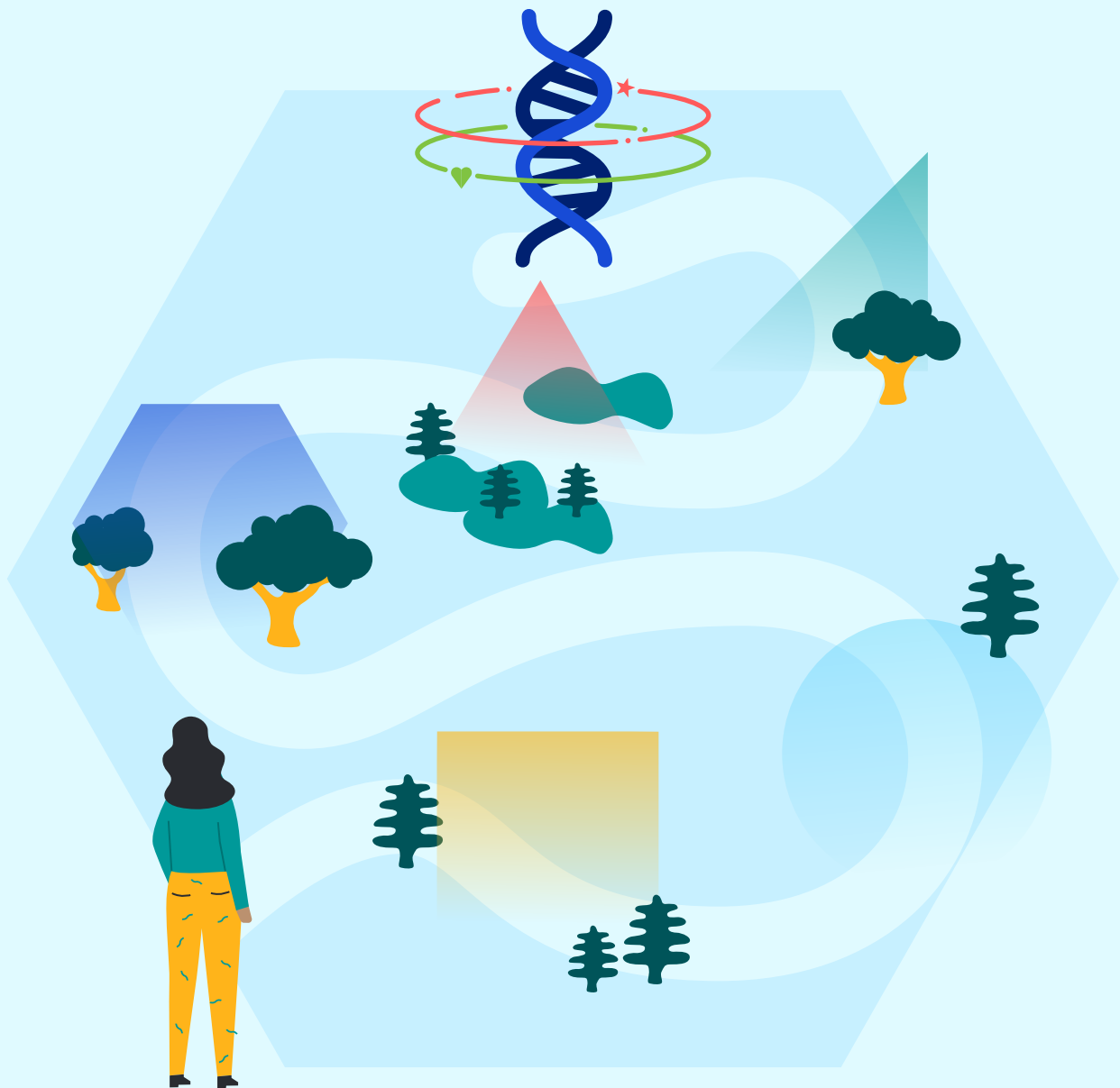




The Five Hidden Barriers to Innovation

These hard-to-see barriers get in the way of everyone in the organization creating, connecting, and contributing.





This research paper from global people analytics and consulting firm Great Place to Work® is the second in a series focusing on companies with high-trust workplace cultures that are seeing faster rates of success by inviting every employee into the innovation process.

In our first paper in this Innovation Insights Series, we documented the way Innovation By All is the way forward. By creating workplaces in which everyone creates, is connected and contributes, Innovation By All cultures are more inventive and agile. They enjoy revenue growth 5.5 times that of less-inclusive rivals.

In this, the second paper in our Series, we focus on the Five Hidden Barriers to Innovation. And we spotlight grocery store chain Wegmans, whose inclusive culture of invention has enabled it to avoid those hurdles and stay on the cutting edge.

For more information on the series, visit
greatplacetowork.com/innovationinsights

Executive Summary

Business leaders today face an innovation imperative.

They need to be more inventive and agile to take advantage of changing market opportunities and avoid getting blindsided by rivals and disruptors. Many business leaders also know it's crucial to include all of their talent in developing product breakthroughs and improving internal processes.

But even when leaders do everything right, they often end up frustrated. New ideas aren't always popping, and companies often find themselves getting stuck in an innovation block.

To discover a solution, Great Place to Work studied innovation performance at 792 companies and reviewed more than 500,000 employee survey responses. Our research discovered the five hidden barriers that slow down a company's innovation metabolism. These five obstacles prevent organizations from fully realizing a culture of Innovation By All.

Learning about the hidden barriers is the first step to accelerating your innovation and boosting your business performance.

The Great Place to Work® Innovation Insights Series will help you succeed by:

- Outlining the Innovation By All model—giving you a data-driven approach to improved invention and agility
- Helping you assess your Innovation capabilities and discover hidden barriers
- Giving you actionable insights to level up your organization's innovation and agility

Cooking up Innovation at Wegmans

In 2014, Jody Wood was looking for healthy solutions to her husband's type 2 diabetes and the suffering it caused him.

Wood, a meal coach at a Wegmans Food Market in Bridgewater, New Jersey, watched as the disease and the side effects of medications prescribed by his doctors increasingly disabled her husband Tom.

“He was a diabetic for fifteen years on insulin injections. He got to the point where the neuropathies in his legs were so bad he couldn't walk down the driveway,” Wood recalls.

As the illness ate away at Tom's health and quality of life, Wood turned to food – and to Wegmans—for a potential solution. She found one about three years ago. And that novel solution not only served Wood's husband, but also gave Wegmans a new opportunity to serve the needs of its customers.

What's more, the path Wood and Wegmans took to innovate sheds light on hard-to-see obstacles that trip up many companies as they seek to be more inventive and agile in a competitive marketplace.

The success story starts with Wood doing what many companies try to do: connect with customers. Wood's job centers on preparing sample food items at her store's produce section, called the “Veggie Market,” giving customers tips and recipes for healthy meals. One day, while speaking with a shopper, she shared the story about her husband's years-long plight with diabetes.

