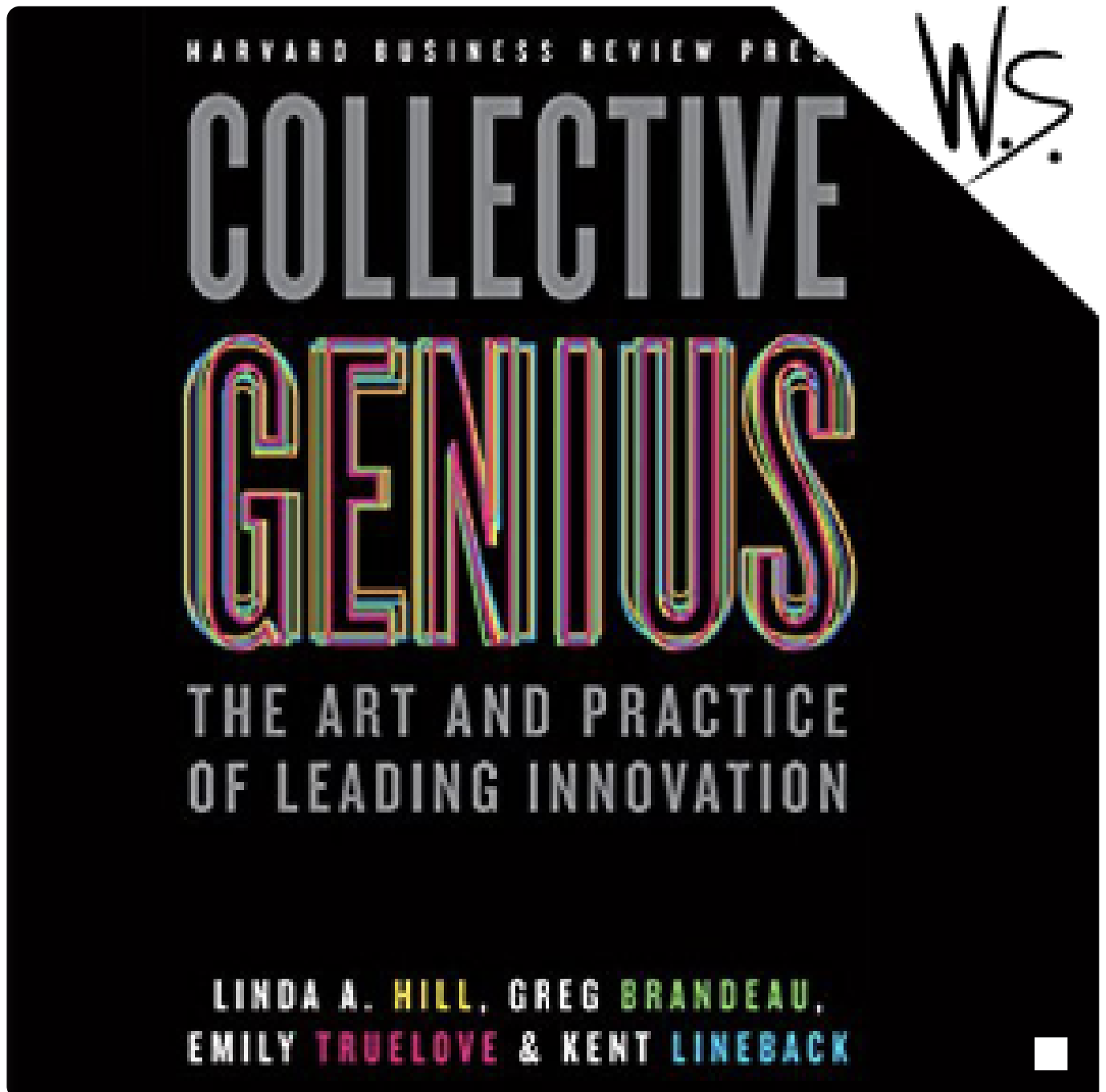# Collective Genius: Summary and Review

Keywords: *Collectivism, Creativity, Discovery, Experiment, Group, Innovation, Leadership, Organizations, Project, Teamwork*

Please Note: *There are links to other reviews, summaries and resources at the end of this post.*

Book Review

Traditional businesses value traits of traditional leaders: bold decision makers who give orders. This autocratic model doesn't work, however, for innovative businesses. The leadership style that might keep a sustainable business coasting for decades can, in fact, have a corrosive effect on the processes of discovery and innovation. Innovation requires a different style of leadership. A leader who wants to unleash the creative potential of their team needs to nurture an environment that supports innovation.

