



# Culturally Intelligent Innovation

DIVERSITY × CQ = BETTER  
SOLUTIONS

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# Everyone seems to be talking about diversity these days.

Tech companies have pulled back the curtain to reveal how white and male they are. Indian firms are scrambling to appoint female board members in order to abide by new laws. European and North American multinationals are hiring executives from emerging markets. And even Hollywood is admitting that you're more likely to see an alien on screen than an Asian or Latina female.

Diversity has moved from a nice to have to a must-have. And innovation is one of the benefits most consistently lauded to sell people on diversity. It sounds promising. Rather than approaching a problem from one perspective, you gain the opportunity to see things more broadly. The problem is, diversity rarely works out that way.

Have you ever been on a very diverse team that couldn't get anything done? Teams recruit diverse participants but grow frustrated by the new team members' silence or dissident perspectives. Before long, the growing diversity that was supposed to offer better solutions instead brings increased frustration, distrust, and inefficiency.

Diversity is undoubtedly one of the best sources of innovation. But it's not automatic. Diversity by itself does not lead to better solutions. Cultural intelligence, or CQ, is the differentiating factor. CQ is a research-based way of measuring and improving effectiveness for working across cultures. And CQ is a multiplying factor when combined with diversity. Diverse teams with low CQ perform significantly worse than homogeneous teams. But diverse teams with high CQ outperform homogeneous teams in every area—productivity, employee engagement, cost savings, profitability, and yes—innovation.

How can you utilize diverse perspectives to come up with better solutions? And what part of the innovation process needs to be adjusted to leverage diversity for better innovation?

It requires a strategy for culturally intelligent innovation, something my colleagues and I have been researching for the last couple decades. I've highlighted some of the key take-aways here. It begins with tracking and mapping your diversity, ensuring your team builds their CQ, and then following a process for culturally intelligent innovation.

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# Diversity Is

Amri Johnson, a senior executive at Novartis, is often asked what he thinks about the state of diversity in today's corporate environment. Amri laughs. "What do I think about diversity? Diversity is. That's it. It's not going away. It's here to stay and it's going to become more of an issue everywhere. So what do we do about it? How do we optimize the opportunity? That's the question I'm interested in discussing."

Amri is right. People are moving from everywhere to everywhere. First generation immigrants are leaving Toronto for rural regions across Canada. Gay couples are moving into the suburbs. Chinese farmers are relocating to Australian suburbs and Australian entrepreneurs are setting up agricultural businesses in China. 36 percent of the U.S. workforce is people of color and by 2040, there will be no ethnic or racial majority. That reality is coming much quicker to Canada. And the shift is happening in more traditionally homogenous places like Denmark and Sweden as well. Similar trends exist most everywhere. And when you add the diversity of perspectives that come from one's gender, socio-economic background, sexual orientation, profession, faith, and much more, indeed, "Diversity is." And there's no indication that the movement of people from everywhere to everywhere is going to lessen anytime soon.

# Not All Diversity is Equal

Diversity is sometimes used to broadly include any kind of difference, including differences in personality, skills, working styles, tenure, and thinking. But if diversity includes everything, it ends up meaning nothing. On the other hand, diversity is more than just black versus white or German versus Chinese. Each of us is part of several different social groups and there's incredible diversity within most countries.

There are two kinds of diversity that most typically create challenges and opportunities in the workplace—visible diversity and underrepresented groups. The first one, visible diversity, refers to those differences which can immediately be observed when looking at someone. This includes differences that stem from ethnicity, gender, age, physical disabilities, and sometimes religion—such as a woman wearing a head covering. It's very difficult to disguise these cultural differences and as a result, they immediately influence the snap judgments made by others.

The second form of diversity that is most relevant for workplace contexts is any person from a culture that is underrepresented in the group, something Rosabeth Kanter calls tokenism. Tokens are members of a subgroup that represent less than 15 percent of the whole group and the disproportionate representation skews the ways they're perceived. Being the only Southerner on a team of Northerners, the only marketer on a team of engineers, or the only “foreigner” in a department highlights cultural differences that might otherwise be overlooked.

