The Innovator’s Path
How Individuals, Teams, and Organizations Can Make Innovation Business-as-Usual
The Innovator’s Path

How Individuals, Teams, and Organizations Can Make Innovation Business-as-Usual

Madge M. Meyer

WILEY
This book is dedicated to my parents,
Nai Ying Chang Mao and Pei Ching Mao;
My husband, Werner, and our dearest daughter, Michele;
My brother, Michael, and sisters, Margo, Marjorie, and Marsha.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>xi</td>
</tr>
<tr>
<td>Preface</td>
<td>xv</td>
</tr>
<tr>
<td>Acknowledgments</td>
<td>xxi</td>
</tr>
<tr>
<td>Author’s Note</td>
<td>xxiii</td>
</tr>
<tr>
<td><strong>Introduction</strong> <strong>Innovation and the Eight Disciplines</strong></td>
<td>1</td>
</tr>
<tr>
<td>Defining Innovation</td>
<td>2</td>
</tr>
<tr>
<td>Making Innovation Business-as-Usual</td>
<td>2</td>
</tr>
<tr>
<td>Different Contexts</td>
<td>5</td>
</tr>
<tr>
<td>The Eight Disciplines</td>
<td>8</td>
</tr>
<tr>
<td><strong>Chapter 1</strong> <strong>Listen</strong></td>
<td>13</td>
</tr>
<tr>
<td>Patience, Humility, Respect</td>
<td>15</td>
</tr>
<tr>
<td>Listen: Levels of Effectiveness</td>
<td>17</td>
</tr>
<tr>
<td>Preparing Ourselves to Listen</td>
<td>18</td>
</tr>
<tr>
<td>How I Go about Listening</td>
<td>19</td>
</tr>
<tr>
<td>“Listening” to the Facts</td>
<td>21</td>
</tr>
<tr>
<td>Listening to What Is <em>Not</em> Being Said</td>
<td>24</td>
</tr>
<tr>
<td>Contents</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td></td>
</tr>
<tr>
<td>Listen—Concrete Steps for Putting This Discipline into Action 29</td>
<td></td>
</tr>
</tbody>
</table>

### Chapter 2 Lead 33
- Leadership Essentials 36
- Leading with Passion 37
- Leading with Vision 38
- Respect, Trust, and Integrity 41
- The Soft Skills of Leadership 43
- Sound Judgment 46
- Creating a Culture of Innovation 47
- Lead: Levels of Effectiveness 54
- Lead—Concrete Steps for Putting This Discipline into Action 55

### Chapter 3 Position 57
- A Roadmap for Change 57
- Positioning Our Sights 60
- Developing Our Roadmap 65
- Positioning for Change 68
- Position: Levels of Effectiveness 70
- Personal Positioning 71
- Position—Concrete Steps for Putting This Discipline into Action 72

### Chapter 4 Promote 75
- Branding 77
- The Importance of Establishing a Baseline for Innovation 78
- Promoting Our Innovation Ideas 79
- Opportunities to Promote 88
- Promote: Levels of Effectiveness 90
- Promoting State Street’s Environmental Sustainability and Green Programs 91
Promote—Concrete Steps for Putting This Discipline into Action 94

Chapter 5 Connect 97
Connect: Levels of Effectiveness 107
The Connect Culture 108
Connect and Cooperate 110
Connecting Strategy, Processes, and Systems 112
Ways to Connect 114
Connecting with My Team 115
MIT Collaborative Initiatives and the Albright Challenge 117
Connect—Concrete Steps for Putting This Discipline into Action 120

Chapter 6 Commit 123
Culture and Commitment 124
Innovation Management in the Safety Zone 128
The IBM Way 129
Funding as Commitment 130
Personal and Team Commitment 135
Timing and Commitment 139
Commit: Levels of Effectiveness 140
Commit—Concrete Steps for Putting This Discipline into Action 141

Chapter 7 Execute 143
Meeting the Highest Standard for Our Astronauts 144
Flawless Execution 145
Rapid Value Delivery 148
Putting the Pieces Together 153
Execute: Levels of Effectiveness 154
Server Certification Process 155
Execute—Concrete Steps for Putting This Discipline into Action 157

