

Tearing down the façades of radical innovation

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ABSTRACT

Managers construct organizational façades that mislead external stakeholders, organizational members, auditors, researchers, other managers, and even themselves (Nystrom & Starbuck, 1984). Very little empirical research has been conducted on how managers build these façades since Nystrom & Starbuck's first influential article. This paper reports on the creation of an organization innovation façade from the day of initial crafting to its final collapse. The paper proposes a theoretical model of façade-crafting in large organizations, and its unsuspected role in fostering radical innovation, radical change and transformative action.

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1. Introduction

What defines “radicality”? At what point in time is an innovation considered as radical? The adjective expresses the act of departing from the root or the source of an accepted practice or convention to permanently substitute it with a new archetype of this practice, i.e. a “new root” (Nelson & Winter, 1982; Tushman & Romanelli, 1985; Henderson & Clark, 1990; etc.). In this perspective, a radical innovation is one that departs from its embedded origins, which can be encapsulated into widely shared axioms and principles, but also in conventional understanding of what a technology is supposed to achieve, and how it supposed to achieve it. A “radical innovation” is hence considered as the conceptualization of a method, approach or system that re-defines the very root on how the concerned human activity was conventionally conducted; to such an extent that this occasional root may be abandoned (Mansfield, 1968).

Convincing customers, stakeholders, markets and investors that a firm is on the edge of a “radical innovation” plays a major role in establishing a reputation for progressive thinking, industry leadership, and generating the overall affluence of an organization (Abrahamson, 1996). Hence, contemporary organizations have a keen interest in developing an “image” of radical innovators when it comes to the public appreciation of their product development. Silicon Valley, that has turned product announcements into entertainment events, may well be an exemplar of such a strategy. These pre-emptive announcements, however, do not always match reality when the products actually reach the market; sometimes to an extent that could, retrospectively, lead to qualify these announcements as “façades”.

Organizational façades (Nystrom & Starbuck, 1984) are organizational false fronts that “enable managers to justify actions, to acquire resources, and to gain discretion” (...) “by creating the appearance of competence”. As they noted, following Thompson (1967), “when confronted by ambiguities, managers and stakeholders tend to shift their criteria of effectiveness away from internal efficiency and toward external legitimacy” (Nystrom & Starbuck, 1984).

In this paper, we explore an alternative perspective of “façades” as an organizational practice that plays a key role in triggering, fostering and enforcing radical innovation. The proposition we will defend is that façades are used as parables for innovations, as well as strong shields that allow radical innovations to become accepted in organizations, and, in consequence, gaining a few vital months or years to be transformed into a sound reality. We will suggest that “façades” may be accelerators and stabilizers of innovation, i.e. building strongholds for archetypes not yet born, not yet mature, or even, not yet existing.

We understand “façades” as archetypes that trigger customers' attention, set a perception for what an organization or a product is expected to deliver. When façades eventually become substitutes for a thorough appraisal of an organization or its products, it may become a powerful force for shaping industry and customer expectations. For example, the consumption of music in parts, through its digitalization, represented a radical deviation from its largely assumed and conventional production and distribution model, i.e. by regrouping the works of artists in “albums”. The collection of recordings into albums was an innovation following the footsteps of Emile Berliner's gramophone (1889), which initially aimed at reproducing live musical performances, known as “program transcriptions” until the early 1930s. Their playing times, however, in spite of the label “long recordings”, were rather short, with a “peak” of 15 min length achieved in the late 1940s. The

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enforced categorization of music listening into albums came much later, as the result of both technological improvements in material and pressing techniques and risk mitigation of the then emerging recording industry. Firms tried to secure their property-based resources in the form of long-term and exclusive contracts with artists, while mitigating the risk of uncertainty concerning individual song performances by grouping artists' production into albums. This business model, also at the root of the movie industry (Miller & Shamsie, 1996), evolved into a *modus operandi* of consumption that clearly deviated from its endogenous roots (live performance, short recordings, single performances).

It is, however, unclear if the resulting organization of the industry practice followed a clear path, or if the deviation from accepted practice was an unexpected turn of events that happened to display better efficiency, stronger public demand and a better "fit" to the evolving production technology (i.e. records). Essentially, radicality can be understood as a *deviation* from an original path, or as a rapid or *unexpected* change in the archetypal configuration of a practice or a product. However, in both instances, the question remains how to identify the archetype, or the root, if it ever existed, from which a radical change is taking place. For Greenwood and Hinnings (1993), an archetype is an overall pattern that encompasses ideas, beliefs and values acting as an interpretive scheme "that underpin and are embodied in organizational structures and systems" (p. 1052). Departing from an archetype involves, in this perspective, breaking the "frame" (Nadler & Tushman, 1989). The question is to determine how a frame emerges, stabilizes and installs itself upon an organization, an industry or a society to the extent of being taken for granted? Fig. 1 illustrates this common view of radical innovation perceived as a deviation from a widely shared practice or belief system in society. In this perspective, radicality is understood as a conflict between a slow adoption process and a "de-adoption" of previously adopted or learned practices (see Fig. 1).

