



## **Building an Enterprise Culture that Sustains Innovation**

*How discipline creates organizational habits and persistence that drive long-term innovation*

Enterprises large and small strive to build organizational cultures that generate innovation. Executives may have heard the famous quote, credited to management guru Peter Drucker, that “Culture eats strategy for breakfast,”<sup>1</sup> or the quote from former IBM CEO Louis Gerstner, who said “Culture isn’t just one aspect of the game, it is the game.”<sup>2</sup> So, successful business cultures are celebrated because every business manager wants to learn the secret ingredients they can use to cook up a breakfast of innovative culture for their organization.

But there’s a problem. Innovative culture is elusive. It is hard to build, in part, because its mechanisms are poorly understood and surrounded by myths – like the one that says discipline is the enemy of innovation, and inevitably results in inflexibility. Articles focusing on the “freedom” of successful innovative business cultures perpetuate these myths.

### **The Paradoxes at the Heart of Innovative Culture**

In a January 2019 *Harvard Business Review* article, author Gary P. Pisano – Professor of Business Administration at Harvard Business School – examines the hard truths of innovative cultures and how they are often misunderstood due to the paradoxes at their hearts. Professor Pisano writes:

*“The easy-to-like behaviors that get so much attention are only one side of the coin. They must be counterbalanced by some tougher and frankly less fun behaviors. A tolerance for failure requires an intolerance for incompetence. A willingness to experiment requires rigorous discipline. Psychological safety requires comfort with brutal candor. Collaboration must be balanced with individual accountability. And flatness requires strong leadership. Innovative cultures are paradoxical. Unless the tensions created by this paradox are carefully managed, attempts to create an innovative culture will fail.”<sup>3</sup>*

In other words, to paraphrase the so-called “Netflix culture deck” (heralded in Silicon Valley circles), with great cultural freedoms come great responsibilities.<sup>4</sup>

### **Managing the Paradoxes of Innovative Culture**

The HBR article goes on to describe each cultural paradox and its related tensions, in detail, offering many instructive insights. But Pisano stops short of providing a proven framework within which to manage those tensions. For most organizations endeavoring to drive innovation through significant cultural change, such a framework would be a boon – if not an outright prerequisite.

Enter the CMMI Institute's [Capability Maturity Model Integration \(CMMI\)® V2.0](#) and, particularly, its Sustaining Habit and Persistence Capability Area. CMMI V2.0 is a performance improvement model that helps organizations increase performance in multiple dimensions – continuously. Proven effective globally in business and government for over 25 years, CMMI V2.0 is an integrated framework of best practices. Enterprises adopt CMMI V2.0 by first defining their own business success objectives and related performance measures to identify the business value they want to get (such as fewer defects, faster time-to-market, more rapid software delivery, etc.). Then they use CMMI to develop and assess processes to continually improve their progress and performance against those objectives. An organization can move to achieving and exceeding their business value by demonstrating that their processes meet the intent of CMMI V2.0's proven best practices. Adopting the relevant practices can elevate an organization's operational quality, profitability, and competitiveness.

The CMMI V2.0 Sustaining Habit and Persistence Capability Area content “actually helps organizations change their culture, and then measure that change,” notes Ron Lear, Chief Architect of CMMI V2.0. Lear says that many years spent observing organizations implementing earlier versions of the CMMI model led to the realization that, without cultural change, most organizations had significant challenges in sustaining continuous performance improvement. So, building capabilities into CMMI V2.0 to support and anchor cultural change became paramount.

To build those capabilities into V2.0, CMMI does not define culture in terms of ping pong tables, pizza parties, or the power relationships among teams. Instead, it focuses on the business behaviors and processes that manifest organizational culture – where the rubber meets the road, from a performance perspective. The ability to change relevant business behaviors and processes, and assess whether the changes persist or revert, is what the new-for-CMMI V2.0 Sustaining Habit and Persistence Capability Area is all about.

Sustaining Habit and Persistence capabilities are embedded in two CMMI V2.0 Practice Areas, Governance and Implementation Infrastructure. Governance practices guide senior managers on what activities are necessary to their very conscious and active role in sponsoring and overseeing performance improvement processes. The goal of the Implementation Infrastructure Practice Area is to ensure that the processes important to improving organizational performance are persistently and habitually used and continually improved.

“As processes become persistent and habitual, they become an integral part of the organization's norms and culture – and, therefore, they endure long after the people who defined them are gone,” explains Lear.

In this way, CMMI V2.0 brings discipline and rigor to the process of cultural change that is necessary to performance improvement. “You can't have innovation without discipline,” says Lear. “Organizations actually innovate better by having a more disciplined approach for how they do development, services, supplier management, and provide solutions to their

customers. It helps create accountability for individuals and teams. In this way, innovation becomes a systematic and conscious choice and discipline, instead of a hope and lucky chance.”

But because CMMI V2.0 is not prescriptive – it describes what to do to improve an organization’s capabilities, not how to do it – there is much latitude for flexibility within the model’s disciplined approach.

[It is no paradox that organizations innovate much more effectively through a disciplined approach that allows flexibility.](#) Or that sustaining an innovative culture also requires discipline, focus on quality, accountability, and tools to ensure that behavioral and process changes persist and become habitual. Now, organizations can turn to CMMI V2.0 to provide the tools they need to effect the kind of cultural change that leads to continuous performance improvement.

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<sup>1</sup> While widely attributed to Peter Drucker, these words can be traced only to Mark Fields, CEO of Ford at the time, who said Drucker told him so before the famous management guru died in 2005.

<sup>2</sup> “Book review – Who Says Elephants Can’t Dance?,” IBM, May 15, 2003;

<https://www.ibm.com/developerworks/rational/library/2071-pdf.pdf>

<sup>3</sup> “The Hard Truth About Innovative Cultures,” *Harvard Business Review*, January-February 2019;

<https://hbr.org/2019/01/the-hard-truth-about-innovative-cultures>

<sup>4</sup> “Netflix Culture: Freedom & Responsibility,” Netflix, August 1, 2009;

<https://www.slideshare.net/reed2001/culture-1798664/2-Netflix-CultureFreedom-Responsibility2>