“This customer said to me, ‘Oh, don't you know about



JODY WOOD, WEGMANS

Dr. Fuhrman?’ and I said no, and they said, ‘Well, you need to get the book, *The End of Diabetes*.’”

So she bought it, a *New York Times* Bestseller by Dr. Joel Furman. And she began preparing the low-glycemic dishes suggested in the book. Wood also searched online for starch substitutes and discovered this one: cauliflower “rice.”

Cauliflower rice refers to mincing up the vegetable into pieces the size of rice grains. When sautéed in a skillet for five minutes the result is a something akin to white rice—with about one-ninth the carbs that the body turns into sugar.

“I made it at home and I fell in love with it,” Wood says.

A lightbulb then blazed bright for Wood. Why not bring cauliflower rice, then a barely known product,

to the masses through Wegmans?

She cooked up a batch and shared it with her colleagues and managers. And they loved it.

About this time, Wegmans Senior Vice President Joe Sofia was looking for the company's next big thing. He and other top execs at the Rochester, New York-based grocery chain wanted to build on the store's success with "noodles" made of zucchini and other vegetables.

So he did what Wegmans managers do: seek ideas from folks throughout the organization. Sofia and other Wegmans leaders are especially keen to hear from those on the front lines who interact with customers daily and often are the first to know about unusual requests and trending food items.

"As I was traveling between New Jersey stores, I was asking our employees, 'what else could we do?'" Sofia recalls. "And Jody said, 'I have a perfect item for you.'"

Their conversation wasn't completely coincidental. It had roots in a connection Sofia, who then supervised nine stores, had built with Wood. "I was especially interested in talking to her because I know her and the story about her husband," Sofia says. "She's come to my 'Open-Door' days, my town hall meetings, and we'd spoken about it. So I thought she would be a good resource."

Trusting Wood and the taste buds of store employees, Sofia and the Bridgewater Wegmans team experimented. They prepared containers of cauliflower rice and offered them for sale to the public. And sell they did.

"We couldn't make the packages fast enough, especially if I demo'd it," Wood says. "Everybody that tasted it would just pick it up. They loved it."

At this point, Sofia had the data to expand the experiment. First to all nine New Jersey stores. And as sales continued to take off, the product went to nearly all of the 100 or so Wegmans locations throughout the mid-Atlantic and New England regions. Making cauliflower rice was labor-intensive, so Wegmans found a vendor that could produce the stuff more efficiently. Today, the grocery chain sells cauliflower rice as a Wegmans-branded product by itself, as well as in a combination package with "broccoli rice."

Cauliflower rice helped keep Wegmans on the cutting edge of innovative foods for health-conscious consumers. And it has been such a hit that Wegmans says it has doubled the volume of cauliflower it sells.

Cauliflower rice has been more than a hit in the Wood household. It's something closer to a culinary medical miracle. Thanks to cauliflower rice and an overall low-glycemic diet, Tom Wood was able to stop taking insulin. And to start taking steps—quite literally—toward an active, healthy lifestyle.

"In two months he completely reversed his diabetes. He got off every medication. He's been drug-free for two years," Wood says. "He walks two to four miles every day and feels like a brand-new person."



The Hidden Barriers

The story of how Wegmans and Jody Wood arrived at cauliflower rice isn't just an inspiring win all around. It also contains lessons about how organizations in any industry can innovate more effectively.

Everywhere you look, companies today are seeking their own 'cauliflower rice.' Leaders invest substantial time and resources into discovering breakthroughs and unlocking the best ideas of their employees. Yet many fail to see those efforts rewarded, even when all the right steps are taken.

Why?

To answer this question, Great Place to Work analyzed 792 organizations across a wide variety of industries and locations across the United States. We used machine learning algorithms to uncover the most significant set of written phrases, Trust Index® survey statements, and demographics that collectively explained why some employees experienced more meaningful innovation opportunities than others. Additionally, we identified and analyzed organizations that underperformed their expected innovation level, capturing similarities that explained their lagging inventiveness.

What our research revealed are the five hidden barriers that get in the way of innovation. These five obstacles prevent organizations from developing a culture of Innovation By All. That is, a culture in which everyone is included in the innovation process—leading to increased inventiveness, greater agility, and faster growth.

Many fail to see innovation efforts rewarded, even when all the right steps are taken.

We have found that even when organizations appear to be doing everything right to generate great ideas and breakthroughs from their people, these five obstacles often block their progress:

1. Everyday Fear

When employees experience anxiety around asking for work-life balance, they are less likely to innovate.

2. Purpose Gaps

If employees feel they're left out of the company's mission and excitement, they quickly feel excluded from innovation as well.

3. Running Too Lean

When people lack resources to get their work done or struggle to pay their bills where they live, they can't participate fully in innovation.

4. Frontline Manager Funk

Frontline managers are fundamental to driving innovation at all levels, yet often are left feeling neglected, overworked, and under-supported.

5. Stagnating Minds

Many people do not feel they have the ability to grow professionally, which leads them to feel stuck and blocked from contributing new ideas.

Wegmans and other leading companies with Innovation By All cultures find their way around

these barriers. In the case of Jody Wood and cauliflower rice, the shared purpose obstacle is perhaps the most obvious one that was avoided. Wood and company leaders are completely aligned about the importance of providing customers with high-quality, healthy food choices. Wood, in fact, applied for her job at Wegmans in large part because she loved shopping there.

Beyond fostering a collective sense of mission, Wegmans also has kept minds like Wood's from stagnating. Company values of employee empowerment and "respect and listen" to employees shaped Joe Sofia's conversations with Wood and others, helping her to feel like her ideas matter and inspiring her to learn on the job.

Less visible in Wood's story are the ways Wegmans avoids running too lean, creating everyday fear, or leaving frontline managers in a funk. In the remainder of the paper we will spell out how the company does so. We also will explore and illuminate each of the five hidden barriers, so organizations see how these can crop up and cramp the kind of innovation necessary for success today.

For Joe Sofia, the ability to bring out the brightest ideas from everyone—no matter who they are as an individual or what they do for the organization—boils down to another Wegmans value. The value of care.

"When you genuinely care for your people and show a real interest in who they are and what they do and a real interest in wanting to help them have a better life, it shines through," Sofia says. "They open up."

"When you genuinely care for your people and show a real interest in who they are and what they do and a real interest in wanting to help them have a better life, it shines through. They open up."

JOE SOFIA, WEGMANS



Everyday Fear

“If you plan something for your scheduled day off and get called to come in you are treated with disdain by two of three managers when you decline. You can't pay me enough to put up with the psychological warfare and unprofessionalism in the work environment.”

