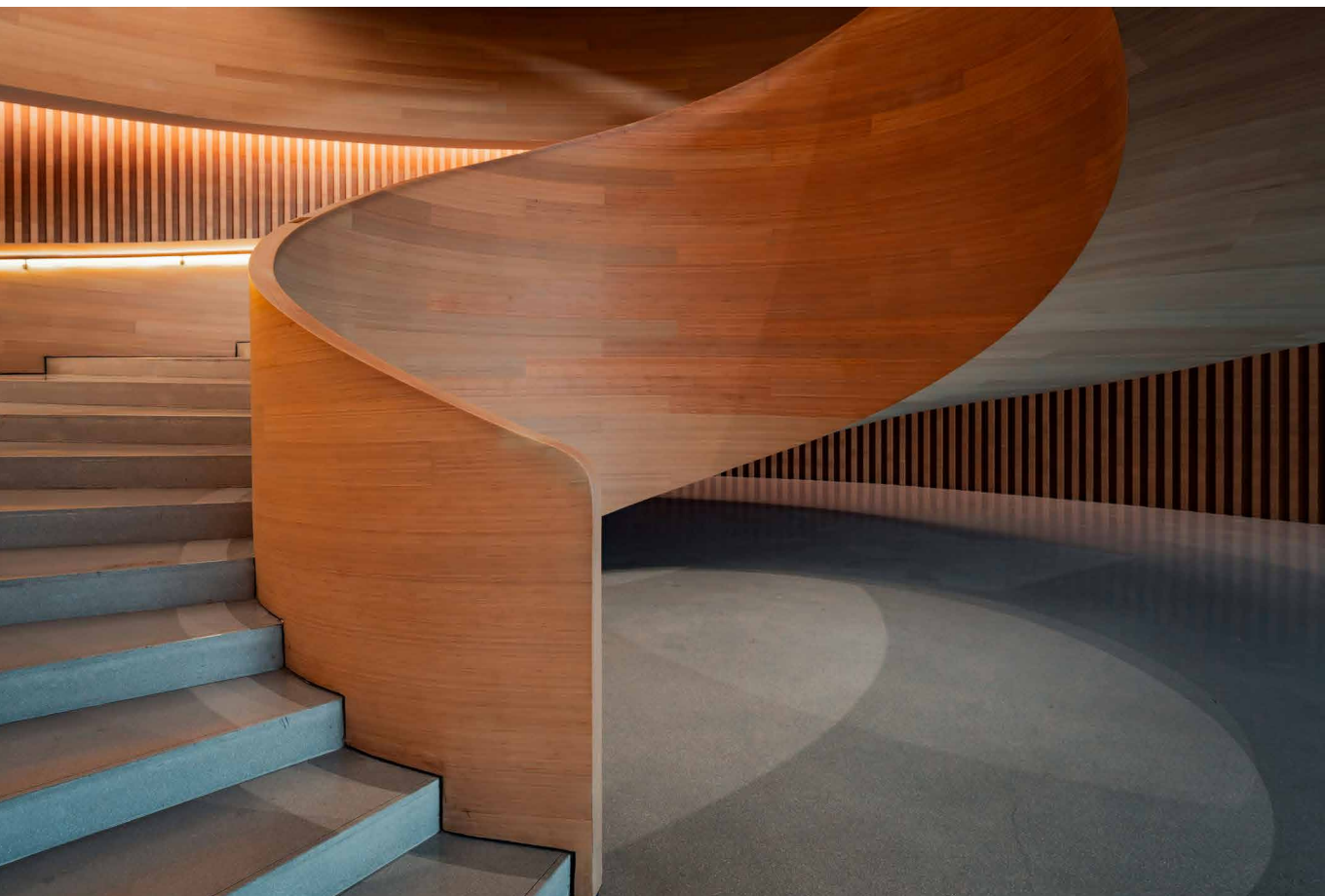


The Unfashionable Truth

Why deep innovation still depends on the hard
conversations no one wants to have — and why AI
is about to make that undeniable



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Businesses often call values, communication and candour “soft skills”, and treat them as an optional part of the “hard” system of processes, tools and targets. That soft/hard split is a profound mistake. These attributes of work are not soft and they are only the base of what we call the foundation: the personal characteristics people bring, the team culture they create, and the organisational capabilities that culture enables. Together they are the load-bearing structure: the hardest to build, the easiest to underrate, and the thing that holds when everything above is under pressure.

