

# How Google Harnesses The Entire Company To Stay Innovative

How does a company that's predictably innovative stay that way?

BY ERIC MARTIN 3 MINUTE READ

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Making headlines the other week, Google CEO Larry Page anointed Sundar Pichai as czar of Google's vast product realm. The move frees up Page to focus on Google's innovation engine, including energy, Nest, Calico, and Google X.

Page faces a daunting leadership dilemma: how to avoid becoming less innovative as the company grows. He has consistently expressed this concern in mantras such as "more wood behind fewer arrows" and "10x it."

Yet Page knows that faltering innovation cannot be stymied by catchphrases or moving boxes on the org chart. The essential ingredient is to develop the adaptive capacity of the entire company—something Google has done better than almost any company in the world. In fact, former Google executives are reportedly spreading Page's style of adaptive leadership across Silicon Valley.

At its core, adaptive leadership is about mobilizing people to tackle challenges for which there are no known or easy answers. It's a tool to lead consequential change in the midst of rapidly shifting markets and sociopolitical forces.

CEOs like Page stay innovative in the face of the predictability their own success has sown by developing an adaptive capacity in five areas: purpose, strategy, structure, culture, and talent.

## **1. RECONNECT PEOPLE TO PURPOSE**

People tend to lose connection to their job's meaning in the race to respond to fast-moving market pressures. Reconnecting to purpose is highly adaptive work and, at its extreme, involves helping people refashion new professional identities.

Google experienced this challenge early on moving from search to ad sales. By helping engineer purists see value and meaning in becoming sales focused, Google developed more receptivity to innovation in energy, health, and other non-tech categories.

## **2. EXPERIMENT AS A FORM OF STRATEGY**

Taking an experimental mindset toward strategy-making is essential for survival in early organizational life. With growth, however, experiments tend to become more centrally planned. Pushing experimentation closer to the frontline allows greater responsiveness to the market and shortens the cycle for developing new customer behaviors and interaction patterns. Take for example how gradually customers opened up their private lives for data mining a la Gmail.

## **3. TOLERATE PERMANENT STRUCTURAL TENSION**

People in entrepreneurial companies love autonomy, flexibility, and relatively flat management structures. It allows them to reach their potential, which is critical to unleashing creativity and innovation. At the same time, growing complexity demands more structure.

Better than most, Google has developed a stomach for the permanent tension between flexibility and structure. The pendulum at Google has swung greatly over the years—more recently toward more structure—but the tension will never and should never go away.

## **4. EXPOSE PEOPLE TO EXTERNAL THREATS, DON'T SHIELD THEM**

Innovative organizations have a culture of tackling tough, adaptive challenges head on. It's the

ultimate competitive advantage in a fast-moving market. However, as work becomes more complex and inward-facing, people become adept at ignoring external threats and pressures. They prefer the safety of execution, not adaptation. Compound this with a CEO's perceived obligation to shield people rather than expose them to adaptive pressures and you have the perfect storm for faltering innovation.

## **5. DEVELOP EVERYONE'S ADAPTIVE CAPACITY**

Senior talent at Google is given focused time to develop adaptive capacity. But which employees need to be most adaptive? Start first in external and market-facing parts of the company—where innovation is needed most. Next, develop the adaptive capacity of executives in more standardized lines of business who can't be allowed to stagnate. Employees deeper in the company can also be developed, particularly if they'll eventually rotate throughout the company.

Keeping pressure on the company to innovate and increase its adaptive capacity is the most important leadership work facing any entrepreneurial CEO. Yet, paradoxically, companies unintentionally create seductive traps for the CEO to stay stuck in the day-to-day.

Larry Page is committed to tackling head on the entrepreneur's leadership dilemma, increasing Google's adaptive capacity, and staying focused on the "big picture." It remains to be seen whether Sundar Pichai will embody this approach to leadership.

—**Eric Martin** specializes in leadership development and large-scale systems change. He is particularly passionate about developing the next generation of leadership for energy, technology, and sustainability. His recent work draws on the Adaptive Leadership framework developed by Harvard faculty Drs. Ron Heifetz and Marty Linsky. He helped establish the New York office of their leadership consulting firm, Cambridge Leadership Associates.