EMPLOYEE QUOTE FROM A LOW-PERFORMING ORGANIZATION ON INNOVATION

Most executives know employees won't be at their best if they are constantly yelled at or live in continual fear of being fired or laid off. The importance of psychological safety has started to permeate leadership ranks, along with the knowledge that people retreat to the reduced thinking of “fight or flight” when threatened.¹ But our research uncovered a less-obvious version of fear that gets in the way of invention and agility.

We call it “Everyday Fear.” It refers to employees feeling anxious about trying to reconcile work and personal obligations. When leaders don't treat employee well-being as a priority, their people experience subtle yet significant anxiety. **Employees who are scared to seek the space they need to take care of themselves and their families cannot and will not innovate effectively.**

An intriguing flip side of this barrier is that if leaders foster a climate where employees feel safe taking care of personal and family needs, innovation increases in the organization. **Our data shows that when employees are encouraged to take time off from work when necessary, they are 34 percent more likely to report a high level of innovation activity.**

Along these lines, it's telling that the word “encourage” showed up as a significant marker of innovation. We found that employees who use the word “encourage” in their written comments are 42 percent more likely to believe they had meaningful opportunities for new and better ways to do their work. **Encouragement is an antidote to fear.** And its root is the latin word “cour”—meaning “heart.” The heart is also where we locate compassion and care.

In fact, we found a connection between caring and innovation. When employees feel leaders care about them as people—rather than merely as employees—they are 36 percent more likely to experience innovation.

We see the hidden barrier of Everyday Fear showing up in a number of ways. When employees describe feeling penalized for being sick or discouraged from caring for themselves, for example, they are less likely to experience innovation. Consider this employee's comment:

“The company still needs to work on work vs. personal life balance. Especially with those with dependents. It shouldn't be mandatory to work weekends. If you aren't available, it's an unfair practice, and it's a

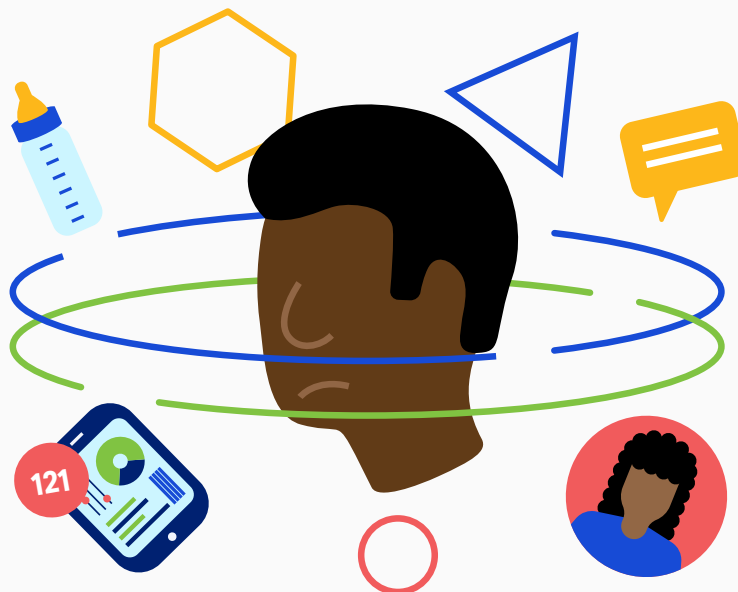
reason why I am leaving the company.”

Here, frustration with a policy that prevents caregiving not only diminishes this employee’s engagement, but is pushing the worker right out the door. It’s a similar story for the employee whose quote opened this section. The managers in that case aren’t necessarily abusive, screaming bosses. But their “disdain” for the staffer who declines to sacrifice personal plans for the organization is experienced as psychological combat. And this employee is responding to this fearful climate in classic fashion: by fleeing.

Other comments show workers who want to give

their best, but whose contributions are crimped by cultures that are all-consuming. An always-on expectation can be experienced by employees as akin to a never-sated monster—leading to low-level dread that drains creativity. “I’m ‘all-in’ to drive this business to the next level,” one employee said. “But it would be an even better place to work if I could do that and still have time for family and self. That becomes even harder with global teams and a 24/7 level of availability.”

In effect, nothing can shut down innovation like failing to have employees’ backs when emergencies or the unexpected arise.



Everyday Care at Wegmans

It's not surprising that Wegmans makes its way right around this innovation barrier. Consider the company's response to Hurricane Sandy in 2012. Joe Sofia got a call from company chairman Danny Wegman telling him he had an open checkbook to pay for hotel rooms and take care of other needs that Wegmans employees faced because of the super storm.

And that level of compassion extends to the day-to-day climate in the stores.

"The number one thing that our people ask for is flexibility in their schedule," Sofia says. "So we really make this a top priority."

Among other things, flexibility at Wegmans takes the form of schedules posted two weeks in advance. That gives employees time and space to plan for and resolve family conflicts. By contrast, three-quarters of employees at large retail service firms get less than two-weeks' notice of assigned hours that vary daily and weekly. U.C. Berkeley researchers have found that such scheduling instability undermines household economic security, leads to unstable childcare arrangements and harms worker health and wellbeing.²

Besides having advanced notice on schedules, Wegmans employees can sign up for additional shifts in case colleagues have to miss work or leave early for a sick child. And because the company extensively cross-trains employees, workers have little trouble taking on different roles.

"I don't think our people are ever afraid to ask for time," Sofia says.

The numbers back him up. Fully 93 percent of Wegmans employees say they can take time off from work when they need to. That compares to just 62 percent of employees nationally across all industries. And 9 of 10 Wegmans employees call their leaders "approachable, easy to talk with."

Jody Wood and Wegmans were able to move cauliflower rice from idea to innovative product in part because Wood and her colleagues don't experience everyday fear. Instead, what they feel is something closer to its opposite: everyday care.

Purpose Gaps

"Develop a real mission, then communicate it to the employees and pursue it! Much of what comes from management, and there is not much at all, is just lip service. There is no real commitment to our purpose and no financial commitment to making the firm function better. It is clear from management's actions that we are just "circling the drain."

EMPLOYEE QUOTE FROM A LOW-PERFORMING ORGANIZATION ON INNOVATION

Over the last several years, researchers and companies have proved how strongly a sense of purpose affects performance. It feeds people's desire to be part of something bigger than themselves, and inspires new inventions and better ways of doing things. But creating purpose that connects with everyone across an entire organization is easier said than done. Our research discovered that a barrier to innovation that trips up even well-meaning organizations has to do with front-line folks experiencing much less purpose than others higher up in the hierarchy. And if employees feel they're not sharing in the company's mission and excitement, they quickly feel excluded from innovation as well.

We saw this in part through our employee comment data. Employees are much more likely to innovate if they feel they are part of something incredible. We mean that literally. Highly engaged employees used phrases like these: "incredibly hardworking environment," "incredible energy that is motivating," "incredible company journey."

Unfortunately, those on the front line often don't experience such awesomeness. Employees in roles like sales associate, customer service representative and field service technician can feel left out because they're missing out on rewards, because of their personal background or their position, or based on day-to-day negative experiences.

