

Why Perspective Taking Might Be the Most Underrated Innovation Skill

Shelby Meek (Kennesaw State University)
Matthias Tietz (University of St. Gallen)

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A new study finds that perspective taking is not just a soft skill. It helps insiders generate more novel ideas and outsiders generate more useful ones.

Entrepreneurs, business leaders, and family business owners are often told to “put yourself in the customer’s shoes.” Research shows that perspective taking, the act of imagining how others think and feel, helps people identify better business opportunities. But we noticed something important was missing from the conversation: Does it matter who is doing the perspective taking?

Specifically, are insiders (employees, founders, family members in the business) better at generating certain kinds of ideas? Are outsiders (consultants, students, new hires, external collaborators) better at generating others? And does perspective taking work differently depending on whether someone is embedded inside the organization or not?

This question matters because most companies struggle with innovation. They debate whether to promote from within or bring in outside hires, rely on employees or hire consultants, and look internally for growth ideas or externally for disruption. We wanted to understand how social position in insiders versus outsiders shapes the type of opportunities people identify.

What We Studied

We ran three separate studies involving insiders, outsiders, and a mixed group. In all three studies participants suggested innovation ideas for an organization. These ideas were then rated by relevant experts for novelty and usefulness. Each study also

measured the perspective taking tendency of participants with survey questions. Study 1 was a study of 97 organizational insiders (employees) from diverse industries who suggested 315 innovation ideas for their own internal organization. Study 2 was a study of 42 outsiders (entrepreneurship students) who suggested 169 innovation ideas for a real fishing-related venture. Study 3 was a study of 91 working adults who were randomly selected to suggest an innovation idea for a health-related venture or a fishing-related venture. Outsidership was measured along a continuum based on their individual experience in the scenario’s domain.

What We Found

First, insiders who engage in perspective taking generate more useful ideas than novel ones. This is because insiders understand the organization’s resources, customers, constraints, and internal realities, so their ideas should be more practical and implementable.

Second, outsiders who engage in perspective taking generate more novel ideas than useful ones. This is because outsiders aren’t constrained by internal routines, politics, or “how we’ve always done it,” so they should be more likely to produce original, unconventional ideas.

Third, we found that perspective taking amplifies these strengths: People who frequently engage in perspective taking, whether and insider or an outsider, are better able to identify opportunities that are both more novel and more useful. Perspective taking acted as a bridge. It helped outsiders generate ideas that were not only novel but also more useful. It helped insiders stretch beyond routine thinking and generate ideas that were more novel than usual.

What surprised us most was that outsidership alone



isn't enough, and insidership alone isn't enough. Perspective taking is the multiplier.

Takeaways

Match the innovation goal to the right voices in the room. Depending on the innovation goal, ventures might need to rely on different individuals. When operational improvements are needed, it might be best to leverage insiders, such as employees, long-tenured team members and those with deep domain knowledge. If you need to challenge your assumptions, explore adjacent markets, or identify opportunities your industry has overlooked, it might be best to include outsiders in the process. In both cases, it's important to train and encourage perspective taking. Mismatching people to innovation goals is a common and costly mistake many organizations make.

Design your innovation processes to leverage both insiders and outsiders. It seems that a mix of insiders and outsiders might also be relevant to successfully implementing innovation processes. Our findings support the value of structuring innovation efforts so that outsiders generate the novel ideas and insiders refine them into actionable opportunities. This could look like an innovation hackathon that invites external participants alongside employees, a customer advisory board that co-creates with your product team, or a structured ideation process where consultants or external collaborators contribute first-pass ideas that internal teams then further develop. The key insight is that neither group alone produces the best outcomes, but the combination does.

Perspective taking improves both novelty and usefulness. What founders and business leaders may find most surprising is that outsiders are not automatically better innovators, and insiders are not automatically stuck in routine thinking. Both groups can generate high-quality opportunities but only when they deliberately step outside their own perspective. This is likely because the willingness to consider others' perspectives allows individuals to really hear and consider what others are saying. Listening to alternative viewpoints encourages individuals to incorporate these views into their own suggestions.

Perspective taking is a learnable, trainable skill. Our research shows that perspective taking is a cognitive habit that can be cultivated. For founders and business leaders, this means that investing in structured

exercises, facilitated workshops, or even simple prompts that ask team members to consider the viewpoint of customers, competitors, or collaborators can meaningfully improve the quality of the ideas your team generates. Building perspective taking into your current innovation process as a regular practice can have a meaningful impact on outcomes.

Rethink how you evaluate outside hires, consultants, and external advisors. Organizations often hire external experts and then judge their ideas against internal prioritization of practicality, which is a standard the outsider's ideas are almost guaranteed to fall short of. Our research suggests this is the wrong evaluation lens. Outsiders' ideas should be evaluated primarily for their novelty and their potential to open new directions, not for their immediate feasibility. Insiders are better positioned to assess and adapt those ideas for implementation. When organizations hold outside voices to insider standards, they systematically discount the very value outsiders are best positioned to provide.

Recognize and counteract the echo chamber effect. Closely held ventures -- including family businesses, founder-led startups, or tightly knit leadership teams -- are especially vulnerable to the limitations of insidership. When everyone in the room shares the same history, relationships, and assumptions, the useful ideas will keep coming but the novel ones will dry up. This is not a failure of talent; it is a structural feature of embeddedness. The practical fix is to deliberately create structured opportunities for outsider input, such as advisory boards with members from outside your industry or customer co-creation sessions.

Power reduces perspective taking. Prior research (which our work builds on) has found that as individuals gain power and seniority, they tend to engage in less perspective taking. This is particularly relevant for entrepreneurs and executives who have grown with their organizations. The very experience and authority that makes a senior leader effective at executing on useful opportunities may simultaneously diminish their ability to spot novel ones. Leaders should be aware of this dynamic and actively resist it. Examples of how to do this include seeking out dissenting voices, genuinely engaging with customer and employee perspectives, and creating organizational cultures where perspective taking is modeled from the top.

For policymakers and ecosystem builders: design programs that mix insider expertise with outsider novelty. Our findings have direct implications for the design of innovation programs, accelerators, economic development initiatives, and public sector innovation efforts. Programs that draw exclusively on industry insiders -- such as incumbent firms, established trade associations, or long-tenured government employees -- will generate implementable but incremental ideas. Programs that rely entirely on outsiders may generate exciting but impractical proposals. The most effective programs will deliberately pair these groups and create structured opportunities for perspective taking across the insider-outsider divide.

Novelty and usefulness are not the same thing. One of the most practically relevant findings from our work is that novelty and usefulness are distinct qualities of an opportunity, and conflating them leads to poor decisions. This is important because historically creativity has been measured as a combination of both components. An idea can be highly novel but completely impractical. An idea can be highly useful but entirely derivative. Organizations that evaluate innovation ideas on a single “quality” score are systematically obscuring this distinction, and potentially discarding novel ideas because they don’t yet look useful or approving incremental ideas while believing they are being innovative. We recommend that organizations, investors, and program evaluators use separate ratings for novelty and usefulness when assessing ideas and then make deliberate decisions about which dimension matters most for a given challenge.

Explore the Research

[Who you ask matters: Combining perspective taking and outsidership to identify novel and useful opportunities.](https://journals.sagepub.com/doi/10.1177/02662426251395556)

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