

Innovative Leadership Style for Industrial Companies

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Abstract

Innovation is a very important subject for industrial companies especially in a competitive environment. As there is a lack of innovation in combination with leadership style, this paper focuses on combining these factors as inputs for leaders of tomorrow for industrial companies. Nowadays, leaders are looking for a new kind of leadership style which drives innovation in the company. Therefore, the theoretic perspective is being considered with the basic leadership styles as well as with the input of some international successful leaders of innovative companies. Furthermore, the trends of a practical orientation of a specific industrial sector serve as findings and tips for successful innovative leadership. Finally, leaders of tomorrow will adopt some solution strategies as part of their leadership styles in innovative companies. This will help to enhance the innovative power in their industrial companies.

Keywords: Innovation, Leadership style, Industrial sector, Spirit.

1. Introduction

The topic of leadership is becoming more and more important. After decades of different leadership styles, the question raised is if there is a connection between leadership style and innovation. In this paper, the definition of leadership will be explained at the beginning. In the main part, the aspect of innovation and its criteria are being defined. Also, an excerpt from a qualitative survey with the manager of an industrial sector according to innovative leadership would be studied. Finally, the summary will close with the most important findings.

Leadership Styles

A leadership style is used to support leadership as a management function. In summary, some styles, which are considered to be frequently used, are described in the examples below.

The Theory Z

It is based on a comparison by Ouchi (1981) of the leadership in American and Japanese companies. The result proved that successful American and Japanese companies are the most successful. Companies come very close in their management style to Japanese companies. Type Z companies are characterized by an established and homogeneous corporate culture. Building on this, Ouchi proposes a 13-stage (organizational) development model for a Type Z organization for the less successful American companies. In doing so, it aims to redirect attention to human relationships in the entire organizational community.

The 7F-Model

The leadership style developed by McKinsey (Pascale & Athos, 1981) points to the need to optimally use and coordinate the following 7Fs in order to achieve corporate goals; leadership strategy, leadership skills, leadership system, leadership style, leadership structure, leadership goals/concepts, as well as the target and value system of the executives. There is no generally binding solution. Rather, each company must develop its own 7F profile which is "optimal" only for it.

Strategic Position of Success

The leadership style developed by Pümpin (1982) emphasizes the need to coordinate strategy, culture, and leadership systems (misfit analysis). A strong position is a prerequisite, consciously created in an enterprise through the acquisition of skills, which should enable it to achieve above-average results in comparison to its competitors. It must not be easily copied by the competition and must be based on prerequisites that are highly promising for the future (strategic basic attitude). In order to secure their long-term success, all leadership-relevant systems must be geared to the expansion of the strategic success position; power centres, employee development, reporting, strategies, planning, disposition, organization, leadership style, management deployment, and working methods.

2. Main Part

2.1 Industrial Companies of Innovation

When an industrial enterprise is described as innovative or non-innovative, a challenging distinction in the literature arises. The definition of the innovation criteria was chosen.

2.3 Evaluation of Innovation Criteria

The evaluation of the innovation projects is carried out according to points in the individual criterion. It is then compared with a minimum number of points in each case. The evaluation in the individual criterion is based on the following topics and examples of positive (+) and negative (-) aspects for the evaluation.

Corporate Strategies and Innovation Potentials

The evaluation will focus on which core competencies and traditional business areas exist in the company. It would also show how these relate to the corporate goals and strategies or innovation potentials identified by the innovation project.

- + Comprehensible strategy, objectives achievable in terms of quality and scope
- + Central importance of the innovation project for the corporate strategy
- Existing business segments that are barely consolidated in terms of market success
- Low positive impact on employment and value added at the site

Organizational Structure and Project Management

The existing organizational structures in the company or corporate environment and their compatibility with the requirements arising from the handling of the innovation project were evaluated.

- + Sustainable integration of relevant organizational areas into the innovation project
- + Access to necessary resources and competencies internally and externally
- Lack of clarity or low level of detail in project planning
- Functional overload of the innovation assistant

Market Expectation and Project Exploitation

The assessment includes the needs of the end customer, the assessment of the current market situation (e.g., competition, other technologies), and the measures taken to reach the customer (marketing, sales, product service mix, etc.).