# Numbers Don't Lie

Start with counting how many on your team are visibly diverse (i.e., gather stats on age, ethnicity, gender, etc.) and which groups are underrepresented (which may again include many of the visibly diverse groups as well as other sub-groups such as LGBTQ etc.).

Of course, diversity is not in many settings. Black South Africans are still noticeably absent from many senior level executive roles and Japanese women have seen very little change in status in many Japanese companies. Gaining the benefits of diversity begins with an honest assessment of how much diversity exists within the organization. Then you need to develop a strategy to increase diversity where it's lacking through initiatives that have been written about elsewhere such as providing training on unconscious bias, establishing targets for hiring, broadening the networks where you recruit, etc.

*“If diversity includes everything, it ends up meaning nothing.”*

# Map Your Value Diversity

Next, rather than getting people to tolerate or overlook differences, consciously draw them out. Start with mapping the visible diversity and underrepresented groups on the team. And then look at the differences that exist beneath the surface. Harvard's innovation guru, Clay Christensen, says the blockbuster idea is almost always disruptive where there is a rich interplay of diverse viewpoints and odd connections. Disagreement and differences represent an opportunity for new insights and a chance to learn about new perspectives. A diversity of cultural values is what offers the most potential for innovation so look strategically for how to identify and use those differences.

Ajay Banga, CEO of MasterCard, and Brian Moynihan, CEO of Bank of America, personally chair their companies' diversity and inclusion councils. They believe there's a direct link between their diversity and customer satisfaction. Diversity offers incredible potential for coming up with innovative solutions. But don't stop with simply hiring a more diverse team and cultural awareness training. Diverse teams need to develop the skills to leverage their differences to come up with better solutions and that's where cultural intelligence comes in.

# What's Your CQ?

Shuvo Saha, director of Google's Digital Academy recruits and works with ambitious graduates from around the world. He says "We need leaders with CQ who can make connections with people who are not like them."

Cultural intelligence, or CQ, is the critical link between diversity and innovation. It allows teams to minimize the interpersonal conflict from their differences and maximize the informational diversity that exists in the varied perspectives and values. This is what gave birth to our work in cultural intelligence. We encountered leaders who had extensive understanding about different cultures but still couldn't effectively develop a plan for leading a culturally diverse team. We observed teams that were aware of their internal biases but still couldn't work together productively. And we saw organizations that successfully hired a more diverse population but found themselves stuck in gridlock. Cultural intelligence addresses these shortcomings by providing a more sophisticated approach for working across cultures.

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Cultural intelligence (CQ) is the capability to relate and work effectively in culturally diverse situations. Our research on cultural intelligence, which to date spans 98 countries and over 50,000 individuals, finds that the culturally intelligent have developed skills in four capabilities. The four capabilities are:

- 1 **CQ Drive (Motivation):** Having the interest, confidence, and drive to adapt cross-culturally
- 2 **CQ Knowledge (Cognition):** Understanding intercultural norms and differences
- 3 **CQ Strategy (Metacognition):** Making sense of culturally diverse experiences and planning accordingly
- 4 **CQ Action (Behavioral):** Changing verbal and nonverbal actions appropriately when interacting cross-culturally

The research finds that anyone can improve his or her CQ. And there are several promising results predicted by higher levels of CQ.

The greater the diversity on your team, the more likely you can uncover potential problems and come up with more creative solutions. It's a process that comes slower and it's often much more difficult. When everyone sees things the same, there's an ease with which people can relate, work, and openly share their thoughts. But that's a shortsighted view. When diverse teams draw upon their differences with cultural intelligence, it leads to better results. And with time, it's far more rewarding because you get to see the world in much more colorful ways.

Visit [www.culturalQ.com](http://www.culturalQ.com) to learn more about how to assess and develop CQ and read [the previous ChangeThis Manifestos](#) written about cultural intelligence.