The authors of *Collective Genius* assert that creative abrasion, creative agility and creative resolution are necessary tools for teams that want to innovate. And it is the leader's role to ensure that these elements are all operating in the group. New ideas are generated and tested using these tools.

Collective Genius is heavy on anecdotal stories. Every chapter has a lengthy case study drawn from well-known companies that illustrate and reinforce the ideas that are being discussed. Places like Acumen, Google and eBay are trawled for anecdotes. And for the authors, Pixar seems to be the exemplar of an innovative company. The book is well organized and readable, but some readers may crave more real world examples, as opposed to corporate tales.

Summary

Chapter 1: What Collective Genius Looks Like

Pixar Animation Studios produce one blockbuster after another. And their success is no accident. They've been doing this for years, and no other studio comes close to matching their record. Understanding how Pixar gets it right can help us learn how any company can compete and succeed in an environment of change. Why do some companies thrive in an era of innovation and rapid change while other companies fail and fade away?

Pixar is an organization that uses a complex process which results in elegant and nice products. The end product is seamless; a Pixar film almost feels like it was done by one person. In reality, hundreds of people cooperate to make a Pixar animation. Other groups can function like Pixar in this way. Masses of people can work with such close coordination that the result is a unified, coherent product. This is how innovative organizations work.

Innovation is usually a group endeavor, despite the myth of the lone genius slaving away in isolation in his laboratory. More, better, ideas emerge when people with different points of view can bounce ideas off one another. At Pixar, unlike other studios, the entire staff gathers to watch the dailies (foota the film in progress that was shot that day). This way, everyone can participate in providing feedback.

Innovations are usually discovered after a lengthy process of trial and error. It normally involves lots of experimentation, and mistakes will be made along the way. Sometimes you have to attack the problem from a different angle. It can be very time consuming work.

Good leaders foster this type of discovery driven learning. (It's important to have talented people doing the work, but more important than that are leaders who seek innovation.)

Leaders should also work to ensure their organizations are collaborative and make integrative decisions. They should help with conflict resolution instead of imposing a solution on an unwilling group. Good leaders encourage multiple opinions: it keeps more options available longer. At Pixar, if a good idea emerges halfway through film production, the team will go back and revisit the previous work to integrate the new idea into the film. This creates extra work, but it's worth it. Pixar's primary goal is to create a high quality animated picture, and they'll gladly go the extra mile to reach this goal.

Successful creation requires talent, certainly, but talent alone is not enough. (There are plenty of talented people in Hollywood whose movies turn out to be flops.) The talent must be in the right context, which is not always easy.

The most important way to succeed as an innovative organization is to have leadership that fosters innovation and collaboration.

Chapter 2: Why Collective Genius Needs Leadership

Innovation has many paradoxical aspects. For example, innovation needs both freedom and restraint. Innovation requires that we both unleash and harness resources like talent and ideas. Collaboration is similarly paradoxical because, although there is often harmony in the team, sometimes conflict is necessary to the creative process. A good leader guides the group through this. And while leaders should know when to allow debate, ultimately it's the leader who makes the decision.

Leaders should encourage people to be different, as a wider variety of viewpoints yields better ideas. They should support individuals and create an environment where people feel comfortable contributing their ideas. Pixar is a shining example of a company that functions well as a team while also respecting and valuing the individual. It's important to create an environment where people can speak their minds and where others will listen to them. However, the team should also challenge ideas. It's a tricky balance.

The kind of planning and implementation that we usually undertake in furtherance of a goal doesn't work so well for innovation. No one knows ahead of time where innovation will lead, so instead of marching steadily toward a goal, the objective is to learn through experimentation. It is a time consuming and messy process. Let's face it—innovation requires a lot of work and effort.

Good leaders encourage their people to experiment, iterate, learn and start over again. Learning, however, should be tempered with a firm's need for performance. Ultimately, the team will have to follow some kind of schedule and produce something tangible.

Innovation is easier to invoke in an improvisational atmosphere. Change should be a given. To temper all this creative freedom, however, you must have boundaries. (Deadlines inspire us.) Constraints (such as schedules, budgets, rules and procedures) are inevitable, anyway, so we have to deal with them whether or not we like it. But sometimes these constraints can stifle creativity. Keep in mind, however, that these constraints are just tools—don't confuse them with goals.