- + Evidence of market expectation or market access
- + Early considerations for (improved) operative implementation on the market
- Rough derivation of general market conditions for situations in niche markets
- Missing survey of the customer's point of view

Type of Innovation and Level of Innovation

The novelty content of the project results in relation to existing products, processes or structures, and the innovative step achieved with the project are evaluated.

- + Significant expansion of core competencies, integration of external knowledge
- + Substantial investment in operation-specific innovations with a clear reference to the latest technologies
- Low direct relevance to market success
- Excessive risk compared to competence base

Project and Innovation Management

The project evaluates the extent to which innovation-relevant factors such as the ability to cooperate, internal innovation management, research and development, or the use of funding instruments, are strengthened in comparison to previous practices.

- + Need for external consulting to increase the propensity to innovate
- + Employment of university or university of applied sciences specialists not yet a matter of course (low proportion of academics)
- Low backlog demand, comprehensive experience in dealing with innovations
- Short-term innovative effort in terms of time and content

2.4 Innovative Leadership

As a beginning innovative leadership style which already exists in literature, the style of successful entrepreneurs like Richard Branson or Steve Jobs can be used. This hardly contains a model. It has more experiences from their innovative enterprises which concerns the high-level personnel. However, these are not produced in relation to industrial companies which suggest that they have not yet been literarily edited.

2.4.1 Not everyone is eligible to be CEO

A manager needs someone who "brings the best to people," someone who communicates well with others, and helps an employee learn from a mistake instead of criticizing them for it.

Not everyone does this, and that is okay. The founder may, but does not have to be the CEO; if the fit is not right, he or she should know when the role is meant for someone else.

2.4.2 Be a leader, not a boss

Branson sees the classic image of the "boss" as an anachronism. 'Heroic is not a desirable characteristic in a manager,' he says. A boss give orders, while a leader organizes.

"Perhaps, therefore, it is strange that if there is any one phrase that is guaranteed to get me on the way, it is when someone says to me: 'Okay, fine. You're the boss!'" says Branson. "What annoys me is that in 90 percent of the cases, what this person really wants to say is: 'Okay, then, I don't think I agree with you, but I'll roll over and do it because you tell me to. But if it doesn't work out I will be the first to remind you that it's not my idea.'"

Therefore, a good innovative business leader is someone who, not only has to execute his own ideas, but also inspires others to come forward with their own ideas.

2.4.3 Innovative Leadership at the Company Apple

Steve Jobs left Apple in great shape. His position as CEO left the chairman position vacant, but left an innovation leadership legacy that is transformative to maintain. There is no leader in this day and age who is more innovative, has broken more rules, and has invented more things that have changed the world.

He described an employee who was part of the team that started the Macintosh computer. He was active in business strategy, strategic planning, and managed global business markets. In addition, industries such as medicine were his passion and focus.

These were described as exciting times, and he has sparked a revolution in computers, information, and culture.

Each leader needs to think in a positive way

A leader's first big vision is to sell to his employees. If they do not get it, then the customers will not. This seems obvious, but too many leaders today have the right finances or seniority or even board support, but they do not embody this lesson. Steve invented it.

Days before the Mac, they sent to take pictures of a Swiss army knife, challenging that Mac was something else; not just a computer, but a lifestyle device. Steve asked them to think about the Mac as more than a technology - it was an innovation in culture, lifestyle, and learning.

Think differently to differentiate your company or product

Steve was focused on innovative marketing, product features, design, and packaging. He knew thinking differently was the key to Apple's differentiation from other companies.

When they launched the Mac to the media and analysts, they wanted a Mac in every room, without a manual. Other computers, like IBM, came up with huge manuals on how to operate it. When the analysts came into their rooms, they expected to touch the computer. The Mac would turn on and hear

them from the computer, saying "hello." Thus, this blew their mind. Steve was of the opinion that the minds of people blew with innovative ideas.

Take smart risks, fast downtime and don't give up

People forget that Apple tried and failed at many things before success. They learned more from their mistakes than successes. Edison's light bulb took 40,000 mistakes to make it right. Before the Mac computer, the Lisa failed. Apple had a run on one of an early iPad called Newton but did not work. Therefore, taking risks and persevering is of significant importance.

Enjoy the Journey

Everyone on planet earth is here for a limited time. Therefore, it is important to make it count. Steve would have reminded us all to enjoy the trip. Or would he not? He urged them all to make a commitment to achieve something big, relevant, and meaningful. These lessons are as true today as they were in 1984.