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# 5D Fusion Process for Culturally Intelligent Innovation

The greatest opportunity for innovation comes from creating and sustaining a fusion approach to working together that uses the best of the differences involved. Similar to how fusion cooking combines and substitutes ingredients from different cultural traditions, while preserving some of the distinct flavors, a fusion approach to innovation uses and retains some of the important differences. Rather than asking everyone to be the same, it makes the most of the differences while also making a concerted effort to develop alternative practices to benefit from the innovative solutions that result.

The fusion process for culturally intelligent innovation includes the kinds of steps included in most strategies for innovation (define, ideate, test, etc.). However, there are some critical modifications needed when innovating with a diversity of participants and users. Culturally intelligent innovation involves a five-step process.



# 5D Process for Culturally Intelligent Innovation

**1 | DEFINE: Align Diverse Expectations and Goals** | Most intercultural challenges begin with clashing expectations. Clearly defining the goal is the first step of any innovation process. But the more diverse the team is, the more important it is to take time to ensure everyone understands the goal in the same way.

The goal might sound straightforward. Toyota for example, has a long-stated goal of being cost-conscious, even down to the pennies. As the company expanded across cultural and geographic borders, there were extremely varied expectations about what it meant to effectively control costs. Many non-Japanese leaders who joined Toyota expected cost-consciousness should include reducing staff during an economic downturn. But that wasn't the expectation at all by the Japanese management, whose long-term orientation caused them to believe that the goal of cost-consciousness means to protect and nurture personnel so they're there and ready when things turn around.

Compare your diverse team's expectations for the goal that needs to be accomplished, including a list of criteria for a successful outcome. What would "better" look like for reaching this goal? Find ways to get input from diverse groups that allow you to hear from more than just the verbal, dominant contributors. And then define the shared goal for the innovation at hand. You want

each individual to have a sense of personal ownership while also seeing it as something that is bigger than any one individual can pull off alone. The best goals on a fusion team are viewed as “mine” and “ours.” Get agreement around a one-sentence summary of the goal before you move on.

→ Clearly describe the problem you are trying to solve and identify at least three different ways diverse users experience this problem.

*“The more diverse the team is, the more important it is to take time to ensure everyone understands the goal in the same way.”*

**2 | Dream: Generate Diverse Ideas** | One of the greatest opportunities that comes from diverse networks is access to a broader repository of ideas. When confronted with a problem, we scan our brains for solutions that have solved this kind of problem in the past. Ideas are the holy grail of innovation. When used with cultural intelligence, a diversity of perspectives will almost always trump individual perspectives when coming up with better ideas.

Yet the more diverse the team, the less likely the participants are to offer their input and perspectives. A popular Chinese idiom is, “One is bound to have a slip of the tongue if he talks too much.” So a guiding Chinese assumption is: It is better not to talk than talk too much. In many Western classrooms however, students are rewarded for participating and offering comments, even if they aren’t fully developed. At Harvard Business School, 50 percent of a student’s grade is based upon classroom participation.

The effort to get people to participate and contribute to creative ideas and innovative implementation requires a culturally intelligent approach. Team members need to manage their contributions so that their input is neither too much nor too little.

Let the team know ahead of time that you want their input. For many individuals, providing a spontaneous response can be very intimidating and even if they do respond, the social anxiety created may lessen both their self-confidence and the value of their contribution. In addition, non-native English speakers will have more chance to think about how to construct a thoughtful contribution when not having to engage in the whole process on-the-spot. Cultural norms also influence the speed with which decisions get made. Cultures that are more dominantly individualist, competitive, and short-term oriented (e.g. focused upon immediate results and quick wins) typically make decisions more quickly than cultures that are more dominantly collectivist, coop-

erative, and long-term oriented (e.g. focused upon long-term results even if it means short-term losses). And the strategies you develop to leverage cultural diversity to drive innovation have a spillover effect for diverse personalities on your team too, such as introverts who often prefer more time to process ideas.

In addition, be explicit about expectations. If you expect everyone to offer ideas, make that clear. Even though I'm very aware that many individuals have been brought up in cultures where they were taught to avoid speaking up in a group, my default operation is to go into a meeting, present an idea and simply ask, "What do you think?" That approach won't work for many participants. Even those who are comfortable speaking up may not do so if they don't understand that they are expected to contribute to the conversation. And the social loafers might sit back and let others do the work.