Unfair rewards in particular can undermine purpose and inspiration on the front lines. Consider this employee comment:

When the rate of pay goes up and someone has been here for 8 years and a new person who has been here a year is then getting almost the same rate of pay as the person who has been working her for 8 years. That is not right. The people who have been here much longer should also get a substantial increase to make it fair. It really burns the people who have been here a long time to know that someone brand new with not a lot of experience is making almost the same pay.

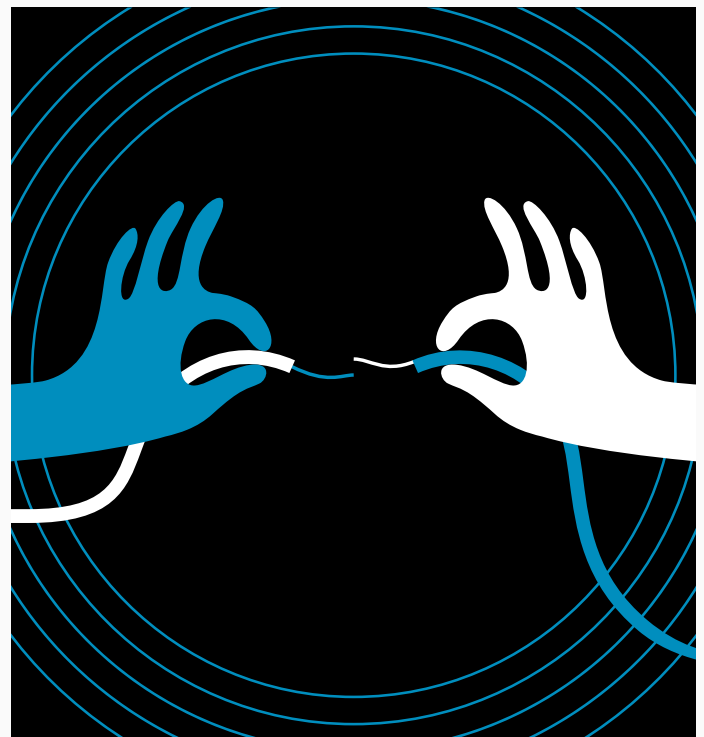
The picture here is of people whose energy is going into burning anger and resentment, rather than flashes of insight for how to move the organization forward. Perceived inequities in pay or perks, in other words, can prevent people in the trenches from tapping into the deeper purpose of the organization, and therefore dampen their creativity and commitment.

We also found that employees with certain characteristics and roles are at risk for feeling marginalized. These include long-tenured employees and remote workers. Employees with 16-20 years of tenure are 20% less likely to have meaningful opportunities for innovation than employees at the organization for less than two years. As this statistic suggests, it's easy for leaders to take their long-standing staffers for granted, or to give up on keeping those folks fired up.

It's also easy to lose sight of employees who are physically out of sight. People that mention being remote or field employees are 56% more likely to feel excluded from innovation. You can hear the sense of being neglected in this employee's comment:

The company is growing and changing very rapidly... My hope is that management doesn't forget the fact that the field personnel that work here have a large combined amount of years of knowledge, that needs to be called upon when making decisions that affect matters in the field.

The most successful organizations overcome leader blind spots and connect everyone to the mission. And they see innovation levels take off. We found that when employees say their work has "special meaning" rather than being "just a job," they are 56% more likely to experience a lot of innovation opportunities. Similarly, when people feel they "make a difference" at work, they are 64% more likely to be engaged in high levels of innovation.



The Gospel of Good Food at Wegmans

Jody Wood and Wegmans soar right over the purpose gap. For Wood, the grocery chain's mantra of serving customers and helping them live healthier lives is like manna from heaven. She eats it up, even as she helps others cook up new vegetarian dishes.

"The customers are just really happy. I have them come back all the time and tell me they tried something new with their family and their family absolutely loved it, and they're making it every week and they thank me, and it's very satisfying because I absolutely love to help people."

In fact, Wood sees her work at Wegmans as a kind of ministry. Prior to coming to the store, she earned

a master's degree at the New Brunswick Theological Seminary. She didn't pursue a traditional chaplain job, but sees spreading the gospel of good food in the same light.

"I feel like I'm doing chaplaincy," she says. "Not with the Bible and God. I'm serving the needs of others by helping them become healthy."

As this comment suggests, purpose is palpable from the Wegmans C-suite to the meal station at which Jody Wood works. And because meaning is shared equally, Wood and Wegmans were able to bring a powerful new product to the company and its customers.



Running Too Lean

“There have been large cuts in hours the past few months. It is not possible to make a living from working only 10-15 hours a week. This leaves employees no choice but to find a second job or leave the company entirely. Though I love the environment I work in, the company needs find a way to win back the loyalty of their customers and employees.”

EMPLOYEE QUOTE FROM A LOW-PERFORMING ORGANIZATION ON INNOVATION

“Lean” has been business gospel for some years now. And to be sure, there is wisdom to running a company efficiently and to launching new initiatives based on the “lean startup” approach. But “lean” can go too far. It can edge into the management equivalent of malnourishment, preventing healthy invention and agility.

Our research found that one of the biggest barriers to an Innovation By All culture is employees experiencing a deep sense of scarcity. When people lack resources to get their work done or struggle to pay their bills, they can’t participate fully in innovation.

We see this clearly in our employee comment data. When employees cited concerns with cost of living, regardless of industry or geography, they were significantly less likely to experience innovation. These concerns get compounded when they see their organization as thriving financially or people at higher levels earning more. When, that is, their own struggles with economic security seem to feed others’ success.

One employee told us:

“I am not able to save any \$ to put towards my future, when working for this company. I had to get a second job last year just to get extra driving money for gas. With a college education graduating with high honors, and working for the company for many many years, they should bring pay up to scale with our job experience, where we live, and what we contribute to the company, so we aren't living paycheck to paycheck.”

Or consider the employee whose quote opened this section, who noted that slashed work schedules meant they also needed a second job. For both employees, just making ends meet becomes a consuming issue in their lives. It also leads to resentment, which in turn is a roadblock to contributing great ideas to the organization.