Invest in the Future

This is a great opportunity. Since it is sustainable, this is what life is all about and it also applies to business. To develop new inventions, they must be willing to take risks, make mistakes, and have big ideas most importantly.

Sell your big idea. Your innovation is what every leader needs. Steve was a fearless leader who made a lot of inventions: Mac, iPod, iPad, iTunes, Apple TV, the mouse etc., and a software interface, all invented within 20 years.

3 Practical Orientation of Industrial Companies for Innovative Leadership

For the empirical survey, industrial enterprises, which are business partners in a sector of the coatings industry, were examined. This industry was chosen as the survey group because the market is dynamic. There is no existence of the market without innovations.

Selected executives, working in the innovation sector in this segment, were interviewed.

3.1 Cross-sectional Analysis

Within the cross-sectional analysis, it is centrally evident that all the industrial companies surveyed recognise a lack of a model of innovative leadership style. All companies want to drive the innovation process, but are hardly able to carry it out with the existing managers. This is because these requirements are not set. It is also the reason why there is always the mood to implement a leadership style in the innovation area by chance that is neither

measurable nor comprehensible. The result is that the key positions of the innovative leader are based on personal relationships with business partners, and can therefore be transferred or continued to a limited extent.

For this reason, there are recommendations for action that these companies can implement at the management level in the area of innovation.

This empirical survey did not find any connection between corporate success and innovative leadership style. None of the managers, who deal with and drive innovations daily, mentioned statements about their leadership style or interrelationships.

Based on the empirical surveys as shown below, three points were considered important in summary. In addition, managers can adopt recommendations for action in the innovative field.

3.1.1 Positioning of the Innovative Company on the Market

Due to the high competition in the industry, it is recommended to focus on the values of the respective company and to position them externally - towards the customer (*What do we stand for?*).

Furthermore, niche products can be included in the product range or anchored and transported (*What makes us special?*).

To become visible to the customer means to implement the innovation and make it visible. Managers in the innovation sector are responsible for this and at the same time overburdened with this expectation.

3.1.2 Communication and Infrastructure

Continuous availability of the contact person of the innovative manager as "single point of contact" or competent representation (information to the customer in advance) is recommended as a success factor for innovative industrial companies. It also includes making the order status accessible to customers. Thus, this allows the customer to participate in the innovation process of the company, as well as mediating via concrete and tailor-made communication instruments from the innovative executive.

3.1.3 Relationship Management

The personal business partner relationship is still essential for the respondents. Without this factor, an innovative leader will not be able to drive the innovation process forward.

Therefore, intensive relationship support, highlighting the company's experience, especially about the innovative area, up to the customer as well as queries, what works well, improvement suggestions, and wishes to the customer are of significant importance.

3.2 Summary of Practical Orientation

In summary, it can be emphasized that in practice, there is a lack of orientation of leadership styles in innovative industrial companies. These executives are expected to have high expectations which are not clearly defined. Therefore, the leadership style is unclear. Regardless of internationality or orientation, the personal business partnership is the critical success factor to drive the innovation process. Numerous quantitative key figures and reports play an important function in the innovation process.

4 Conclusion

If theoretical findings are considered together with practical results, then there are some approaches in the literature that suggest innovative leadership styles. The innovation process is often described. Innovation has become an increasingly essential topic in the industrial landscape - not only for companies, but for the entire business process chain.

Leadership styles have been highlighted in different ways for several decades, but not with a focus on innovation. What makes an innovative manager special, and how this positively affects the company, is hardly found in literature. The renowned Richard Branson describes it in his book "Like a Virgin: Secrets, they don't teach you at business school". In his approach, he stated that someone who runs a highly innovative company should not be a boss of the old school. Rather, he should be a leader who brings the best into the company and drives the innovation processes. The key to the success of the innovation company is a manager who does not delegate his own topics, but also develops the ideas of others - the employees or business partners - in the field of innovation and ensures their implementation and success.

Together with the outcome of the practical orientation, the personality of the manager is the most crucial factor of the innovation degree in the leadership perspective.

The innovative leader of the successful company, Steve Jobs, was also highlighted in a summary, that the spirit of leadership is decisive for the degree of innovation in the company.

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