THE RETURN ON THE FOUNDATION

Organisations with a solid foundation for R&D and innovation grow earnings per share more than four times faster than bottom-quartile peers. Broader outcomes track the same way — businesses roughly double the probability of delivering successful new products and they get about 17% higher productivity. The investment is small relative to the return, the focus is operational rather than aspirational, and the first effects are visible within months.

The core argument

Innovation does not fail for lack of tools, budget, or process. It fails because of us, of the belonging instinct that makes people withhold hard truths to spare each other. The organisations that innovate are not the ones with the best enablers; they are the ones whose people still tell each other the truth under pressure. That capability is unfashionable, largely unmeasured, and decisive for both productivity and the capacity to innovate.

The symptoms a CEO should watch out for

Time-to-market stretches ever longer and becomes average. The innovative edge dulls. Product costs creep up until margin can no longer fund the R&D meant to renew the product portfolio. The best people, the ones who ask the uncomfortable questions, leave first. Problems arrive late and fully formed, and lessons-learned reviews are filled with lessons no one learned. This all happens at the

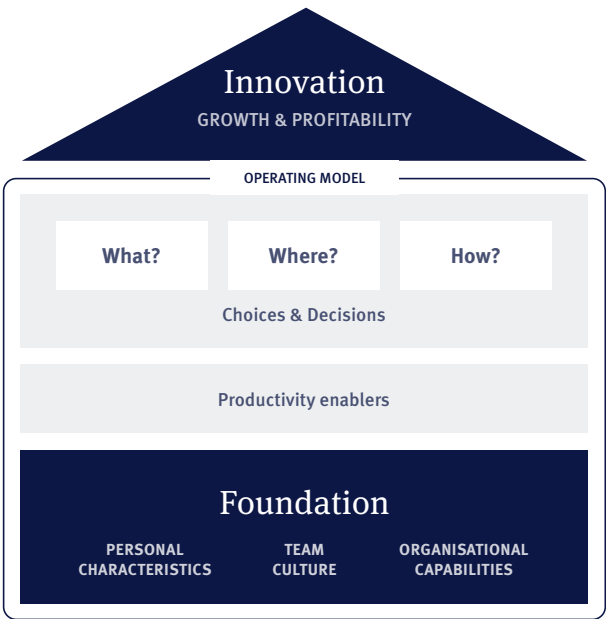
level of the team, or in pairs, or deep in the business unit, which is exactly why it is invisible on standard dashboards and to anyone watching a single person’s output. The thing that matters most to your capacity to innovate is the thing your reporting cannot see.

Why the clichés mislead

The workshop favourites for root cause (e.g., psychological safety, tolerate failure, flat hierarchy, etc) are not wrong, but they are half-statements. Each names only the warm, likeable side of human behaviours and drops its harder counterweight. Tolerance for failure is worthless without intolerance for incompetence; safety on its own merely makes it more comfortable to agree. A leader who buys only the warm half is paying for a weak imitation of a strong foundation.

Our model

Innovation rests on a foundation of four personal characteristics: namely, values, communication, inquiry, and reflection. Each of these has a warm side and a cold side that must be held together. Those characteristics create the team culture (based on safety, reliability, engagement), which in turn enables the six organisational capabilities which make the measurable difference to the P&L: truth flow, coordination, decision velocity, adaptive learning, sustainable pace, and generative capacity.



