organization always looking to innovate. Other organizations that are more built like machines for efficiency are the ones that struggle with this unfreezing process.

Flexible Working Style in the Pandemic & Innovative Minds

JS: The pandemic has transformed working styles and life-work balance. Do you think a flexible working style will encourage innovation?

Clark: I think it depends on how leaders manage the flexibility. If the increased autonomy that people feel by not being in an office environment gives them the breathing room to come up with new ideas, it will help. On the other hand, if people find themselves scheduled on video calls 10 hours a day which is happening more and more, then innovation could actually go down. Some people are finding work-life balance easier under this environment, and some people are struggling. The other point is that we may need to recreate the informal ad hoc conversations that were common in a shared working environment. How do we replace two people running into each other in the hallway, having a quick conversation or jumping into a conversation room with a whiteboard. Those are the

kind of opportunities that we need to weave into how people work today in this more remote and disconnected environment.

Direct encounters between people definitely create innovation. We find that many of the leaders who foster the most innovation in their organizations aren't necessarily that innovative themselves. It is not the case that innovative people create a lot of innovation. We found many situations where people who are leading very innovative groups who are not necessarily the innovators, but are rather creating an environment where they feel freedom and a sense of purpose, and the autonomy to execute that purpose. There is a lot of psychological trust in that environment and people will feel that they are able to take risks. That is a critical part of working together.

JS: This new working style has already created a lot of gig workers. Will they be a new source of entrepreneurship?

Clark: Gig workers are entrepreneurs. They are running their own businesses and the good ones are looking at ways to maximize their value in the market. In some cases, they are engaging with multiple businesses in their work, just like consultants, and they gain new thinking from one organization and carry that into a new client. Depending on the nature of the gigs that they do, they can be like bees, cross-pollinating different organizations with new ideas. It's an advantage that gig workers have, to bring in and add more value because they are seeing more environments just like consultants do. If it is something that a gig worker is willing to offer, they can bring a lot of innovation to an organization.

JS: On the management side it might be challenging to manage those gig workers.

Clark: It can be; it is just becoming more common to have gig workers, contractors, short-term assignments. We are even finding a trend of hyper-specializing towards jobs, as you can source talent from anywhere in the world. It is so easy to connect globally, so you can take certain types of work that may have been done by one person and break it up among different specialists around the world. So that is a more common trend these days. Managers are getting used to the idea that they don't have to do everything just with the people that report directly to them. HR is also learning how to source the kind of talent they need, so the more they become used to it, the easier it will become.

JS: You mentioned that face-to-face meetings would catalyze entrepreneurship. We are now living in an IT-dominant world and perhaps this online communication is becoming more common. Maybe the challenge for management today would be how to

mix face-to-face meetings with online conversations. What would be the best strategy for management to combine the two?

Clark: We have been doing some of that for a while but now have moved so much so quickly. Part of what is helping right now is that the technology is starting to get better, and people are becoming more comfortable with it. Where some people a year ago could not imagine being online all day and having meetings, now it has become part of their day-to-day operation. Leaders need to be more proactive. They need to think about the nature of engagement because the people aren't just down the hall, so they have to think about the kind of environment they need to set up. Organizations are finding ways to do that, but the leaders that we find are working well in this environment are the ones who schedule the time, and also organize informal happy hours, get-togethers and team lunches online, which make a huge difference in creating informal conversation and getting people to share ideas.

Moving Towards a Knowledge-Based Society in IT-Driven Economy

JS: The IT sector would be the principal area where innovation and entrepreneurship are created by the pandemic. Would this make our economy more software service-oriented? Would our society become a more knowledge-based society?

Clark: I think so. Speaking with HBP clients, the work to innovate in operations or business models was already underway for them but what shifted is the pace of innovation with tech. The pandemic has forced leaders to look at their organizations and markets through a completely different lens, and that puts a lot of constraints on them like moving to a remote workforce or not being able to service customers face to face. So tech has been a very flexible tool that people have been applying to work around these constraints.

So through this, I think what has begun to change is that leaders have started to become more digital savvy, they have had to start thinking about how to leverage technology to create new opportunities and innovate their operations. Now that they are making that shift, I don't think there is any turning back.

Every firm is now a tech firm. Software and connected systems already hold the world together but our dependence on them will continue to grow so I think we are becoming more knowledge-based. That said, we still need to build automobiles and manufacture pencils. There is still work that needs to be done that is completely knowledge-based and that will continue, but we are becoming more knowledge-based and technology-centered.

JS: Besides the IT sector, what other sectors do you think would be most promising for entrepreneurship and innovation at the moment?

Clark: We are all becoming tech firms; everyone is heavily dependent on technology. Large operations that do supply chain management, logistics – pretty much every industry can leverage technology to a greater degree than they have. The ones that are tech-based already such as software and telecoms are sprinting ahead with their plans, but I think we are going to see innovation coming out across multiple industries. Pharmaceuticals has fundamentally changed, where you are using genetic material or code and actually synthesizing something through software that we can use to stem a pandemic. So, I think it is happening everywhere.

