

How to Embed Innovative Spirit into University Organizations

:Lessons from Dr. Drucker s Theory of Innovation

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Distinguished Guests:

I would first like to express my sincere thanks for the honor of this important lecture. I am deeply grateful to the members of the Peter Drucker Society in Korea for providing this opportunity, and I hope that I will be able to deliver a lecture that is worthy of today s gathering.

I am a professor at Ritsumeikan University, a private university in Japan. However, for a relatively long while, I also took part in university management in my capacity as Ritsumeikan s Vice-Chancellor. During that time, I participated in various innovations of university management.

Probably the most significant was the establishment of Ritsumeikan Asia Pacific University, or APU, in Beppu City on the island of Kyushu,Japan. This is the first genuine international institution in Japan, which I believe is now well-known even here in Korea.

APU opened in April of 2000, and I served as its first President, for a term of four years, until March of 2004.

At present, it has about 2000 foreign students coming from over 70 countries and regions all over the world. And now, there are about 500 students from Korea at APU, comprising the largest group among the foreign students.

The community of educational and corporate persons in Korea, has made many valuable contributions to the establishment of APU and its continued development. Therefore I would like to start out by expressing my sincere gratitude, as a former president of APU, to the people of Korea.

Now, my purpose here today is to tell you about Dr. Drucker. I feel a great sense of humility to be given the honor of speaking with regards to the tremendous presence of Dr. Drucker. I can only hope that my remarks will do him justice.

Today I am going to cover a small part of what I learned from Dr. Drucker s

lessons during my own modest experience with university management, which I have just mentioned.

I hope that you may find my experience useful for your future reference.

1 . Meeting with Dr. Peter Drucker

As you know, Dr. Peter Drucker regrettably passed away on November 11th, 2005, at the age of 95, after enjoying worldwide renown for over half a century for his work in business, economic and social science, and as a business advisor.

First of all, let us solemnly honor his passing and pray for the peaceful repose of his soul.

Like most of you, I have learned many things from the numerous articles and books written by Dr. Drucker over the years. In addition to that, I personally have enjoyed the unique benefit of Dr. Drucker s impassioned support for Ritsumeikan Asia Pacific University.

Therefore, at this point I would like to touch briefly on the ways in which Dr. Drucker has supported our efforts at APU.

I have learned much from Dr. Drucker through many years of studying his writings. But until 1997 I never imagined that I would have the chance to directly meet with him and to ask his assistance.

The circumstances for my meeting with Dr. Drucker unfolded in 1997, when I hit upon the idea of asking Dr. Drucker for his assistance in the establishment of APU as a genuine international university, which was my responsibility at that time.

I spoke of this plan to Mr. Atsuo Ueda, who was then the Executive Director of the Public Relations Center for Keidanren (the Federation of Economic Organizations) in Japan, and who is a prominent researcher and translator of Dr. Drucker s works (probably almost all works). Immediately after our consultation, Mr. Ueda contacted Dr. Drucker and informed him of our plans to establish APU, and in February 1998 I had the pleasure of visiting Dr. Drucker at his home in Claremont, California.

After he had heard the essentials of our idea and the preparations we were making for the international university at APU, Dr. Drucker said “I think this new university is an excellent idea.” He rapidly fired off a variety of questions and opinions about our plans. Then, he composed the following message for APU:

“What Ritsumeikan Asia Pacific University is going to do, that is, to integrate the Asia-Pacific region through advanced education, is the most important task in the

world economy and world society. It promises to provide the region with the human foundation for its economic success.”

When we parted, Dr. Drucker said to me, “Since I am an old man now, and I won’t be able to travel to Japan to help you directly over there, I at least want to support Ritsumeikan APU with this message. Please use it in whatever way is useful to you.”

As it happened, we made unreserved use of this quote from Dr. Drucker in order to rapidly establish our new university as an internationally recognized institution. Today, as APU is steadily advancing its mission as the first genuinely international university in Japan, we feel a renewed sense of gratitude to Dr. Drucker for his generosity and goodwill.

2 . Encounter with Dr. Drucker through His Published Works

: Discovering Innovation and Entrepreneurship (1985)

Returning to the story of my familiarity with Dr. Drucker on the academic level through his published works, I can broadly identify three major encounters with works which have affected me personally.

The first was The New Society: the Anatomy of Industrial Order (1950) and The Practice of Management (1954).

The second was The Age of Discontinuity (1969).

And the third was Innovation and Entrepreneurship (1985).