If every participant needs to offer an idea, be sure that's understood. You can say something like "I need to hear back from everyone by the close of business on Friday." And offer multiple ways to provide input—in a group session, one-on-one through email, consolidated input from a group of individuals, etc.

- Be clear about the kind of input needed and create multiple ways for diverse team members to share their ideas (e.g. use more than just a brainstorming session).

**3 | DECIDE: Select Your Idea and Get Buy-In** | Once you have a broad repository of ideas, you have to decide which idea to pursue and get the internal and external support needed to make it happen. These are two sides of the same coin. Part of selecting the best idea is informed by how it will address the needs of the prospective users. Once again, a diverse team can help, as long as it's managed with cultural intelligence. Diverse participants offer insights into the pain points and potential solutions that are best suited to diverse users. The prospective users might not always be aware of the problem but eventually, they have to see the problem and understand how your idea solves it. The more diverse your team, the more likely you are to know whether the idea relieves the pain points related to the identified problem.

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Then the idea has to be sold internally and externally. How does cultural diversity and global growth influence that process? Facebook is one of the most flat, anti-hierarchical organizations I've ever worked with. They describe themselves as title-agnostic and the only way you get buy-in for a new idea is through lateral influence and proven results. People notice whether you're having impact or not and that's all that really matters.

One of the many provocative posters on Facebook's campus says, "Whine less. Code more." The iconic stories around Facebook are about individuals who took a risk, went after something and made a big impact. But as Facebook expands its services and employee base internationally, it aspires to create a flow of information, strategies, and ideas that flow from everywhere to everywhere. That means not only do people in Mumbai pick up ideas from Menlo Park but also that Menlo Park and Mumbai get ideas from Buenos Aires. Bill McLawhon, head of leadership development at Facebook says, "We want to find the right individuals globally who are culturally synchronous with both their local context and Facebook. It won't work if they can't bridge both cultures."

A fusion paradigm is required to anticipate the best ways to communicate ideas to various stakeholders across different cultures. Individuals who come from a more risk-averse cultural background can help the team develop a pitch that will be on-point for risk-averse users. Deliberate together to decide which idea to pursue and multiple ways to get buy-in. It's going to take longer

than just deciding with a homogeneous team. But you're much more likely to have a solution that is truly innovative and lasting.

→ Decide which idea to pursue and write down alternative pitches for at least three different groups of users.

**4 | DESIGN: Create and Test for Diverse Users** | Bic's colossal design failure was in creating special pens just for women—Bic for Her! This started with the assumption that women wanted their own fashionable, pink pens. If some women (and some culturally intelligent men) were on the design team, the sarcastic reviews like this one from Amazon's listing could have been avoided: "I bought these pens to write down my grocery list, barefoot in the kitchen. But the packaging was so hard to open, I had to wait until my husband came home from work just to open it."

*“When properly chosen, the right words automatically trigger pre-existing mental constructs with either positive or negative implications.”*

A culturally intelligent approach to innovation requires developing a design and testing process that accounts for cultural differences in form and function. What a user in one culture may find efficient, another may find clunky. A website that seems clear and contemporary to a Swiss user may seem cheap and boring to a Japanese one.

Ensure that the people responsible for the design have developed their CQ and have an understanding of the culturally diverse preferences for design. Take color for example. Green has become associated with the environmental movement in many places globally. But traditionally, it was considered the historical color of Islam and the national color of places like Egypt. In contrast, green is often a symbol of sickness in many Asian cultures and historically, a Chinese man wearing a green hat was revealing that his wife had been cheating on him. You don't need to master the distinct meanings of colors for every culture. That's impossible. But a culturally intelligent approach to design will consciously account for the varying ways color will be perceived. Ask team members, users, and local experts for their advice on colors.