Role of Education in Knowledge-Based Economy

JS: How do you perceive the role of business leadership education in the IT-driven or knowledge-based economy? What would be the role of business leadership education during an era of crisis like a pandemic?

Clark: I would say my answer to both is probably the same. Tech firms run like they are in a crisis all the time. Leadership development needs to play a key role. Our research shows that while some leaders have been struggling in the current environment, others are thriving. So we want to understand the difference and we identified three key areas of capability.

The first is leading through uncertainty. This area is about continuously making sense of what is emerging. These leaders are comfortable with ambiguity, they can synthesize information quickly, they can make decisions when there is imperfect information or a lot of unknowns.

The second area where leadership development plays a big role is in cultivating trust. This is focused on building a climate of purpose and belonging for people in their organization. Leaders who cultivate trust demonstrate empathy, authenticity; they listen really well, and they demonstrate that they value people as unique individuals. Everybody brings something unique. Most importantly, they help their team focus on a common purpose or a north star, and that clarity is critical for them.

The third area that we found where leadership education can be really helpful is this area that we call re-scaling for opportunity. Leaders who do this well are great at fostering innovation; they also drive new value through the use of data, analytics and technology. This area is about how to lead the business into the future while the other two areas are more about how to lead in the present. If

leadership development efforts can focus on these three areas – especially with middle managers who tend to have the most difficulty in these areas – learning development functions can have a powerful impact in supporting the organization throughout the crisis, and beyond. All of those factors apply to an IT-based organization.

JS: In terms of the kinds of knowledge which business leaders should have, engineering knowledge must be key but what other kinds of important knowledge do leaders need to have?

Clark: You don't necessarily need to have business acumen; but you do need to understand your domain and cultivate trust. We are finding that the breadth of things that leaders need to understand seems to be growing, and we hear about T-shaped leadership where you can be deep in a certain area and know that area very well, but you need to be conversant in other areas too. For me as a leader in my organization, I am not expected to be able to do the job a web developer might do, but I do need to be conversant in technologies and understand how they affect my business. Digital savvy is a key piece of what is going to be used to innovate your business model or your operations. There are other capabilities that leaders need to have, including finance, economics, marketing, and product lifecycles, but you need to be able to lead through that and be conversant in technology and to create a sense of purpose across your organization.

JS: In this knowledge-based economy, employees might need to be more highly educated; otherwise they might lose jobs and not be paid well. In that sense, how do you value the role of education in general – in particular to mitigate income inequality, which does seem to be a political question today?

Clark: The pace of change today requires people to be learning constantly. So having a good foundation, for example a broad understanding of business, economics, and technology is a great starting point, but it is not enough. To stay current, everyone needs to set aside time for learning. It also needs to be continuous – watching for new trends, being curious about how to increase your impact and value in the market. With this trend towards hybrid jobs that have to span a number of specialties, like creative and analytical work together, the people who will do well will always be immersing themselves in learning. Formal educational institutions are seeing this need for continuous learning and are adopting their offerings to meet that.

In terms of inequality, some have said it has been exacerbated by the pandemic while others assert that it has just made existing inequalities more visible; both points are true. We have so much

work to do to unwind all the social injustice that exists in our society today. As painful as it is for everyone, I find a lot of hope in the fact that we are finally talking about it and starting to listen to each other. My dream is that one day in the future we can look back on this pandemic and say we had one beautiful outcome of this – starting the hard work of confronting the injustices in society and really addressing them in a meaningful way.

Post-Pandemic Innovation Continuing

JS: Could you tell us how can a good business leader maintain innovation and creativity in normal times without a crisis? It is often said by economists that after the pandemic, unfortunately economic growth will not be so high because people won't spend much money, causing the recession to continue. After the pandemic, we might need more innovation than ever.

Clark: I agree. The four conditions I mentioned earlier are things that we can foster in our organizations as leaders without a crisis. We just have to embed them in our thinking going forward. Companies that grew up in the tech industry like Microsoft do those things well all the time because the business environment they are in is like a crisis. Tech has thrived in the crisis not because of its inherent value but because tech firms are purpose built to operate in these kinds of conditions. If leaders can think and lead this way all the time, imagine the impact they could have on the world – it could be truly incredible.

JS: Do you have any future plans in your organization to deal with questions of innovation and entrepreneurship during the pandemic?

Clark: We have projects around fostering innovation that we bring out to our clients and learners. Within our organization, fostering innovation is one of our key leader capabilities, so we are always publishing and researching that topic which overlaps with many other topics. Innovation involves collaboration and how we think about technology and having a digital mindset and other key capabilities, so it is something that we are working on all the time.

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Written with the cooperation of Joel Challender who is a translator, interpreter, researcher and writer specializing in Japanese disaster preparedness.