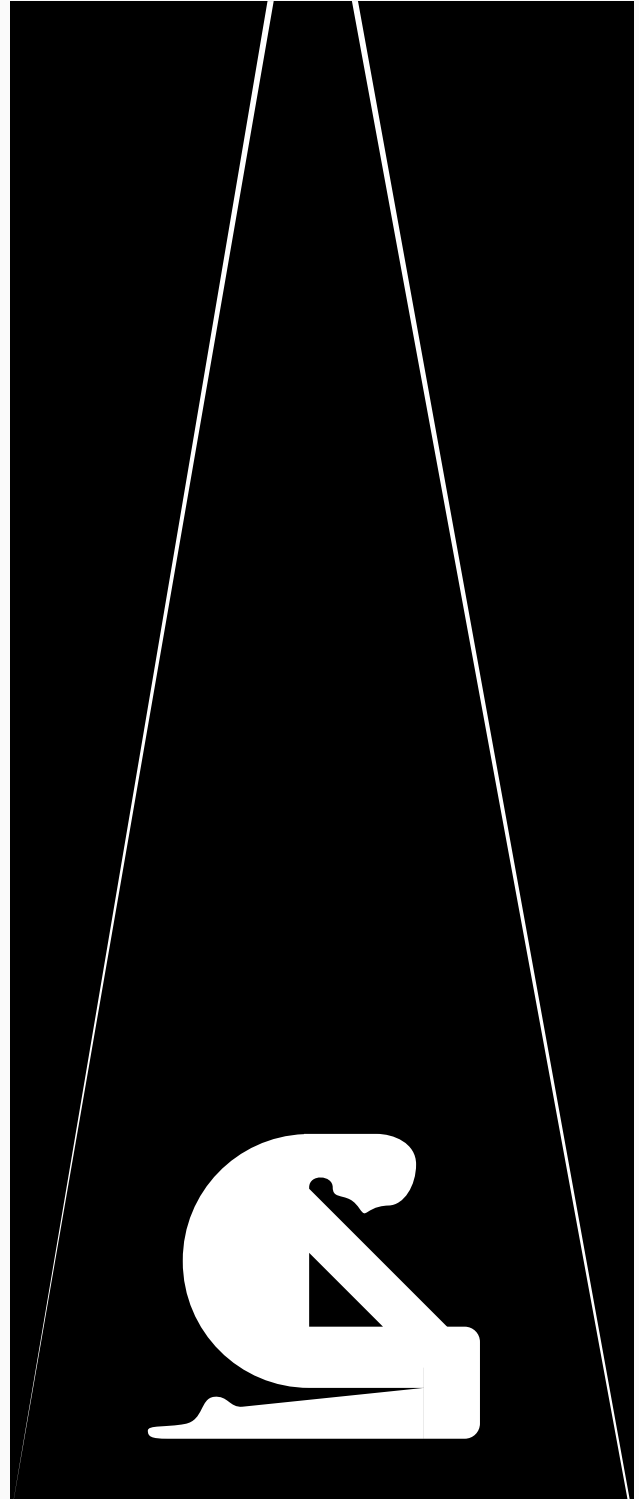
Scarcity within the work setting also leads to anemic innovation. Limited and ineffective resources on the job are a significant topic at companies that underperform on innovation. Here's how one employee described their do-more-with-less store environment:

"The location I work at has been understaffed for over three years. In the last year we've gotten down to about 2/3 a full store staff, which is bad enough that we often don't have a single designated sales person staffing the sales floor."

Another described how to improve their organization in explicit "lean" terms:

"Hire more people, instead of trying to run as lean as possible, so that we can focus once again on doing quality work instead of trying to do as little as possible as quickly as possible to claim a project is complete."

It makes sense that people experiencing a shortage of money, time and help would not be innovating for their organizations. They are, in effect, missing foundational resources on Maslow's hierarchy of needs. Psychologist Abraham Maslow claimed human beings must have basic needs such as physical safety and security met before they can reach their highest levels of creativity and "self-actualization." When employees believe staffing is bare bone and pay levels leave them scraping by — especially when executives and shareholders enjoy rich rewards—people cannot and will not offer their ingenuity to the organization.



Abundance at Wegmans

How does Wegmans get around this barrier? By doing a lot to remove concerns associated with economic security and on-the-job resources. For example, 95 percent of Wegmans' employees say "I am given the resources and equipment to do my job." That's five percentage points higher than the benchmark for the Fortune 100 Best Workplaces.

Wegmans' cross-training program is part of how the company creates an environment of abundance rather than scarcity. Sofia explains: "If we run short in a certain area—maybe it's just busier that day than what we projected it to be—we can move employees around the store to help support our other folks so that they're not feeling as though they're being stretched too lean."

In addition, 81 percent of Wegmans' staffers say people are paid fairly for the work they do. By contrast, just 41 percent of employees nationwide across all industries believe pay is fair at their organization.

In other words, Wegmans made it easy for Jody Wood to come with a new idea to boost the company's profits. She could help people pursue healthy, lean diets with cauliflower rice precisely because Wegmans doesn't run too lean.



Frontline Manager Funk

“The company needs to open their eyes and see what it is REALLY like to work in the store a opposed to how it looks from their bright shiny offices in the newly built office building.”

FRONTLINE MANAGER QUOTE FROM A LOW-PERFORMING ORGANIZATION ON INNOVATION

Frontline managers are central to creating an Innovation By All culture. Because they are the leaders most employees interact with most, they have an outsized impact on whether the workforce as a whole is inventive and agile. Frontline managers also represent a vital source of good ideas. **Since they span the boundary between customer experience and corporate strategy, they are uniquely positioned to spot new products possibilities as well as better ways of operating.**

And yet store managers, department heads, team leaders and the like often end up slowing down rather than accelerating innovation. Their work to drive creativity and excitement on their teams is impeded by the ways they themselves are in a funk, feeling neglected, underpaid, and under-supported.

Our research found that frontline managers are 70% less likely than executives and 20% less likely than mid-level leaders to experience meaningful innovation.

Some drop off in innovation opportunities might be expected as you move down the corporate ranks. But our research shows the problem of failing to engage frontline managers is one that especially trips up organizations struggling to get innovation right. Among underperforming companies, the innovation results for frontline managers fell furthest from expected levels than any other job level. Their involvement in innovation is 33% lower than expected.

In effect, struggling frontline managers can act as a hidden barrier to better innovation.

One form of struggle for leaders at lower levels is trying to make do with limited resources and inefficient processes. These experiences are detrimental to their ability to participate in innovation, and likely hinder their ability to encourage it. Consider what this frontline manager at a retail organization told us:

There are six trainers for the entire DC (region). That is not enough to give our employees the level of service and training that we brag about. It is very unorganized now because employees get one of day training and then no time in task to gain intuition and speed to perform at the expectations demanded of them... It is unfair to the employee to be trained by a trainer who has had little to no knowledge in a specific area. We need to do better by our employees or stop holding them accountable for their performance when they did not receive the best training possible.

In this leader's words, you can detect their desire to support their direct-reports and enable them to contribute effectively to the organization. But, in an echo of the Running Too Lean barrier, the manager doesn't have the resources at their disposal to develop people properly. You also can hear in the comment frustration with the unfairness of the situation—a feeling that likely dims the manager's engagement and that of their team.

A frontline leader can be a contagion for spreading anti-innovation vibes. They're not just barriers. They're multipliers of barriers.

