

## Lessons from innovation's front lines: An interview with IDEO's CEO

**Tim Brown, whose company specializes in innovation, distills the lessons of his career.**

NOVEMBER 2008 • Lenny T. Mendonca and Hayagreeva Rao



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Many companies claim to be innovative, but few can claim innovation as their raison d'être. One such innovation machine is IDEO—a designer of products, services, and experiences ranging from Apple's first mass-market computer mouse to aspects of Prada's store in New York City to the patient-care delivery model at SSM DePaul Health Center, in St. Louis, Missouri.

IDEO's single-minded focus makes it an intriguing port of call for executives seeking insights on innovation. The company's deep experience collaborating with other businesses and with nonprofits and government agencies gives it valuable perspectives on what distinguishes winning from losing innovation efforts. Yet as CEO Tim Brown is quick to point out, what works at IDEO won't work everywhere.

Brown has worked at IDEO since its formation, in 1991, when three established design firms came together. He became CEO in 2000, after stints heading IDEO Europe and the company's San Francisco office. Over the years, Brown has stood for the development of ideas through action—observing customers, prototyping, testing, refining—rather than abstract thought.<sup>1</sup>

In this interview with McKinsey's Lenny Mendonca and Stanford professor Hayagreeva Rao at IDEO's offices in Palo Alto, California, Brown provides his perspective on innovation at IDEO and at other organizations. He focuses not on a philosophy of design but on the role of leadership in stimulating creativity, the barriers that sometimes inhibit it, and the incentives that really help to generate new ideas. He also discusses opportunities to innovate in public services and the promise of user-generated online content.

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**Tim Brown**

**Vital statistics**  
 Born June 24th, 1962, in Preston, England

Married, with two children

**Education**  
 Graduated with BA in industrial design in 1985 from University of Northumbria, Newcastle, UK

Earned MA in design in 1987 from Royal College of Art, London

**Career highlights**  
**IDEO (1987–present)**

- President and CEO (2000–present)
- Head of IDEO Europe (1995–2000)
- Head of IDEO San Francisco office (1992–95)
- Designer (1991–92)

**ID Two\*** (1987–91)

- Designer (1987–91)

\*ID Two was one of the three founding companies that merged to create IDEO in 1991

**Fast Facts**

- Serves on the board of trustees for California College of the Arts; member of the Advisory Council of Acumen Fund, a not-for-profit global venture fund focused on improving the lives of the poor
- Received honorary doctor of science degree from Art Center College of Design in Pasadena, California (2004), and in 2005 was named a visiting professor in design at University of Northumbria, Newcastle, UK

**The Quarterly:** You've written and spoken extensively about IDEO's design philosophy and its potential relevance for other companies. What lessons does IDEO, as an organization, hold for others?

**Tim Brown:** I always get a little nervous when we start talking about innovation. IDEO, and other organizations because there's something unique about us: all we do is try to have new ideas and get those ideas out into the world. We don't have to do anything else; we barely have to run a tiny little company. But because we don't have to focus on a bunch of other things, we can focus completely and utterly on experimentation, on exploring ideas for the sake of exploring them, and on bringing unlikely people together to work.

One of the things I've noticed is that if we spend too much time focusing on doing our projects on time and on budget—running our kind of business well—then the ideas we generate aren't as good. So we talk a lot about managing tensions. On one end of the spectrum is running a business well. On the other end is having the most creative culture you can. You've got to have both. And you can't just pick a spot on the spectrum. You've got to move around. It doesn't worry me to do that. But it drives some people completely crazy.

**The Quarterly:** Presumably, those tensions also exist in other organizations trying to innovate. What approaches can help resolve them?

**Tim Brown:** Even though companies want everyone to be thinking about innovation all the time, the reality is that everybody's got other roles to play. So innovation is not a continuous activity; it's a project-based activity. If you don't have a process for choosing projects, starting projects, doing projects, and ending projects, you will never get very good at innovation. Projects need some form—you call them something; you run them in a certain way; you fund them in a certain way. That sounds simple, but, actually, a good process for getting projects going and done is often not obvious to companies.

**The Quarterly:** What's the role of leadership in stimulating creativity and innovation?

**Tim Brown:** You really notice a difference in organizations where the senior leadership immerses itself in innovation. I don't mean that it runs projects. I don't mean that it does the innovation itself. But it immerses itself by, for example, playing an active role in reviewing the innovation that's going on at various levels in the organization in order to give people permission to take risks. Or by playing a really active role in deciding who gets to do innovation, making sure project leaders pick people who are naturally comfortable taking risks.

In some cases, leading innovation means standing up for ideas when they get to the point where they need to be sold throughout the organization. Most of the extinctions that happen in the innovation ecosystem happen inside the organization—long before the ideas get to market—not in the marketplace. The antibodies that organizations naturally have to fight new ideas win out. It's often the role of senior leadership to defend new ideas until they're actually out in the marketplace and able to stand up for themselves.

**The Quarterly:** What gets in the way of innovation?

**Tim Brown:** The biggest barrier is needing to know the answer before you get started. This often manifests itself as a desire to have proof that your idea is worthwhile before you actually start the project: "show me the business proof that this is going to be a good idea." You can understand this, of course, because it's an attempt to mitigate risk. But wanting to know whether you've got the right idea—or the assumption that you've got to have a business case—before beginning to explore something kills a lot of innovation.

Now, if you want to do some incremental innovation in a market, with products you understand well, then there's a reasonable argument that you should have a pretty good business case. But not if your ambition is "to create the next iPod." Steve Jobs didn't know what the business case was going to be for the iPod before he started.