Creativity can take time, so be prepared to be patient. Don't make premature decisions, even if there is pressure to do so. Nevertheless, patience should be balanced with urgency. Urgency is motivating. There's nothing like a deadline to light a fire under people.

Chapter 3: Recasting the Role of the Leader

Traditional models of leadership tend to squelch creativity. In these paradigms, the boss comes up with the ideas, dictates the direction and tells everyone what they should do in order for his or her vision to be realized. But this approach doesn't work very well when the goal is to create something new. Even leaders don't know what the outcome is going to be, so they won't be able march people toward that outcome.

The right kind of leadership is essential to cultivate innovative conditions. A leader's job is to create an environment where people can get their work done, an environment where people can be creative.

Vineet Nayar was CEO of HCL Technologies, a large Indian Computer company. He assumed that role in 2005 at a time when HCL was losing ground: it ranked fifth among its competitors, customers were canceling contracts and employee turnover was high. When HCL was founded in 1976, it was a pioneer in the field. However, when the rest of the industry was refocusing on software, HCL continued to prioritize hardware.

By the late 1990s, the error of this strategy was understood. The company split into two units: HCL Infosystems, which stayed with the hardware focus, and HCL Technologies, which provided software led IT solutions. HCL was late to the party and struggled to keep up with the competition.

When Nayar became CEO, he wanted to do things differently. He thought about where the value zone was located. In most traditional companies, value was created for the customers by product designers, inside the company. HCL had become a service company, and Nayar was quick to see that this shifted the location of the value zone. Value was now situated at the periphery of the company, where employees interacted with customers. The relationship between HCL and its customers was where value was generated.

None of the competitors had come to this insight yet, so Nayar had a good opportunity for innovation. HCL, however, was a traditional company with a traditional management hierarchy. Nayar knew this wouldn't work for cultivating innovation; a new style of leadership was required.

Nayar established a new team, dubbing them "The Young Sparks." He put this team next to the executive offices in the company's headquarters. He increased transparency to build employee t
He made management more accessible and accountable by setting up a system where employee

could flag problems within the company. He also set up a channel so that employees could ask him questions directly (and he devoted hours to answering hundreds of questions). He started many programs and built an infrastructure that put the employees ahead of the managers. As employees became more empowered, they began taking the initiative in more ways. New projects were started and new markets were discovered. The company prospered.

There are some important lessons to be learned from Nayar's work at HCL. It takes people some time to get used to working in a new way. There needs to be a cultural shift for people to understand that the boss isn't the key driver of change. People have to be able to collaborate, to fail sometimes, to test ideas and to make decisions. The leader isn't the visionary; the leader enables innovation.

Part I: Leaders Create the Willingness to Innovate

Chapter 4: Creating a Community

Luca de Meo was head of sales and marketing at Volkswagen. Volkswagen was a thriving company, but they wanted more, and De Meo was aligned with this goal.

At the time, marketing at Volkswagen was decentralized. Headquarters established the parameters, but the different markets developed their own strategies. Sometimes relationships between local marketers and headquarters were perfunctory and bureaucratic. Departments across the company were siloed, each tending to their own concerns, and communication between and across departments was limited. There was no cohesion throughout the company, and especially not across the fragmented markets.

De Meo felt the company should do better at speaking in a single, unified voice, but because marketing was fragmented, it wouldn't be easy to get the kind of collaboration that innovation requires. De Meo used the brand to unify and motivate his employees. Focusing on the brand was a key factor, not only in marketing to customers, but also in leveraging employee pride and a sense of unity toward a common goal.

He established a lab where employees from different departments could work together researching and developing important projects. They also worked on strengthening the brand. As they worked together, their collaboration skills improved. They also began finding innovative solutions to the problems they worked on.

De Meo created a cross functional team to handle a product launch. He gave the group little direction and nearly complete autonomy. Ultimately the team was assigned a leader, but only after they had a good chunk of work completed. They put together a great launch plan, and the board was pleased with the results.

He led many initiatives to draw people together and inspire them to find innovative solutions, and Volkswagen enjoyed stellar success during De Meo's tenure. Profits soared and the company grew,

even as other European automakers were closing factories. The company was the subject of glowing articles in leading magazines such as *The Economist* and *Forbes*; and in 2012, they won the CLIO award as the 2012 Global Advertiser of the year.

De Meo was successful because he understood some important things about being a leader. Leaders create the space for innovation. Leaders foster an environment in which people want to do the work and in which people are able to get the work done.