This challenge for frontline managers has something to do with the way many organizations hollowed out middle layers in the wake of the Great Recession a decade ago. As firms got flatter, more responsibilities were put on lower-level leaders. And that can spell trouble for companies aiming to be inventive and agile. Recent research published in Harvard Business Review finds that managers who are overworked treat employees less fairly.³ Unfairness, in turn, impedes innovation. Our research finds that when employees believe their leader plays favorites, they are 17% less likely to experience innovation.

In this sense, a frontline leader can be a contagion for spreading anti-innovation vibes. They're not just barriers. They're multipliers of barriers.

A separate difficulty experienced by many lower-level managers is the sense that upper management is divorced from the realities of the business. Not only can leaders in the trenches see executives as out-of-touch, but those on the frontlines can resent

the perks enjoyed by those at the top. Consider the bitter tone of the frontline leader whose comment about corporate execs' "bright shiny offices" opens this section.

Feelings of exasperation by frontline managers at upper management relate to a third element of their overall malaise: a sense they are underpaid and overlooked. One lower-level manager at a bank told us this:

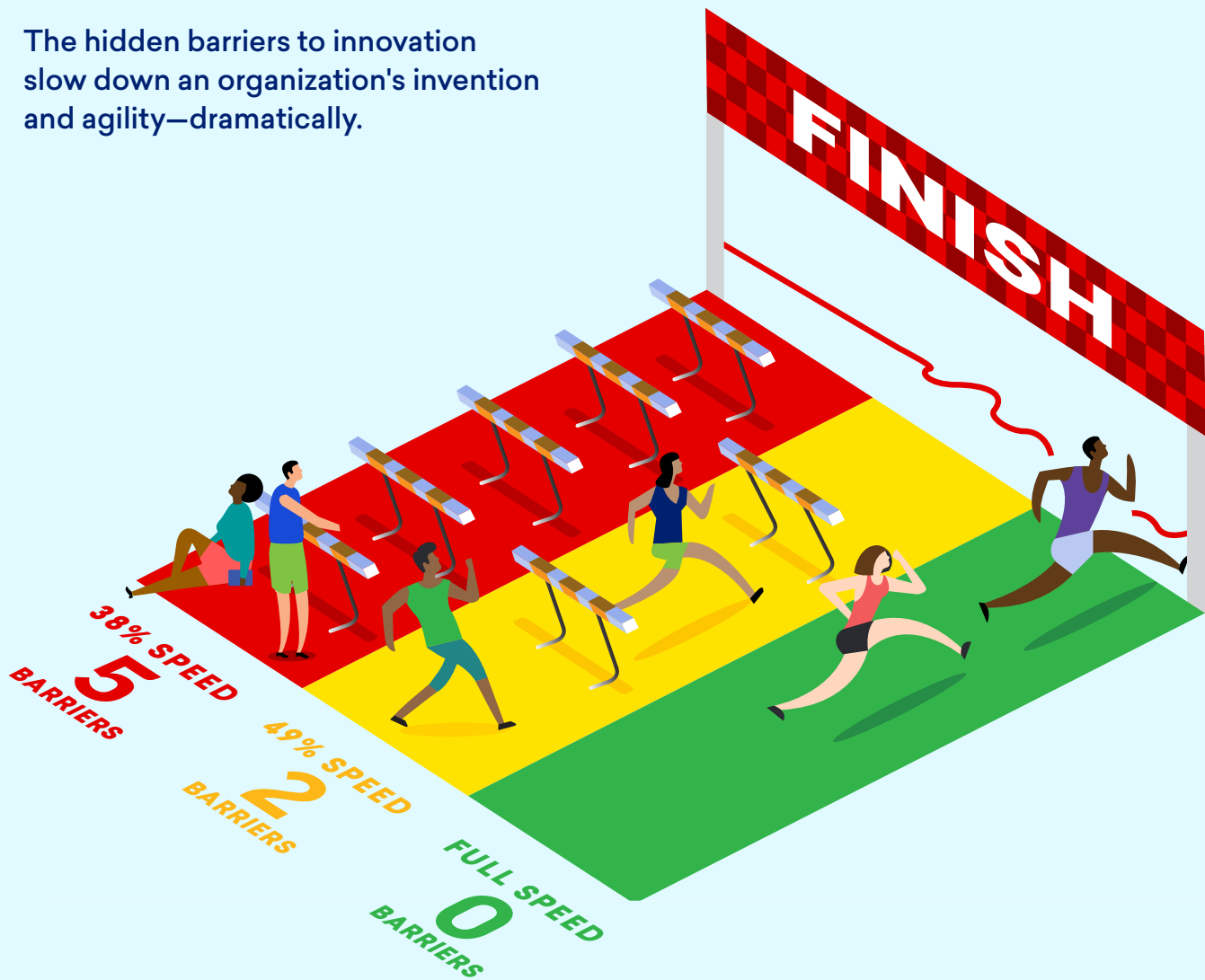
[There's] no reason that one market is different than another in regards to promotions, merit increases, and how your specific performance is rated. I have considered options outside of [the bank] due to frustration of my lack of recognition. ... I come to work every day, frustrated, but I make sure to help my team as best I can and lead as best I can so the same thing does not happen to them.

This frontline manager demonstrates the dilemma many lower-level supervisors face: they feel the same emotions of dissatisfaction around compensation and recognition as many of those they manage. But as leaders, they are expected to represent their organization professionally and positively. This leader is straining to pull off the trick. Yet it seems likely the team can tell their manager feels slighted and angry, and that those emotions undermine innovation efforts.

The picture that emerges is many frontline leaders whose basic needs for economic and emotional security aren't being met. That makes it unlikely those supervisors can generate breakthroughs or encourage them in others. And this is a real loss for organizations. As we noted in our first Innovation Insights Series paper, people won't bring their best effort and ideas forward unless they work for leaders who genuinely care about them and present an inspiring vision.⁴

Barriers to Speed

The hidden barriers to innovation slow down an organization's invention and agility—dramatically.



Great Place to Work's research has identified the Innovation Velocity Ratio (IVR) as a key measure of an organization's capacity to innovate, based on the proportion of employees who are engaged in generating new ideas (see p. 28 for more on the IVR). Our research has found that companies with none of the five hidden barriers have maximized their IVR, achieving speed and growth beyond their peers.

Organizations with two barriers experience a significant drop in their IVR, losing nearly half (49%)

of their full potential. And those with all 5 barriers have roughly a third of the innovation capacity of those zipping ahead with no barriers.

Our research shows that if just 10 percent of your employees experience the problems associated with a particular barrier, it is present in your company.

How many hidden barriers to innovation do you have? How many can you afford to have?

Fulfilled Frontline Leaders at Wegmans

Wegmans, on the other hand, zips right around the Frontline Manager Funk barrier.

