The Relationship between Thought Leadership and Innovation: A Look at Strategy

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Abstract. Strategy is the creation of a unique and valuable position that involves making tradeoffs and executing activities differently than rivals. As a primarily organizational challenge, the development and reestablishing of strategies is a leadership function. This creates an inseparable connection between strategy and leadership. In its traditional form, leadership style can vary from charismatic to altruistic and transformational. Different leadership styles are more effective than others based on the strategic “space”. Innovation (the creation of new ideas), in particular, mandates an additional form of leadership: Thought Leadership; the championing of new ideas. A critical element to the success of the organization, innovation is becoming a strategic priority and core value to companies. Based on the power of ideas to transform our way of thinking, a strong tie is established between innovation and thought leadership. Therefore, the duo becomes a differentiator that enables organizations to achieve their strategic position in a competitive environment. In light of that, this paper suggests the importance of thought leadership in developing strategies geared toward innovation. Therefore, this work addresses leaders and strategic managers of reasoning to ensure the presence of thought leadership capacity if they are to succeed in developing effective strategies for innovation.

Keywords: Thought leadership, innovation, strategy, differentiation strategy, leadership.
Introduction

Strategy is the creation of a unique and valuable position that involves making tradeoffs and executing activities differently than rivals. As a primarily organizational challenge, the development and reestablishing of strategies is a leadership function. This creates an inseparable connection between strategy and leadership. In its traditional form, leadership style can vary from charismatic to altruistic and transformational. Different leadership styles are more effective than others based on the strategic “space”. Innovation (the creation of new ideas), in particular, mandates an additional form of leadership: Thought Leadership: the championing of new ideas. A critical element to the success of the organization, innovation is becoming a strategic priority and core value to companies. Based on the power of ideas to transform our way of thinking, a strong tie is established between innovation and thought leadership. Therefore, the duo becomes a differentiator that enables organizations to achieve their strategic position in a competitive environment. In light of that, this paper suggests the importance of thought leadership in developing strategies geared toward innovation. Therefore, this work addresses leaders and strategic managers of reasoning to ensure the presence of thought leadership capacity if they are to succeed in developing effective strategies for innovation.

Thought Leadership

Defined as a radical departure from traditional leadership, thought leadership is “the championing of new ideas rather than anything to do with managing people or helping a group achieve a goal.”, (McCrimmon, 2005, p. 1064). Thought leaders “inspire leadership: they ignite imaginations, explode old myths, and illuminate paths to the future that others can follow” (Butler, 2012, p. 1). It is very important to draw a distinction between thought leadership and traditional leadership. The latter mandates authority over others and can vary in style including charismatic, altruistic, transformational, and commanding. Some form of traditional leadership is indispensable regardless to the organizational structure. On the other hand, thought leadership does not require management of other people.
and is particularly vital where innovation is essential to the success of the organization (McCrimmon, 2005). Therefore, thought leadership should be an integral part of an organizational structure that is focused on innovation.

McCrimmon (2005) outlined key characteristics of thought leadership. In his work, thought leadership is the promotion of new ideas; an initiative rather than a position or role. Thought leadership qualities can be exhibited by non-managerial employees with revolutionary mindsets and the capability of championing new ideas. Moreover, thought leadership is egalitarian, ephemeral, non-hierarchical, and is not easily monopolized. Unlike traditional leadership that needs to exist for the life of the organization, thought leadership starts with the spark of a new idea and ends with the implementation readiness for the idea. A thought leader continues to champion other new ideas until the implementation phase.

**Innovation**

Core competences are important for the performance and success of the organization (Goddard, 1997; Duysters & Hagedoorn, 2000). Despite the variation in competences based on the organizational structure, innovation is a core competence that every organization needs (Drucker, 1995). A learned behavior (Dyer, Gregersen, & Clayton, 2011), innovation is among the metrics used to reflect the growth prospects of a company (Eccles, 1991). In a broad sense, innovation is an organization’s inner capability and is not limited to product or technology. The pursuit of innovation optimizes the new value proposition which could be in the form of a new process, product, or the way of doing business (Dervitsiotis, 2010). In many situations, innovation has been applied to a wide span of disciplines including service, design, process, approach, methodology, or offering.

In its simple form, a global organization defines innovation as the creative thinking and development of new ideas, technologies, and processes that are explored to create differentiated products (Alhaddi, 2013). Extensive literature shows significant research on innovation from definition to intertwine ment with leadership and strategy (Battistella, Biotto, & Toni, 2012; Stowe & Grider, 2014; Chalhoub, 2010; Innovation & Leadership, 2008). The consensus in the literature
supports that innovation as an essential management practice is considered a driver for growth and has a positive impact on the performance of the organization. Therefore, organizations are starting to recognize that in order to succeed in a global competitive environment, innovation is required (Chalhoub, 2010). This explains the elevation of innovation as a top priority for executive leadership (Innovation & Leadership, 2008). Crossing innovation into the strategy domain has a significant potential, particularly in a complex and competitive environment. Hence, as innovation evolves into a core value, organizations are integrating it into their strategic planning by setting it as a strategic priority that ensures long-term success (Alhaddi, 2013).