People need to feel like they're part of a community, working on something bigger than themselves. But cultivating this atmosphere is easier said than done. Community is important because it's part of identity. When people care about the group, they will work hard to maintain it and do the work. "We" becomes as important as "I." The group needs a sense of purpose, a sense of why. Purpose is what creates communities.

Chapter 5: Beyond Purpose: Values and Rules of Engagement

Pentagram was a collective of designers. Pentagram designers had autonomy with their projects and the staff they employed, but they also worked together to function as a community. The company serves as a useful example of how people can come together with a common purpose and how they can create an innovative community.

The purpose of the group was innovative solutions for their customers. They believed design has an important social element, that it can improve people's quality of life. And Pentagram designers wanted their designs to have a positive impact on society. Having a collective purpose helped bind them together as a group.

At the retirement of Pentagram's founder, it was decided that the chairman's job would have a two-year limit. The role came without any added power, so the chairman acted more as a facilitator than anything.

Pentagram exhibited the features that a group must have in order to stay cohesive and survive over the years. Shared values—sometimes implicit and sometimes explicit—are really important. Values define what matters to a group; they shape the group's priorities. Innovative groups can have a wide range of values, but they all share four core values: bold ambition, collaboration, learning and responsibility.

A group with bold ambition isn't afraid to take on big challenges. A desire to solve problems leads them to look for projects that will have maximum impact. Bold groups want the world to be a better place, and they feel that they have the power to improve it.

Innovative companies value collaboration, and they intentionally build collaboration into their methods and strategies. Innovation is sparked by the synergy of diverse people with different outlooks wc

together. At Pentagram, partners were not only collaborative with their fellow partners and their work teams, but also with their clients.

Learning and a willingness to uncover information is crucial to innovation. There are many mistakes to be made when you're trying something new. A sense of curiosity is vital for staying engaged with the process.

Finally, a sense of shared responsibility is critical. Group members need to feel collective ownership for outcomes.

In any group, the way that people act is important. To be collaborative, people should trust each other and respect each other. They should listen to each other and be able to influence one another. The way people think is also important. People should question everything. They should be driven by data. It's important that they can see the bigger picture.

Part II: Leaders Create the Ability to Innovate

Chapter 6: Creative Abrasion

Good ideas are produced by discussion and debate, so people need to be good at disagreeing if they want their groups to be creative and innovative. Creative abrasion comes from the friction of ideas rubbing against each other. There's an element of conflict. It's a process of creating and exploring ideas through discussion and disagreement.

The first step for creative abrasion is to generate a lot of ideas. This isn't the same thing as brainstorming—it's more disciplined and focused. With brainstorming, ideas are generated without judgement or criticism. Creative abrasion has the supportive elements of brainstorming, but is also includes confrontation.

Diversity means more than demographic diversity (race, gender, class, etc.). Diversity also includes intellectual diversity, people who think differently and people who have different skills. Diversity of thought is important for the group. Different voices add to the mix. Diversity attracts creative people who are stimulated by exposure to a mix of ideas. At Pixar, they hired a wide range of different people who all came to respect each other. Despite their differences, they all treated each other as equals.

Conflict is a valuable tool. Intellectual conflict is nothing to fear. In fact, it's good. But when conflict becomes personal and people turn on each other, it's destructive. Leaders must point out destructive conflict when it arises; it shouldn't be tolerated. It can be hard not to take offense when people don't like your ideas. It can feel like a personal attack, and things can spiral out of control quickly. Some people will withdraw from the process rather than risk conflict.

Productive conflict is a lot of work, and doing it right requires a lot of trust between team members. The feeling of community is important for the group to survive the conflict. If everyone has a deep sense of common purpose, they won't take it too personally when their ideas are critiqued. Community makes people feel safe offering their ideas, even if people disagree with them.

It is the leader's job to remind people of the group's purpose and values. The leader encourages people when they become frustrated with the process, the leader keeps the group working by asking questions and the leader strives to keep people stimulated and thinking. It's important to keep people with diverse ideas talking to each other. It's also important to connect different parts of the organization that might not otherwise be in communication. Leaders should avoid imposing solutions on the team. Instead, they should ask probing questions that motivate the team to generate their own solutions.

Creative abrasion is a skill that can be learned and practiced.

Chapter 7: Creative Agility

Creative agility is the ability of a group to repeatedly try to find out what works. Learning and development are important, but so is getting the job done. Ultimately the process should have tangible results, because at the end of the day, performance is what really matters.