Support in the form of enough people and tools is not a problem. Fully 96 percent of Wegmans frontline managers say, “I am given the resources and equipment to do my job.” Nine out of ten of those lower-level leaders call Wegmans a psychologically and emotionally healthy place to work. What’s more, 95 percent say they can take time off work when necessary and 82 percent say pay is fair at the company.

Frontline leaders also experience a sense of care from the folks above them. Nine in ten say their supervisors show “a sincere interest in me as a person, not just an employee.”

Consider Jody Wood’s store manager, Craig Franklin, and his interactions with members of the Wegmans family. Wegmans Chairman Danny Wegman and CEO Colleen Wegman routinely visit the company’s 100 or so stores. And when they do, it’s not as superiors sniffing about to make sure subordinates are up to snuff. “When Danny and Colleen come around and visit the stores and just the excitement and enthusiasm that they have and how grateful they are for what we do, it’s a great environment that’s created,” Franklin says.

Franklin is such of fan of Wegmans and its leaders that he’s been at the company 31 years. He has moved from store to store as a manager, and is now in his 10th facility in his third state.

Far from feeling neglected on the frontlines, Franklin has felt appreciated by the highest-level company executives. And that allows him to turn around and create the same experience for employees like Jody Wood. “You really can’t have innovation unless you listen to your people and you can’t listen to your people unless you really respect them,” Franklin says. “I think that sums it up.”



Stagnating Minds

"Cross training here is not clarified. There is no set up for success. It's a very wishy-washy subject and no one has straight answers... I don't trust management on this issue and I personally was given false information while another employee was told a different story. I don't feel like furthering education and careers is what we are about here and that makes me sad."

EMPLOYEE QUOTE FROM A LOW-PERFORMING ORGANIZATION ON INNOVATION

There are several reasons for employees to vie for a promotion - higher pay, an expanded job role, greater involvement in strategy - but should the ability to innovate be one of them? Unfortunately, employees at many organizations believe the only way to contribute important ideas is to move up the ranks. It's a perception that is often grounded in reality. Many leaders signal that, to them, fresh ideas primarily come from outside hires. This chicken-and-egg situation amounts to a hidden barrier to innovation, where people's minds stagnate as they feel unseen and unappreciated.

Our data shows as much. Individual contributors are 94 times more likely to experience meaningful innovation when they are offered professional growth opportunities, compared to those without such career development options.

When employees' ability to innovate seems dependent on getting a promotion, individual contributors hold onto their ideas. Leaders hungry for innovation often respond by hiring new people to gain an influx of ideas. But this cycle ultimately restricts a company's growth. Simply put, it is

unrealistic to promote everyone and hiring new people is a limited alternative. Although external hiring is an understandable strategy, managers that rely too heavily on newcomers for fresh ideas effectively disregard existing employees looking to engage in more meaningful ways. When those employees are passed over for promotions or not invited to move the organization in new directions, they feel invisible and build up a reservoir of frustration.

That frustration often takes the form of complaints about the fairness of promotions. Consider this employee comment from a company that performed below our expectation on the innovation scale:

People are hired to positions based on who they know and who they are related to instead of merit. It's extremely frustrating to work somewhere for nearly 20 years and see people walk in off the street into management positions or positions higher than you. It's been happening for 5-7 years now. It makes you feel like you are working towards nothing. Like you are spinning your wheels.

In addition to unfair promotions, another hallmark of this barrier is when people do not feel they have the authority to engage in professional growth.

Organizations often say they want employees to generate ideas—which theoretically can spark professional excitement and a sense of progress. But in practice, many of those same organizations put up bureaucratic obstacles like extensive application and approval procedures. In effect, people must ask for permission to innovate. Employees—and their minds—feel fastened to the status quo rather than free to explore new possibilities.

Take this employee's concern, for example:

If there was one thing I would change to make this company a better place to work I would look for ways to increase advancement opportunities between departments and divisions. Working in a small department of a small division of this company I sometimes feel stuck. I love the work environment and appreciate the many benefits and perks provided to us. I would appreciate more growth opportunities. After being with the company for 7 years I do not want to leave -however at this moment feel there is little chance of upward (or even lateral) mobility.

As we also saw in the comment at the opening of this section, employees often are looking for any kind of movement, whether vertical, lateral, or even cross-training to learn from another team. What they are missing is the ability to grow in place: the power to take ownership of projects or tasks that encourage self-directed learning and that have a meaningful impact on their organization. Growth doesn't always mean attending expensive conferences or training camps. It could be as simple as the space and time to learn something new and apply it to their work at hand. But without readily available opportunities for growth in their current positions, employee creativity

will wither—and they may seek greener growth pastures elsewhere.

The mindset is very different in Innovation By All cultures. For employees at organizations with the most inclusive innovation practices, the ability to

When people must ask for permission to innovate, employees—and their minds—feel fastened to the status quo rather than free to explore new possibilities.

contribute a new idea does not depend on climbing the corporate ladder. And while the companies typically have systems for vetting suggestions, people in these organizations feel encouraged to speak up. They freely approach their managers for guidance and tactical mentoring – not for permission to try something new.



Flourishing Minds at Wegmans

Jody Wood, for example, didn't have to get a promotion or follow a bureaucratic process to bring cauliflower rice to Wegmans. And her SVP, Joe Sofia, knew all about Jody's search for low glycemic meals for her husband from the company's Open Door Days and Town Hall meetings. Sofia took that prior knowledge—earned partly by caring for his employees—and asked Wood if she had any ideas.

This experience isn't unique to Jody at Wegmans. Roughly 9 in 10 employees say they are offered growth opportunities, and 88% say leaders “listen to my ideas and suggestions to improve our work and the company.”

Not only do Wood and her colleagues feel comfortable sharing ideas at Wegmans, but their active minds extend to customer conversations. A striking feature of the cauliflower rice story is that Wood got inspired to learn about a low-glycemic diet from a Wegmans shopper. Talking with customers, it turns out, is typical for Wood in her work. She constantly asks shoppers for suggestions that she can take to her managers.

“I'm right there on the floor with the customer and I hear so much from the customer--what they're looking for, what things they value,” Wood says. “And so I tell them, ‘tell me something that management might be interested in.’ I say to the customer, ‘I will bring that to the attention of the store manager.’”

This sort of ongoing market research is invaluable. Many companies pay millions for surveys to glean emerging customer trends. Wegmans, meanwhile, has created a culture of curiosity where its frontline



employees are gathering market intelligence day in and day out—giving it an innovation advantage.

Wegmans' edge is not just from its listening culture. It also comes from forsaking bureaucracy in favor of rapid-fire, informal experiments. One of the recipes for cauliflower rice that Wood shared with her managers was a pizza crust. If she had been required to write up a business proposal for that one specific use case, it could have dampened her enthusiasm and slowed Wegman's progress with starch substitutes. Instead, Sofia was a partner to Wood, giving her the space, guidance, resources, and support to try this out at her store to see what would happen. Cauliflower pizza crust didn't taste good. So Wood and team quickly pivoted to other cauliflower rice recipes that had more success. When the Bridgewater store couldn't keep up with the demand, they knew they were ready to scale this product to other Wegmans stores.