Each of these works had a deep impact on my research process at the time that I encountered them, and each one holds meaning for me. However, there is not enough time today to go over all three of them in detail. Therefore today I will limit my discussion to the third work, Innovation and Entrepreneurship.

My encounter with Innovation and Entrepreneurship, which was published in 1985, coincided with the period just after I had returned from studying in the United States. At that time I had an interest in studying trends among America’s big businesses, and in particular I was beginning to research the management strategies of individual big businesses such as Ford, IBM and GE. Thus, the arrival of this important work, in which Drucker’s Innovation theory was concretely and systematically developed, was a matter of great interest for me in my research.

However, as time passed, this book held value for me, not only in my research, but also in dealing with the practical issues I faced as a university administrator.

In 1988, I took the title of Director of Academic Affairs for Ritsumeikan University. From that time until to spring of 2004, I have been involved with the operational management of the university through various posts such as the Vice Chancellor of the Ritsumeikan Trust and President of Ritsumeikan Asia Pacific University. Throughout this time, my mission has consistently been that of “university reform” and “university innovation”. Thus inevitably, Dr. Drucker s theory of innovation has become more meaningful to me than any of his other works.

Beginning with “The Seven Sources for Innovative Opportunity,” the concepts expressed in this book have been esteemed by many for their unprecedented approach to the practical applications of innovation. This book has become one of the most admired among Dr. Drucker s numerous publications.

In education, research, and a variety of other areas I have found applications for the ideas found in this book. However, the section that had the greatest influence on me was Chapter 14, “Entrepreneurship in the Service Institution.”

In general, there is a widely accepted belief that the rules of corporate management are “not applicable” to the management of public-service institutions such as government agencies, schools, and charitable organizations. This assumption has been used as a rationale for resisting attempts at direct reform of the status quo. In the past 20 years, the movement toward “privatization” of public-service institutions has come a long way, and yet this old assumption remains deeply rooted. More than anything else, members of public-service institutions still cling to the dogma of “We are different from corporations. We cannot adopt corporate-style innovations.” In the world of education, even privately administered schools and universities, do not differ on this point.

This attitude was very strong 20 years ago when I first became involved in university management, as compared to the situation today. Without a change in this fundamental attitude, it was impossible to advance any significant systemic or organizational reform.

Working within the circumstances of that time, I took courage from Dr. Drucker s innovation treatise, particularly the chapter on “Entrepreneurship in the Service Institution”, which stated “Public-service institutions need to be entrepreneurial and innovative fully as much as any business does. Indeed, they may need it more.”

Futhermore, Dr. Drucker writes: “Public-service institutions find it far more

difficult to innovate than even the most bureaucratic company,” because “the existing seems to be even more of an obstacle.”

3. Embedding Innovative Spirit in University Organizations

: Lessons from Actual Endeavors in Innovation

Over the course of my involvement in Ritsumeikan University's business management, I was blessed with the opportunity to witness many innovations, including the aforementioned establishment of APU. By chance, it so happened that I was able to encounter the very sort of innovation that Dr. Drucker describes as “difficult,” that is, innovation in university as the public-service institution.

Through this experience, I feel that I have gained a special understanding of the difficulty of embedding innovative spirit into a university organization, and of what is needed to make innovation succeed actually. I would like to conclude with my thoughts on this area.

(1) Large Initiative Proposals Require a Top-Down Approach

First, when it comes to large tasks that involve major changes to current conditions, in short, innovation, ultimately the responsibility rests with the “top” of the organization, and proposals must be made in a top-down manner. It can be said that this defines the key responsibility of the organization's leadership.

Certainly, APU could not have been established without bold proposals from the university management.

The innovations with which I was involved, have now become highly regarded both within the Ritsumeikan and in wider society.

However, each one of them, at the time it was proposed, met with surprise and trepidation in the various organizational meetings, and each received a certain degree of dissent.

Of course, APU plan was no exception. In APU's case, because the concept so dramatically challenged the commonly held ideas of the time, there was widespread surprise and anxiety regarding the potential outcome.

The basis for this reaction sprung from the fact that the project represented such a broad change to the situation at that time. Thus the initial challenge for experiments in innovation is to overcome this kind of anxiety and dissent.

However, the efforts made at this early stage, have great meaning for the development of innovations later on. This goes beyond the simple need to overcome

opposition in order to further advance the project.

This is because the very process of overcoming anxiety and opposition provides the greatest opportunity for assimilating innovative ideas into the workplace in a bottom-up manner. Then, by successfully combining features of both top-down and bottom-up initiatives, the project can continue to draw on the innovative energies of all the organization's members to achieve its goals.