Too much structure stifles innovation, but not enough structure will result in chaos and lack of progress. Finding the right balance is tricky, and the leader must always monitor the situation and adjust the structure accordingly.

Constant experimentation fuels innovation. Innovation, after all, comes from discovery rather than planning. Trial and error is the best way to explore when the path forward isn't fully known, and good leaders encourage important creative activities. They support the pursuit of new ideas; they foster reflection and analysis; and they promote adjustments based on lessons learned. These activities take place repeatedly to work a problem until a solution emerges. Each cycle incorporates the lessons learned from the last cycle. How long it takes depends on how complex the problem is—sometimes it only takes a few iterations to find a solution, but sometimes experimentation can continue for years.

New ideas should be pursued quickly and proactively. Keep your options open by testing several solutions. Don't try to define what the solution will look like ahead of time. Spend as little time as possible in planning; instead, make prototypes, test them and repeat. Groups that spend most of their time planning are less successful than groups that are immersed in experimentation.

The faster a group can test ideas, the faster the group will learn. And the faster it learns, the quicker it can figure out what does and does not work. Of course, this isn't license to be sloppy—speed should be balanced with patience and a measure of rigor.

In any group, a certain amount of failure is inevitable, so leaders must learn to tolerate it. Making mistakes is an important part of learning. If your group isn't experiencing some failure, the team probably isn't trying enough options. They are likely taking a low risk approach which will not result in

innovative discovery. But while failure should be tolerated—and to a certain extent even cultivated—don't try experiments that could damage the company or people if they fail.

When failure occurs, don't punish or try to assign blame. If you hunt out the guilty parties every time something goes wrong, no one will want to risk making mistakes. Everyone will try to play it safe. This will kill innovation.

Sometimes people think that experiments are like pilot projects. They are not. Pilots are the first step in taking a new course of action, the first step in implementing an idea that has already been decided on. The goal of a pilot isn't to learn new things, but to make sure the plan works. The goal of an experiment, on the other hand, is to explore.

A valuable step in the experimentation process is to spend some time reflecting on the outcomes. This is where experiments pay off. Gather the data from the experiment, get feedback from participants and analyze the information. The whole team should be involved in the process.

Then, take what you have learned and decide on next steps. There might be strong indications of what the next round of experiments should entail, you might conclude that you've solved the problem on which you were working, or you might find that the entire approach is unworkable and the project should be abandoned.

Chapter 8: Creative Resolution

Ideas for new solutions are generated through discussion and conflict, and solutions are tested via trial and error. The next step in the process is creative resolution.

At this stage of the game, it's important to balance perseverance with endurance. Try to maintain a sense of urgency, while at the same time cultivating patience. The flow of ideas should be bottom up, not top down. Leaders establish the boundaries and conditions for the work, but for the most part, innovation comes from below. The leader is the "social architect" who makes innovation possible.

Leaders should remind people to avoid either-or thinking. This mentality can prevent people from seeing possible alternatives. It's important that the group doesn't get locked into simplistic, binary thinking patterns. Part of the leader's job is to help people hold several ideas at once. This isn't easy to do: the instinctive reaction is to simplify things and gravitate toward one of the ideas. But the leader should help people avoid that mentality.

Many leaders think their role is to make decisions, to act boldly, and they will be tempted to rush to a decision. But it's important to resist the pressure to make quick decisions. The more patient a leader can remain in the face of complexity, the better the solution. It's vital to trust the process.

Leaders don't tell people what direction to take, but they should be ready to tell the team to go back and search for a better solution. It's OK to cultivate indecision in order to allow more time for idea develop. Eventually, though, a decision must be made. (Even then, unused ideas should be reco for their value to the process.)

Rules are tools that provide structure to the group effort. When rules are prized for their own sake, organizations can become rigid and inflexible. Instead, rules should be adapted to suit the needs of the team. Schedules, assignments, even seating arrangements are all tools that should facilitate rather than impede progress. But these structures should all be flexible, so they can be changed as the needs of the group change.

Leaders should stay engaged with the group, asking difficult questions, raising issues that might otherwise be overlooked and sharing information that the team may need. They should require teams to show how their ideas could work in the real world. Giving the team autonomy and allowing the team to take risks, however, doesn't mean the leader can disengage.

Creative abrasion, creative agility and creative resolution are the organizational abilities that comprise a team's ability to innovate. They are closely tied, working to help groups generate ideas. But the group must be willing to work together using these abilities. The leader has to ensure that these elements are all at play within the group.