This is what happens when people can flourish rather than stagnate in a limited job function.

In other words, the growth of the cauliflower rice business came directly from the way Wegmans allows its people—and their minds—to grow.

CONCLUSION

Avoiding the Hidden Barriers to Innovation By All

This paper has highlighted the easy-to-miss obstacles to an inclusive culture of innovation.

We illuminated five hidden barriers:

1. Everyday Fear
2. Purpose Gaps
3. Running Too Lean
4. Frontline Manager Funk
5. Stagnating Minds

What they have in common is that they get in the way of everyone in the organization feeling that they can create, be connected and contribute.

Those held up by the barriers tend to be people lower down in traditional corporate hierarchies—individual contributors and lower-level managers.

Many executives want to invite these folks in innovation. They want to maximize all their people's potential, to tap the ingenuity of their entire workforce.

How to do it? How can leaders avoid running into these hard-to-see barriers?

The best answer may boil down to what Joe Sofia said at the opening of the paper. Caring for people. Care leadership is a secret catalyst for igniting Innovation By All.

Care's cousin is empathy, and it is a way to eliminate the barriers we've identified.

If a leader puts him- or herself in the shoes of those in the trenches, that leader is more likely to make sure frontline employees have the basic resources they need on the job, have confidence they can care for themselves and their families, feel part of the company's purpose, and sense they are growing—whether or not they are winning promotions.

In this way, executives can deepen human connections with those who can appear far below them on organization charts.

Wegmans, again, offers a telling example for how to do this well.

You see it in the very clothes Joe Sofia wears at work. He's a senior executive, but he's not in a suit.

"I'm just dressed in a regular uniform like every other one of my employees. It might seem like a small thing but you know, it's important to me. I want them to know we're all in this together," Sofia says. "Really, I'm just the same as everybody else. I'm actually a servant leader to them."

That humility is powerful. Powerful enough to obliterate the obstacles to innovation that plague so many companies.

We asked Jody Wood about the five hidden barriers we discovered in our research.

"I didn't feel any of the barriers," she said. "I'm very comfortable at Wegmans. When I walk in, it's like a team or family environment. I never feel a separation between myself and management. That hierarchy

“When I walk in, it’s like a team or family environment. I never feel a separation between myself and management. That hierarchy just isn’t there. So I had no problem approaching people and talking to people and sharing with them about the cauliflower rice.”

JODY WOOD, WEGMANS



just isn’t there. So I had no problem approaching people and talking to people and sharing with them about the cauliflower rice.”

Wood even bonded over her brainchild with company chairman Danny Wegman himself.

During a visit to her New Jersey store about two years ago, Danny Wegman visited Wood’s cook station. She told him the story of her husband and his recovery. She talked about how Dr. Fuhrman’s book had inspired her, and how cauliflower rice and other low-glycemic foods helped him get off insulin and walk freely again.

“Danny was so impressed, and he listened. He stood there at my station, tasted my sample, and talked to me for five minutes,” Wood recalls. “He went back to Rochester the next day and called my manager Tammy and he said, ‘Get Dr. Fuhrman’s book, *The End of Diabetes*, and put it by Jody’s cook station.’ And we’ve done that.”

That simple gesture of respect by Danny Wegman is the sort of thing that encourages employees to

come up with new products and faster revenue growth—the way Innovation By All is better for business. But Danny Wegman’s move also gets at how Innovation By All is better for the people who work at a company and better for the world. Because now Jody Wood is even more fired up to preach the good news of vegetarian, low-glycemic meals. And Wegmans’ customers are living better.

Here’s how Wood describes the impact of adding the Furhman book to her meal station.

“That made such a difference in my customers’ lives,” Wood says. “I talk about it, and I have customers that come back months later and they say to me, ‘We did the diet and we reversed the diabetes in my husband’s or my wife’s life.’ And it just amazing, and it’s almost like there’s a power above that’s orchestrating all of this because it changes people’s lives for the better and they become healthier and happier. Because there’s nothing worse than not feeling good. And there’s nothing better than being healthy.” 📖

On the Horizon

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See how leaders in these three fields are applying Innovation By All—to great effect.



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Understand the blueprint for Innovation by All based on stories, research, and lessons from the best workplaces at innovating.

Identify what practice areas may be assets or critical opportunities

Steps to experiment with best practices from other organizations



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Learn how to leverage Innovation By All to tackle emerging technology shifts like AI

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Endnotes

- <https://www.nytimes.com/2016/02/28/magazine/what-google-learned-from-its-quest-to-build-the-perfect-team.html>
- <https://scholars.org/brief/how-unpredictable-work-scheduling-hurts-retail-workers---and-what-might-change>
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- See *Innovation By All: The new flight plan for elevating ingenuity, accelerating performance, and outpacing rivals*, pp. 13-16.



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About Us

For 30 years, Great Place to Work® has worked with leading companies from around the world to identify and build high-trust, high-performance workplace cultures. Our research has proven that building Great Workplaces For All isn't just the right thing to do, it's better for people, better for business, and better for the world.

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Three Steps to Your Innovation Velocity Ratio and Stage

Great Place to Work research shows the Innovation Velocity Ratio (IVR) is a simple-but-telling metric of an organization's agility and invention. Organizations with the highest IVRs enjoy higher levels of discretionary effort, less risk of turnover, greater adaptability and faster revenue growth.

So what is the Innovation Velocity Ratio, and how do you calculate yours?

Put simply, it is a figure representing the number of employees who feel willing and able to innovate in relationship to the number of employees who do not feel able to innovate.

Here's how to calculate your IVR, using Great Place to Work's Trust Index Survey and Emprising survey platform:

1. Find how many employees say they have "A Lot" of meaningful innovation opportunities.
2. Find how many employees say they have "Just a Few" and how many employees say they have "None." Add these two numbers together.
3. Divide the number of employees who say they have "A Lot" of meaningful opportunities by the number of employees who say they have "Just a Few" or "None."

The Stages of Innovation by All

We have found that companies fall into three broad categories with respect to their Innovation Velocity Ratios. We call these the Stages of Innovation By All. Here are the IVRs for each stage:

Accelerated IVR: 5.5



This equates to 11 employees pulling the organization forward for every 2 that are a drag on the organization with respect to innovation.

Functional IVR: 2.5



This equates to 5 employees pulling the organization forward for every 2 that are a drag on the organization with respect to innovation.

Friction IVR: 1.5



This equates to 3 employees pulling the organization forward for every 2 that are a drag on the organization with respect to innovation.

How to Improve Your IVR

Read our Innovation Insights Series of research papers for advice on accelerating your innovation efforts. You can download the papers on our [website here](#).