Then be sure to test with a diverse group of prospective users. How did Bic end up creating such an uproar by creating a pen specifically for women, “designed to fit comfortably in a woman's hand” and available in an attractive barrel design in pink and purple? Many products are designed specifically for one gender or the other and go unnoticed. There are pink video games, pink

guns, and pink sport jerseys. And there are camouflaged backpacks, windbreakers, and pens. It's unlikely many would have noticed if Bic had simply made pink pens available, but it was that they explicitly said, "Pink stuff is for girls!" It's difficult to imagine that the people who made the decision to launch "Bic for Her" were the same women expected to buy them. And that's why a majority of consumer brand launches fail. The true concerns and values of the user have been overlooked or misunderstood.

Get up close with a diversity of users. Watch them test a prototype and adapt the design accordingly. Look for what features they focus on most and least.

→ Account for diverse tastes in design and identify the diverse users who will test your prototype.

*“Great ideas mean nothing if they can't be effectively implemented.”*

**5 | DELIVER: Implement Global Solutions** | Great ideas mean nothing if they can't be effectively implemented. Over 50 percent of technological innovations end up never being successfully implemented. It's estimated that more than \$500 billion is wasted by companies each year by failing to effectively implement the innovations they develop.

There are a number of things that stand in the way of diverse teams delivering innovative solutions. These barriers exist for any team but as always, there are additional variables to consider for diverse teams. Some innovations require users to gain new technical knowledge and skills. For early adopters and users who are comfortable with ambiguity, this isn't usually a problem. They welcome the chance to try something new. But for others, learning something new is tedious, stressful, and at the very least, time consuming. In addition, the targeted users might not be convinced they really need the innovation, particularly in egalitarian cultures like Australia, Israel or among Millennials where resistance to management mandating a new change may be even more of an issue. The reluctance might be a result of skepticism, a reticence to change, or simply a sense that management doesn't really get it. But management often tells staff that they need to adopt the innovation anyway.

Effective implementation often requires training, troubleshooting, and an investment of time and support, which in turn, initially reduces performance. Even the most beneficial innovation is likely to result in poorer team performance in the short run. And although managers and targeted users might know that an innovation will eventually lead to better performance, many are reluctant to accept the lag on performance required to get there. Given the emphasis on speed and being the first to market, the time required to adopt a new innovation can be a threat for effective implementation, particularly for Westerners. The more that this is intentionally addressed in the implementation phase, the better. This is one of the ways the diverse team of which I'm part has really helped me. I'm very task-oriented and I put a high value on productivity. But over the last few years, I've better appreciated the immense strength that has come from attending to many of my colleagues' more thorough, process-oriented approach that takes more time but ends up leading to better solutions. Create a deliberate plan for a timely launch while building in flexibility for unexpected delays and diverse approaches to implementation.

→ Write down an explicit process for decision-making and conflict-resolution.

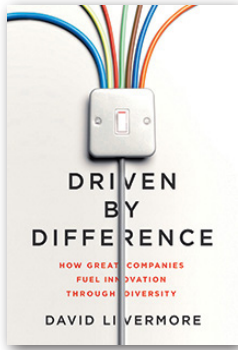
# Conclusion

Evan Sharp, co-founder of Pinterest, was one of the key leaders who spurred discussion about the lack of diversity in the tech industry. Sharp is personally committed to the societal benefits of making Silicon Valley more inclusive, but he knows it takes the business case behind diversity for his employees and peers to get on board. He pitched the power of diversity to other tech leaders using the creativity angle.

Too much agreement and similarity leads to groupthink—a death wish on creativity and innovation. You have to have people with different perspectives and approaches. But assembling and managing diverse teams is tough. The tension that ensues can paralyze teams and shut down innovation. But when leaders catalyze the power of diversity using CQ, it leads to all kinds of innovative opportunities. And that makes diversity so much more than just a nice-to-have.

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# Info



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**ABOUT THE AUTHOR** | David Livermore, PhD, has written ten books on global leadership and cultural intelligence including *Leading with Cultural Intelligence* and his newest release, *Driven by Difference*. He is president of the Cultural Intelligence Center in East Lansing, Michigan, a visiting scholar at Nanyang Business School in Singapore, and has worked with leaders in more than 100 countries.

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