Chapter 8 Evolve 159
Overcoming Success 160
Going Further Beyond 164
Continual Innovation, Not Constant Change 166
Clearing the Path 169
Adversity and Change 172
Evolve: Levels of Effectiveness 176
Evolving from Certification to Cloud 177
Evolve—Concrete Steps for Putting This Discipline into Action 178

Afterword 181

Appendix I The Eight Disciplines—Summaries and Action Plans 183
聽 Listen 183
領 Lead 186
計 Position 189
提 Promote 192
連 Connect 195
承 Commit 198
行 Execute 200
變 Evolve 203

Appendix II Biographies of Individuals Interviewed for This Book 207
Tenley E. Albright, MD 207
Deborah Ancona 208
Eugene Y. Chan, MD 209
Gerald Chertavian 210
Dean Kamen 210
Tarkan Maner 211
Tom Mendoza 212
As I read Madge Meyer’s book The Innovator’s Path, I could not help but think about my first week at my new job at State Street Bank. I had been working for a competitor for twenty years where I watched as State Street built an unassailable franchise serving the mutual fund industry. Luckily, after twenty years of competing against State Street, I had an opportunity to join the company and manage its largest business, the mutual funds servicing business. That first week told me why they had been consistently successful all those years, and why I had such difficulty competing against them.

Very early during that first week I had many conversations with the senior officials of the company. One of them took me aside and said, “You need to know one thing, you are not working for a bank, you are working for an IT company disguised as a bank.” It became very clear to me why I had such difficulty competing against State Street. I had been working for a bank that thought of itself as a bank and used IT as a “necessary evil.”

State Street very early on figured out what Madge writes about in her book—making innovation business-as-usual. In today’s fast-paced, high-tech world, this approach is more important than ever.
Any industry using technology, and I would suggest that almost all do, may want to think of itself as an IT company disguised as whatever it is they do—at least when it comes to innovation.

Later during that first week, a young, aggressive salesperson bounded into my office saying he needed my support for a new product, that in his words, “would revolutionize the mutual funds world, and we had to be the first to do this and seize first mover advantage.” He was working with our asset management group, State Street Global Advisors (SSGA), and the American Stock Exchange to develop a mutual fund that could be traded on a stock exchange. The cost advantage would be significant, and therefore, the advisory fee charged would be far less than traditional mutual funds, among the many advantages of such a product. These products were to be known as exchange-traded funds or ETFs. This was 1991, and as the world now knows, State Street offered the first ETF in early 1993, called the Standard and Poor’s Depository Receipt, or SPDR, which is today still the largest ETF in the world, within an investment category that has, in fact, revolutionized the mutual funds industry.

So what type of environment exists within a firm that allows an idea like the ETF to be created? That gives an individual the freedom to marshal resources to address a current customer’s idea? That would normally consider the idea a threat to the largest and most profitable business of the company, the mutual fund servicing business? How does that idea not get killed somewhere in the normal corporate process of annual budgets, expense cutbacks, organizational jealousies, and the like? The answers, I believe, can be found in Madge’s book. Yes, it is about making innovation business-as-usual. But how does that happen? There has to be a discipline and a simple-to-understand methodology if it is to be inculcated within a large organization and adopted as a way of life for so many. It obviously starts with what the organization thinks it is. The innovation doesn’t always have to come from IT. It just happens that IT creates a great deal of innovation. Process change, regulatory change, environment, geography, customer needs, and many other things can facilitate innovation.

What Madge Meyer has done in her book is use a simple, common-sense approach to following through with the good idea that all too often dies a premature death. Focusing on the eight disciplines,
she carefully describes a set of critical skills for turning a good idea into reality and, many times, into competitive advantage. If you apply them to my ETF example, you will see how practical the discipline is, and how effective it can be.

My aggressive salesperson, long before bringing this idea back to management, spent significant time LISTENING to the customer, the American Stock Exchange, and SSgA, making sure in his mind that it was viable and worth fighting for. He demonstrated his LEADERSHIP by aligning the key stakeholders, including me, to support this vision, which he saw was POSITIONED to succeed. This salesperson needed others to make the product a reality, so he CONNECTED with IT, mutual funds operations, legal, and so on—as Madge says, no one innovates alone. This salesperson was COMMITED to this idea. Courage is needed to put one’s career on the line for a new idea. An innovative organization must allow failures to occur, or else others will not try. This salesperson, being a salesperson, PROMOTED the idea throughout the organization, selling it internally just as he would sell a service to a customer. This salesperson demonstrated perseverance and EXECUTED over a sustained period of time. And we didn’t stop there. We continue even today to EVOLVE this game-changing innovation.