**Innovation and Thought Leadership: a Duo**

Research revealed that thought leadership is intertwined with innovation (Butler, 2012; McGrimmon, 2005). Although similar, the two are not the same. Thought leadership is based on innovation. In simple terms, innovation creates the new idea and thought leadership champions it until it is ready for implementation. The Innovation and Thought Leadership Diagram illustrates the connection between the two outlining the essence of “new ideas” as the basis for both, see Figure 1.

![Innovation and Thought Leadership Diagram](image)

Figure 1 above, illustrates the common element between innovation and thought leadership, which is the new idea. While innovators are creative thinkers with the ability to create new ideas, thought leaders are early adopters of these
ideas. They possess influential skills that enable them to inspire and persuade the organization to implement such ideas. Once the new idea is accepted, traditional leadership takes over to ensure successful implementation of the new project (formerly, an idea) through project and operations management practices. This is illustrated by the New Idea Process Diagram shown in Figure 2 below.

Figure 2. New Idea Process Diagram

As shown in Figure 2 above, the cycle is initiated with an innovator that creates a new idea for a product, service, or process. Next, a thought leader adopts the idea and champions it until it is accepted by the organization. Once accepted, the implementation phase starts, which is overseen by traditional leadership that ensures proper execution through effective allocation of organizational resources including project managers and operations managers in addition to the other functions.

Drawing from literature, innovation and thought leadership are inseparable. For example, a recent study by Alhaddi (2013) showed a strong connection between thought leadership and innovation. In a global organization (Johnson Controls,
unit of analysis), innovation was set as a strategic priority to ensure long-term success of the organization. Analysis showed that the organization drives innovation through thought leadership; a connection that differentiates it from rivals and enables it to achieve its strategic position. Johnson Controls defined the term thought leader as an innovator with the ability to anticipate needs and proactively design and provide solutions. Providing thought leadership is a critical concept for the global organization and spans multiple spaces in its operations.

Additionally, Chalhoub (2010) showed that the relationship between innovation and thought leadership is a cultural requirement in a global and competitive environment. In his theoretical framework for innovation drivers, several dimensions including thought leadership, entrepreneurial culture, participative management style, performance evaluation criteria, and compensation mechanism drive innovation, which in turn influences the organizational performance. Although there is no evidence of significant research on integrating thought leadership into strategy, scholars have extended research on innovation in the strategy literature. For example, Stowe and Grider (2014) presented strategies for advancing organizational innovation. Their work discussed structural innovation (the organizational capacity to be innovative) and suggested that organizations should integrate innovation into the organizational strategies in order to cultivate a culture of creativity. Other research suggested that in order to establish a foundation of innovative culture, strategies should be developed to embed innovation into the organizational structure (Innovation & Leadership, 2008).

**Practical Implementations for Organizations**

Drawing from the literature and building on recent research, this paper suggests a set of recommendations for practical implementation at the organizational level. Addressing executive leaders and strategic managers, this set of recommendations encourages the integration of thought leadership into innovation strategies.

**Foster a culture of innovation throughout the entire organization.** As innovation is a learned behavior, executive leaders are encouraged to create an
organizational culture that cultivates innovation and creative thinking throughout the organization. This can be done by increasing the employees’ awareness of how critical innovation is to the success of the organization. Understanding that innovation is not limited to the R&D function, employees will be inspired to think creatively turning the entire workforce into an innovative engine. Additionally, executive leaders are encouraged to promote the generation of new ideas through employee recognition, award systems, and compensation incentives.

**Develop strategies to integrate innovation and thought leadership into the business model.** As the benefits of innovation and thought leadership continue to unfold, particularly in a global competitive environment, strategists are advised to deepen the incorporation of innovation and thought leadership into the business model of the organization. Practitioners in strategic planning, communications, and human resources should develop strategies to use innovation (driven by thought leadership) as a source of competitive advantage. For example, as an innovation strategy, include novelty and originality of ideas in the decision making process of funding new investments.

**Use innovation and thought leadership as a differentiation strategy.** Extensive literature shows positive relationship between differentiation and organization performance. Differentiation allows the organization to gain enduring advantages that enable it to improve its performance overtime (Razak & Llias, 2011; Heikkurinen, 2010; Tripathy, 2006). Building on findings from the literature, leaders and strategists are advised to use the innovation-thought leadership duo as a differentiation strategy. Strategies can be developed to target specific talent, customers, and other stakeholders. Marketing campaigns can also be done to promote innovation and thought leadership as a source of differentiation that enables the organization to set itself apart from rivals. This becomes particularly important in a global and competitive environment.

**Summary**
This paper discussed the importance of thought leadership in developing innovation strategies. Based on the power of new ideas, innovators creatively think and thought leaders passionately champion. Therefore, the duo is inseparable, particularly in a global environment characterized by competitiveness. The Innovation and Thought Leadership Diagram was developed to illustrate the duo relationship. The New Idea Process Diagram was developed to briefly show the process of new ideas from creation to implementation and the role of innovation and thought leadership. Both diagrams benefit leaders and strategists in understanding the dynamic between innovation and thought leadership. This understanding is intended to inspire practitioners with the global mindset to integrate thought leadership when developing innovation strategies and to use the innovation-thought leadership duo as a source for differentiation.
References