Part III: Collective Genius 2.0: Inventing the Future

Chapter 9: Cultivating an Innovation Ecosystem

Some challenges are so large and complex that they don't fit within the bounds of a single organization—there are no traditional ways of dealing with them. Solutions must come from several disciplines; innovative ecosystems must be created across organizations. This is collective genius 2.0, and it is growing throughout society.

There are challenges to maintaining innovative ecosystems, and competing goals and culture clashes can contribute to failure. Researchers are currently investigating how to build these kinds of ecosystems and make them thrive, and the leader's role in all of this has yet to receive much attention. Clearly, innovation across organizations creates even more challenges for leaders who must bring together people from different groups and backgrounds and turn them into a collaborative team.

Governance and structure is important here. There should be clear boundaries, and everyone should understand the basic ground rules. The real challenge, however, is to foster willingness among groups that may feel competitive, or even hostile, to one another. Unlike innovative teams that are contained within a single firm, teams that cross organizations often don't begin with any sense that they are playing on the same side. And while leaders in these circumstances may focus a little too much on the rules and setting boundaries, it's more important to foster participants' willingness to engage.

It's vital to build community in the innovation team, and the first step is to get everyone to agree on the goal of the effort. Once they have decided on the purpose, the group itself should set the rules for working together. This can nurture a sense of community.

A leader should model the behavior he or she expects from the team: inclusive, noncompetitive and tolerant of failure. (This might be new behavior for some people.)

Creating community is sort of a mystery, an art form if you will. It's not really something a leader can force; sometimes you must step back and let the process take care of itself. Nevertheless, it is important for the leader to create the conditions in which community can develop and flourish. A sense of community is essential to the process of innovation.

Epilogue

Many organizations' assumptions about leadership hold them back from achieving innovation. Great leadership isn't about barking directions; it's about creating and maintaining an environment where creativity and productivity can flourish. To help organizations recognize potential leaders, there are some key leadership traits that you should look for.

Great leaders share certain personality traits, and like the innovation process itself, many of these traits are paradoxical. For example, leaders are idealistic but pragmatic. They take on difficult problems and push the bounds of possibility, confident of their success. At the same time, they are levelheaded and understand that it takes hard work to overcome the challenges that are sure to arise.

An ability to appreciate the complexities of a problem is another sign of a good leader. Leaders can think holistically and understand the multiplicity of factors at play in an organization. Even so, they are action oriented. They will experiment and test solutions, going beyond theory to find real world results.

Leaders should be happy to share credit for success. They are secure enough in themselves that they don't mind sharing power. Nonetheless, they are also demanding. They hold people accountable for their work; they expect results. Because their priority is the work, they are willing to fire those people who are unable to perform at the needed level of competency.

Like everyone, good leaders are only human. They have their faults, anxieties and fears. They make mistakes and they get defensive. But no matter how many times they may fall down, they pick themselves up again and again. They are resilient, which gives them the ability to accept their own failings and to stay calm when people around them are feeling overwhelmed.

Great leaders aren't necessarily born that way; rather, they have learned from their life experiences. Organizations can also help people to develop their leadership skills.

Sometimes potential leaders aren't recognized because of preconceived notions that leaders should know more than everyone else, or that they should be assertive, or that they should be tough. But these things aren't really helpful traits for leaders of innovation.

Another reason that some people are bypassed for leadership roles is because they are "demographic invisibles." They may have great potential, but they are overlooked because of their ethnicity, gender, height or other traits. Managers might have unconscious biases, such that when they look at the people, they don't think of tomorrow's leaders. To overcome the potential for biases to interfere in

identifying good leaders, managers should have specific criteria and should take a hard look at people in their organization to identify those who should take leadership roles.

Leadership is the key to innovation. Leaders create the conditions for innovation, they foster willingness for change, and they nurture the ability to discover new ways to do things. Leaders know their organizations must have the capabilities of creative abrasion, creative agility and creative resolution.

You can be one of those leaders. It begins with self-reflection. Take a deep look at yourself, and take the first steps towards innovation.

Additional Resources

Review of Creative Destruction by Knowledge@Wharton

Review of Creative Destruction by Publishers Weekly

Review of Creative Destruction by Fast Company

Review of Creative Destruction by CNN

Review of Creative Destruction by Soundview Executive Book Summaries

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Summary of Creative Destruction by McKinsey **Free**