The innovation process is a series of divergent and then convergent activities—a very simple concept, but one that a lot of leaders used to managing efficient processes in their businesses struggle with. By "divergence," I mean a willingness to explore things that seem far away from where you think your business is today. The discomfort that a lot of business leaders have with innovation is with divergence. They think that it's divergent forever and that they'll never be able to focus on something that makes business sense. I think that's where some business leaders, historically, have had a bit of a problem with their internal innovation units: the leaders have a sense that these units are endlessly divergent. If you understand that convergence follows divergence, and that it's really hard to converge without first diverging, maybe that's a bit comforting.

**The Quarterly:** What role do you see for user-generated online content—which often seems pretty divergent—in stimulating innovation?

**Tim Brown:** It's better to have a bigger ecosystem for innovation than a smaller one. You're going to get more ideas and increase the likelihood of better ideas. The more people, all other things being equal, the better for innovation. So there's definitely a role for user-generated content.

But it's really early. It feels to me a bit like 1985, when desktop publishing was new and these really awful laser-printed graphics were appearing everywhere. Over the next ten years, though, graphic design exploded because it was made accessible to many more people. I think the same will happen with media, film, and music. It also is going to start happening in other areas—such as product design, software widgets like iTunes applications, and video games—as people online get their hands on simple computer-aided design tools and other programming tools.

Right now, though, the level of facility that many users have in generating any kind of idea isn't that high. So I think a competitive issue for nations in the future will be the ability of the general populace to generate and develop ideas. It didn't really make much of a difference in the past, because you couldn't bring all those people to bear on innovation. But in the future, we will be able to do just that. Countries—the Scandinavian countries, for instance, that are investing huge amounts of money in education to make their general populace more creative—will find that this really pays off.

**The Quarterly:** Thus far, we haven't talked much about incentives. What's their role in creating a culture where innovation flourishes?

**Tim Brown:** I think organizations have a hugely unfair advantage when it comes to innovation and incentives: people want to put things out in the world to leave their mark; they want to be creative. I think it's a basic trait of human nature—if you give people the chance to do things that have an impact in the world, that is inherently motivating to them. Time and time again, I hear people say that putting something out in the world that didn't exist before was a life-changing experience.

This means that if you want to be an effective innovation organization, to motivate your people as innovators, you've got to be prepared to measure yourself by the impact you have on the world—not just your sales or your margins, which are important, of course.

Some occupations have a head start in being able to see the impact that they create. It's wonderful working with nurses and doctors, for example, because they have this inherent desire to have an impact on their patients. Anything that gets in the way—such as a lot of bureaucracy—frustrates them, but if you give them a chance to solve problems, they attack them fiercely.

In the end, all businesses exist to serve some kind of human purpose. If you can't somehow frame what you do in terms of having an impact on the world, I don't see how you can have a very effective business.

**The Quarterly:** If translating innovation into impact is critical to motivate people, how, in practical terms, do you do that—both organizationally and for individuals—in ways that matter to them?

**Tim Brown:** At IDEO, we try to do this on three levels. Everybody has a portfolio of all the things they do. We're now rolling out a software platform for knowledge sharing. Everybody has a page on that, which is basically their personal portfolio. One of the things in it is the impact of the work they've done—on their colleagues, on their teams, or on the outside world.

Then we've always encouraged project teams, at the end of a project, to share the impact they've had. They might make that impact through a new methodology or through the outcomes of the project itself.

On an organizational level, we're looking much more closely than we did ten years ago at the social impact of the work we do. We're attempting to measure how much of our work is in domains we care about, like sustainability, health care, and social-impact work—which we define as work intended to benefit the socially disadvantaged, whether in developed economies (on issues such as housing and education), or in developing economies (on issues such as "smallholder" agriculture, disease eradication, and access to health care services). We're trying to measure that so we can shift the balance a little bit toward socially oriented work.

**The Quarterly:** Why are you doing that?

**Tim Brown:** People want to work on things they believe in. I don't mean that every project we do is in the social-impact space, of course. But we get more pushback now than we ever did about whether a project is something that people want to work on.

**The Quarterly:** What are the social issues where you think innovation can really make a difference?

**Tim Brown:** One area that I'm quite excited about is improving the lamentable quality of public services that most people experience—particularly here in the US, but I think in many other countries as well. Education. Health care. The way you interact with government. Conventional for-profit service companies don't necessarily give enough attention to innovation, but they're doing great compared with government service organizations.

How, for example, do we facilitate the early education of kids by providing support services for teachers that would allow them to communicate with parents more effectively? How do we make it a better experience for somebody to go through security at an airport? If we can facilitate the overall travel experience, they can go through security in a way that's less tense, and maybe then we can spot the people who really are tense and dangerous. There's a million and one different things you could point to where human-centered design and innovation could make a difference.

One of the things I'm excited about is that there seem to be new coalitions emerging to actually tackle some of these problems. Foundations and corporations are playing roles that they weren't playing before in public services. I think there's an opportunity both to improve the life experience of many, many people and to create quite a lot of economic benefit. If we don't somehow fundamentally change the way health care gets delivered, for example—at least in the developed world and arguably also in the developing world—we won't be able to afford it. The opportunity to help fix a lot of those problems, that's the stuff that excites me.

**About the Authors**  
 Lenny Mendonca is a director in McKinsey's San Francisco office; Hayagreeva Rao is a professor of organizational behavior in the Stanford Graduate School of Business.

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**Notes**  
<sup>1</sup> Underlying this design, "design thinking," is a focus on understanding and satisfying human needs—and IDEO call "human-centered design." See Tim Brown, "Design thinking," *Harvard Business Review*, 2008, Volume 86, Number 6, pp. 84–92.

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