The best way I can explain it is, without these disciplines, it does not happen. This is why Madge Meyer’s book needs to be read, not just by CEOs and other senior managers, but by all those numerous facilitators within the corporate hierarchy who have the power to kill or proceed with an idea. It is only when more people within an organization are employing these disciplines, than are not, that an organization will become truly innovative.

Ron Logue
Chairman and CEO (retired)
State Street Corporation
I speak to audiences all over the world about a subject I am most passionate about: innovation. Sometimes I look out at auditoriums full of senior executives, and other times I find myself speaking to young professionals or students. But no matter who is in the audience, I am always happy to see that my message has been accepted when I see a line of people forming at the front of the room to speak with me. Some of these people just want to shake my hand and tell me that they’ve enjoyed my talk. Others have questions or comments, and given the number of speeches I make, it is not unusual for some to tell me this is not the first time they’ve heard me. Those who have heard me speak before often want to tell me how they’ve put my recommendations to use, and they are eager to share their stories. Oftentimes at least one person in line tells me: “You should write a book, Madge. There are so many people and companies out there who could use your advice.”

Well, I finally took that advice, and this book is the result. I call it The Innovator’s Path—not because I believe we must all follow the exact same route to innovation; we don’t. Quite the contrary: Each of us must create our own way forward. Yet it is also true that, no matter what path we take, most of us will encounter similar challenges as we
try to innovate, including the beliefs, attitudes, and behaviors of our colleagues and our managers.

I am happy to say that over the years I have found certain fundamental ways of making innovation happen—*disciplines*, I call them—that can be used to make our path more smooth and effective. Those disciplines, and the techniques that derive from them, can be used by individuals, teams, and even entire organizations. Together they form the heart of my book.

My disciplines are tried and true, fashioned and fine-tuned during my decades-long career in executive leadership positions at IBM, Merrill Lynch, and lastly at State Street, where I served as executive vice president, chief innovation officer & technology fellow. At each of these great companies, I took on roles of increasing responsibility in global technology and innovation, and my teams achieved a distinguished record of accomplishment, winning 32 industry awards over the last decade. Now I would like to share my many years of diverse experiences and lessons learned in the chapters of this book.

---

超越創新

There is no single Chinese character for the word “innovation.” Instead, I have used the characters on the first page of this book—pronounced Chāoyuè Chuāngxin—to convey the essence of *The Innovator’s Path*, and to represent my approach to innovation.

Both of the first two characters are built around the same radical (or root), 走 zou, dipping tone, which depending on its context can mean, among many other things, *to go, to leave,* or *to go along.*

The first, 超 chāo, level tone, represents a human being going forward—or better still, going beyond his or her present position.

The second character, 越 yuè, falling tone, signifies the continual act of excelling or overtaking—that is, a process in
Throughout my life, and over the course of my corporate career, I have found that those individuals capable of blazing a trail to innovation share several basic character traits. They are usually very determined and very willing to work exceptionally hard to achieve the goals they believe in. They are also surprisingly open to alternatives and exhibit the willingness to try a variety of ways to reach their goals as new information and new ideas come to light. Indeed, most innovators share yet another character trait: They are also willing to shed old assumptions and adopt new and even unusual approaches if they believe it will speed their progress.

On the other hand, I’ve watched people go to extraordinary lengths to hold on to the things they are used to and that they value, resisting change even when change has become the only way to survive in a constantly mutating world. Resistance to change is certainly not hard to understand. Many of us prefer the familiarity and security of our well-understood, proven ways. We may avoid what is
untested or unproven, perhaps because we believe that it will be too
difficult for us or that we won’t be good at it.