The one thing to watch out for

One characteristic deserves specific attention: the ability to tell the truth and to be verbindlich – that is, binding, committed to what one says. Values and the rest are argued endlessly; the blind spot is the MUM effect, that is, the reluctance to pass bad news upwards. This effect is barely acknowledged in the R&D and operations culture literature. It can be organisation-wide, but it matters a lot with R&D because the behaviour is not a knowledge gap.

Left untrained, people either spare each other hard views and bury the truth or speak out and detonate their working relationship. The skill is delivering the truth so it can be absorbed. The good news is that it is trainable as well, with minimal effort.

Why act now?

For three decades an organisation could underinvest in the foundation, because humans did most of the work and the cultural deficit only showed at the margin. That margin is closing.

AI amplifies a weak foundation and produces artefacts faster than the organisation can honestly review them, so the bottleneck simply moves and hides deeper. Developer AI use has climbed above 80% while trust in its output has fallen to about 29%, with two-thirds reporting more time spent fixing “almost-right” answers¹. This is organisational silence, often outright denial, with a new face. In a controlled trial, experienced developers were 19% slower with AI while believing they were 20% faster².

When people cannot perceive their own degradation, a strong foundation is the only thing left that can catch the problem. AI does not change the picture; it removes the excuse for ignoring the foundation. Without a strong foundation, AI simply lets you fail faster, cheaper, and with more convincing dashboards.

In short, the foundation is your fulcrum for AI and for every transformation: a new process, a new platform, an M&A integration. No fulcrum, no leverage. No leverage, no productivity and growth.

Where to start? Six moves to take within a quarter

1. Start with a pilot:

Take a project in trouble, and rebuild the foundation under it: professional values, clear targets, real accountability, room to work. Fix what is failing, and let the result make the case.

2. Train candour as a skill:

Rosenberg, Stone³ — because it overrides an instinct, not a knowledge gap.

3. Hunt the unverbindlich:

treat the conditional hedge as a defect and ask for the committed version.

4. Make feedback a weekly rhythm in both directions:

make leaders go first by inviting criticism and owning failures.

5. Hold leadership accountable for the foundation:

with the same explicitness as for delivery: measures, reviews, consequences.

6. Train your brilliant technical people so you can promote them into leading teams —

leadership is a capacity that can be built; don't file your best engineers under “unmanageable.”⁴

Six to twelve months in, the payoffs will be unglamorous but real: problems will surface earlier, there will be smoother leadership transitions, cross-functional conflicts will get resolved in days, there will be better retention of talent in critical roles. This becomes value delivered earlier and less waste, not vanity metrics.

The foundation is not a soft addition to the operating model. The foundation is what makes it work and what bears the load when it is under pressure.

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by leaders
when
performance
matters
most.

SWISS OFFICE
HK MANAGEMENT PARTNERS GMBH

Tel.: +41 44 533 63 63
E-Mail: info@hk-mp.com
Web: www.hk-mp.com

*Roosstrass 53, CH-8832 Wollerau
Switzerland*

UK OFFICE
HK MANAGEMENT PARTNERS LIMITED

Tel.: +44 7874 345125
E-Mail: info@hk-mp.com
Web: www.hk-mp.com

*23, Berkeley Square, London W1J 6HE
United Kingdom*

Sources & notes

- 1 Stack Overflow Developer Survey 2025 (n=49,000): AI use above ~84%; trust in output ~29%; ~66% report more time spent fixing “almost-right” AI output.
- 2 METR randomised controlled trial (2025): experienced developers ~19% slower with early-2025 AI while forecasting a 24% speed-up and perceiving a 20% speed-up. The slowdown narrows as tools mature — treat the figure as a snapshot and the perception gap as the durable finding.
- 3 Marshall Rosenberg, Nonviolent Communication (2003); Douglas Stone, Bruce Patton & Sheila Heen, Difficult Conversations (1999) — methods for delivering hard messages so they can be received.
- 4 Lacerenza, Reyes, Marlow, Joseph & Salas (2017), “Leadership Training Design, Delivery, and Implementation: A Meta-Analysis,” Journal of Applied Psychology 102(12), 1686–1718.