This view on radical innovation is problematic as it fails to explain why a particular practice becomes dominant over time, while others fade away in the realm of artifacts and lost memories. It also fails to explain why there are "plateaus" of stability in the life of innovations that can sometimes resist a tremendous amount of time before collapsing. In the music industry, all historical formats (33 rpm LPs, cassettes, CD, mp3) had long and peaceful "plateaus" of longevity before giving up in favor of new archetypes (Liebowitz, 2008). The interest here is in how such frames become stable and powerful and why it is that some firms are better able to move to new archetypes, or reversely, to make customers believe that they belong to a different frame.

Both changes may require façades to be built to enable change, on both sides: at the customers' perception level, and at the technological embodiments that suggest a change of frame. Stabilization of a "frame" would be a process of mitigating the strength of "breaking the frame" on the technology and business model side, while finding the adequate anchors that powerfully suggest a different framing in customer's behavior. Apple comes to mind for simultaneously deviating from traditional usages of a personal computer (both at the introduction in 1984 with an Aldous Huxley's inspired launch campaign, and later, by

introducing tablets and touch screens), and enticing shared belief in customers' perception of a departure from an outdated archetype. What is yet to be understood, however, is what part façade crafting plays in building stable frames from new roots.

2. Unveiling the concept: façades, images and their enactment

Façades are commonly defined as "the front part of anything; often used figuratively, with implications of an imposing appearance concealing something inferior" (Nystrom & Starbuck, 1984: 1, quoting the Webster's dictionary). In architecture, façades have a double function: they protect buildings from external and unwanted scrutiny and they display a message advertising its social status, its function, and its owners or occupants. In construction history, the rapid growth of urbanization in the 19th and 20th centuries led builders to make a distinction between the overall rise of the main infrastructure and the ex-post crafting of façades, eventually erected as a completion phase for the main infrastructure. In the late 20th century, façade restoration and separation has become a distinct competency, as many "re-constructions" of modern buildings consist of inserting a new modern infrastructure behind an existing historical façade.

The meaning of "façade" as a figurative comment draws from the exaggerated attention given to the status function of façades, while internal construction was driven to more standardized techniques and cheaper materials. In an organizational context, façades may be as much individual as organizational.

Organizational façades are sets of expectations that are projected to insiders and outsiders of an organization. Organizational façades occur when a façade agent, either singularly or in collaboration with others, deliberately and consciously sets out to establish a misleading perception of his or her organization's performance. Unintentional misrepresentations, in contrast, are not deliberately or consciously produced but are manifested as side effects, accidents, secondary effects, or unanticipated consequences of action.

This original perspective on organizational façades fits Pfeffer and Salancik's (1978) resource-dependency theory: "The effectiveness of an organization is a socio-political question" (p. 11). Although they did not specifically introduce the concept of a "façade", Pfeffer & Salancik described its main mechanism: "To forestall a loss of autonomy and to remove some of the contextual constraints on behavior, the focal organization may take actions to reduce the probability of being subject to successful enforcement of external demands" (p. 96). However, "façades" are depicted there more as blocking screens than as sophisticated mystifications: "Organizations may purposefully manipulate the illusion of satisfaction to avoid the open expression of some demands" (p. 98). Many of the techniques described by the authors involve secrecy or the restriction of information. Façades in early literature are rarely seen as having positive outcomes. They are either seen as "automatic buffers", or organizational slack, displayed between a principal and an agent, or smoke screens that are not related to the creativity of an organization.

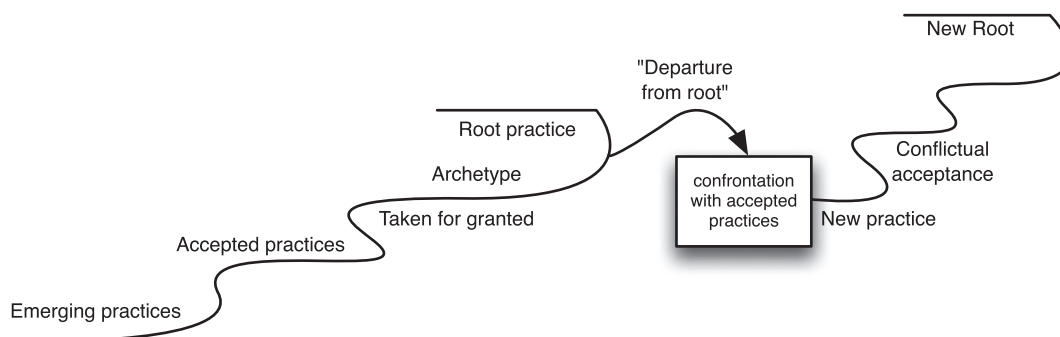


Fig. 1. A common view of the cyclic renewal of "root" practices. (Inspired by Nelson & Winter, 1982; Tushman & Romanelli, 1985; Henderson & Clark, 1990).

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