Rapid change, though, has become the new normal in life and in
work. There is simply no way to avoid it. In fact, why would we want
to avoid it? Change can be exciting and life-changing in a positive
sense! That’s really the reason I decided to write this book. The busi-
ness world has become a world of creating, innovating, and forging
ahead. If we don’t do this, our competitors surely will. I am determined
to teach as many people as I can how to incorporate this new reality
into their day-to-day practices. I hope my book will inspire readers to
make innovation part of their new business-as-usual. We simply cannot
afford to rest on our laurels. We need to be creative and innovative
and push the boundaries of whatever business or industry we serve.
But most of us don’t walk around thinking we are the most brilliant,
innovative people around. How are we and our organizations supposed
to thrive in this new world if we are merely smart people who are
good at our jobs? Nathan Myhrvold, the celebrated inventor and
entrepreneur who was formerly chief technology officer at Microsoft,
has offered some interesting insights into the nature of the innovative
organization and some hope for those of us who may not consider
“creativity” one of our top traits:

Being creative is some weird mixture of things that you learn
and things that are innate in you. It’s hard for a company to
be creative, and it’s hard for many individuals to be creative,
but you can have an innovative company even if not everybody
in the company is creative. The trick is that you really have to
set out to be innovative. A lot of companies just wait around
for innovation to happen to them. But I think, as in most
things in life, including innovation, if you want it to occur, you
should actively seek it. Eureka moments occur, but they occur
more often to people who are trying to solve a problem, not
to people who are not.

* * *

I was born in Shanghai, China, and then moved to Hong Kong as a
teenager. My upbringing, my family life, my exposure to the culture
of my native country has influenced me in many profound ways, of course. But interestingly, it has also taught me many lessons that I have applied to my career. I thought my readers would be interested in this cross-cultural phenomenon, so I have included some anecdotes from my personal life that have direct relevance or direct application to the subject of innovation. In addition, I have reproduced traditional Chinese ideograms in each chapter that represent and help describe and explain the terminology I have chosen for each of the eight disciplines of innovation.

When I began planning this book, I reached out to many leaders in industry, government, education, and the military who have world-class reputations as innovators. I sought their personal views on a variety of subjects involving their experiences as innovators and leaders. I am pleased and deeply honored by the thoughtful responses they have provided to me. Throughout these pages, readers will find observations and advice from these leaders, inventors and innovators, in their own words, adding a depth and richness to the book that I could have never achieved on my own.

In my Introduction, I define what I mean by the word *innovation* and introduce in depth the eight disciplines I’ve used to advance innovation over the course of my career and at the companies I’ve worked. My greatest pleasure has always come from helping colleagues and employees chart their own paths to innovation—and I have to admit, not letting them rest on their laurels but leading them to the next innovation path. Nothing excites me more. It is my hope that the book will show my readers how they can walk (or run!) along their own paths to innovation and change.

So let’s get started!
The first person I want to thank is my extremely dedicated and talented chief-of-staff for the past decade at State Street, Marcy Wintrub. Marcy is a passionate leader of organizational change. She quickly saw the value of the disciplines I practice and has always encouraged me to share them with others. She is a gifted communicator and writer who helped immeasurably and generously to shape and deliver my message. Without Marcy, this would not be the same book.

I am indebted to my brother, Michael Mao, for the illuminating Chinese references. Michael has a B.A. from Princeton University in Oriental Studies and an M.A. from Harvard University in East Asian Languages and Civilizations.

I thank my sisters, Margo and Marjorie, for their autobiographical contributions and ongoing support as well.

I would like to express my heartfelt appreciation to the great leaders and innovators who graciously and generously provided words of wisdom to share with my readers. They are in alphabetical order: Dr. Tenley Albright, Deborah Ancona, Marc Andreessen, Dr. Eugene Chan, Gerald Chertavian, Dean Kamen, Tarkan Maner, Tom Mendoza, Admiral Michael Mullen, Nathan Myhrvold, Sam Palmisano, Jim
Phalen, Linda Sanford, John Swainson, John Thompson, and Ming Tsai. I have learned so much from them and continue to benefit from their mentoring, friendship, and partnership. Their accomplishments are evidence of their principles at work. I thank each of them for their tremendous support, generosity, mentoring, and contributions to this book. It is my great good fortune to have enjoyed such incredible support and friendship!