In organization management, we often find comparisons of top-down versus bottom-up methodology. However, in practice, the more innovative character a project has, the more inevitable top-down management becomes. The challenge then is how to effectively incorporate bottom-up initiatives into the process.

The bottom-up strategy has meaning for projects that involve the improvement of existing practices, but it is extremely rare for a large-scale idea to emerge from a bottom-up initiative. We must accept this limitation as part of the reality of organizational management. However, it is an extremely important element in making the best use of top-down initiatives, as I have just mentioned.

(2) To Attempt a Large Initiative, You Need a "Great Cause"

What is most important in overcoming opposition to large top-down innovative initiatives?

In such cases, I have learned from experience that the most significant element in innovation is the existence of a so-called "Great Cause." It is no overstatement to say that the fate of any innovation is determined by how effectively one can convince organization members to believe in its "Great Cause." The more conspicuous a project's innovative characteristics are, the more important is the role that "Great Cause" plays. This is the second point that I have learned from my experiences in innovation.

But what is the secret to innovative "Great Cause", anyway?

In short, the most important measure is how clearly the project embodies the total vision of the particular organization for future.

In terms of Ritsumeikan University, APU was proposed as a large-scale endeavor to address the issue of Ritsumeikan's future place in the 21st Century in light of the great strides made by globalization, and it was discussed by all members of the university, students included, as a primary factor in defining, both qualitatively and quantitatively, life at Ritsumeikan in the 21st century.

However, if it is possible for an innovation's "Great Cause" to be promoted as something that transcends the individual interests of the organization, then nothing can surpass it.

I experienced the truth of this during the effort to establish APU.

When we proposed the idea of APU, those of us who were involved were careful not to simply place the project within the narrow scope of Ritsumeikan's development, but rather we emphasized its larger meaning for society in general, that is, contribution for society.

In concrete terms, this project reflected the historic prospect of the "the Asia Pacific age" as a vision for the future of global society in the 21st Century, and APU was defined as a center for international human resource development within the Asia Pacific region, in view of Japan's capacity for contributing to global development. Further, at the same time, our plan appealed for the internationalization of Japan's universities, which from a global point of view remained conspicuously outdated, and a dramatic breakthrough in the conditions of foreign student matriculation to Japanese universities.

This "Great Cause" of APU played an outstanding role in expanding support for our so-called "impossible" project, not only within the domestic society, but throughout the international community. Particularly within Japan, despite its continued struggle to emerge from economic recession, we have received broad support from the corporate sector, both individually and organizationally. On the international level, APU has generated high hopes as an approach to the growing demand for human resource development in the emerging Asia Pacific region.

These expectations from domestic and international society are of course reflected by the people within APU itself, and they have played an important role in drawing out and strengthening the efforts of our organization members.

(3) Successive Achievements Generate New Energy

The third lesson I took away from my experiences with innovation is that a growing sense of achievement among organization members is of critical importance in the continuation of any innovative program, and therefore, obvious though this may sound, the initial innovation must achieve its goals.

In human nature, the experience of successfully completing a venture has tremendous meaning. That experience spawns the confidence, energy and willpower

needed to face the next challenge. Therefore, the continuous accumulation of achievements is a decisive factor in embedding innovative spirit in an organization.

On the other hand, if the chain of successes is broken, there can be no doubt of the tremendous damage done to the innovative spirit of the organization. Therefore it is impossible to overemphasize the importance of ensuring that innovations, once initiated, are carried to their conclusions successfully.

(4) Innovation Must Be Continuous

In view of the experiences I have described, it is clear that the most important factor for embedding innovative spirit in a university organization is the uninterrupted continuation of innovative projects. This is the simple but greatest lesson I have taken away from my experiences.

There are some who will suggest that if an innovative spirit has taken root, surely then new innovations will naturally develop as a matter of course. Of course, such a phenomenon may be possible. Further, such expectation is what makes the establishment of innovative spirit such an important challenge.

However, in reality, the matter is not so simple. Each innovation requires the organization's collective effort to be proposed, debated, and brought to realization.

There is a reciprocal relationship between innovation itself and the strengthening of innovative spirit in an organization. However, unless the organization endeavors to pursue innovation for the sake of innovation itself, it will never happen. The main responsibility for this lies with the leadership of the organization. Without the efforts of the top leadership, innovation cannot be sustained.

This is the most significant lesson that I have gained from my practical experience.

This concludes my remarks today. There is nothing that could make me happier than this opportunity to speak to you from my experiences in gratitude to the memory of Dr. Drucker

Thank you for your listening.