I would like to highlight my special gratitude to Jim Phalen for his continual encouragement and enduring support during this journey.

I extend my deep gratitude to Ron Logue for contributing his Foreword to my book and for his visionary leadership during our time together at State Street. Ron inspired innovation by painting a clear picture of the future, upholding high standards of achievement, and personally recognizing those who attained them.

I would like to thank Duane Barton, Ellie Carlough, Elaine Doherty, Gregory Golden, David Knies, Anna Manville, Cathy Minehan, Dr. Randy O’Rear, Lorna Rankin, Howard Rubin, Lenny Teng, and Andrew Xue for their invaluable support.

I would like to thank Dave Conti for his talented and skillful editing and writing, done in a short timeframe, and thereby helping to accurately articulate my voice and message.

I would like to thank my agent, Joelle Delbourgo, for her assistance all along this writing journey.

I would like to thank State Street’s executive leadership team for their personal encouragement and commitment to making innovation business-as-usual.

I would like to thank State Street’s Global Infrastructure Services and Innovation Office—the senior managers who worked for me directly, my entire management team, and every staff member—for their many achievements, only some of which I have been able to include here. I would also like to thank the many partners who contributed so greatly to our success.

I would like to say thank you to all those who provided their support and encouragement throughout this process.

Last, but not least, are all the leaders I have worked for over the years. I thank all of you for your teaching, coaching, and support.
Author’s Note

Regarding the Chinese Ideograms That
Appear in This Book

The ideograms for the eight disciplines in this book would make sense to all those who have learned Chinese characters in the traditional way. Simplified Chinese characters no longer contain some of these thousand-year-old concepts which have been embedded or have grown out of the Chinese language.

<table>
<thead>
<tr>
<th>Chinese Title</th>
<th>超越創新</th>
<th>Chāoyuè Chuangxin (Beyond Innovation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>創新軟力</td>
<td>Chuangxin Ruanli</td>
</tr>
<tr>
<td>Discipline</td>
<td>技巧</td>
<td>Ji Qiāo</td>
</tr>
<tr>
<td>Listen</td>
<td>聽</td>
<td>Ting</td>
</tr>
<tr>
<td>Lead</td>
<td>領</td>
<td>Ling</td>
</tr>
<tr>
<td>Position</td>
<td>計</td>
<td>Ji</td>
</tr>
<tr>
<td>Promote</td>
<td>提</td>
<td>Ti</td>
</tr>
<tr>
<td>Connect</td>
<td>連</td>
<td>Lian</td>
</tr>
<tr>
<td>Commit</td>
<td>承</td>
<td>Cheng</td>
</tr>
<tr>
<td>Execute</td>
<td>行</td>
<td>Xing</td>
</tr>
<tr>
<td>Evolve</td>
<td>變</td>
<td>Bian</td>
</tr>
</tbody>
</table>

xxiii
Whenever a Chinese character appears, it is followed by a Romanization according to the pinyin system, now officially used worldwide. It is not a phonetic system, nor a strict Romanization system. It uses the Roman alphabet to stand for sounds or groups of sounds that exist in China but perhaps not elsewhere. Certain letters deemed “underused” were assigned to stand for a group of sounds. For example, the underused letter “x” was drafted to stand for “hs,” while underused “q” takes on the burden to stand for “ch.” Economy is a virtue. When language is involved, clarity is perhaps more important than economy. Throughout the work, traditional Chinese characters are used. Traditional Chinese characters evolved over thousands of years from inscriptions with sharp implements onto oracle bones. These evolved into slightly more abstract or angular forms, but remain closer to the original pictures. In time, ideas were represented by ideographs. Pictographs and ideographs combined to form actions or objects which cannot be drawn. For readers who wish to see what the simplified characters may be, please use Google, which tends to include more modern renditions of meaning as well.

Most of the characters used are contained within Zhongwen.com, Guoyuromaji jiten, and Matthews Dictionary.

Some of the basic items are simple pictographs or slightly more sophisticated ideographs. These begin to combine to form more sophisticated ideas; by the time of Confucius (551–479 BCE), a gentleman’s canon of books to study already consisted of five classics and the four books. These continued to be the curriculum for scholars throughout Imperial China for two thousand years.