'Big Bertha' on the Creativity Tightrope

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Abstract

We all know that creativity in business is important –perhaps even more important now than it has been in the past. Therefore, it is surprising that there are so few good examples– the same case studies are endlessly re-cycled. Genuine creativity, it appears, is rare (one of the reasons why it is so valuable). Why? Clearly, not because managers don't recognise its importance, rather because it is hard. Hard in two ways. Firstly, it is difficult to formalise –it requires the magic moment. Secondly, creating the right environment to favour 'magic moments' challenges many existing management structures (particularly for the 'big berthas' of the business world –the large corporations) which have evolved for their own set of very good reasons. Moving to embrace creativity will involve some loss of control –and therefore some risk. A balance must be struck. But companies need to be brave to lead. Agencies and other outsiders can help, by acting as creative protagonists.

Introduction

'Each employee should receive every day clear-cut, definite instructions as to just what he is to do and how he is to do it, and these instructions should be carried out, whether they are right or wrong'. F. W. Taylor

Few people, let alone management thinkers, could claim to have had such a profound impact on the course of the Twentieth Century as Frederick Winslow Taylor. The father of Scientific Management, of time-in-motion studies and of process re-engineering was the guru of choice for industrial leaders as diverse as Henry Ford and Vladimir Ilyich Lenin. In the golden age of manufacturing, with its pioneering vision of the mass market, the goal was to keep prices low. And the way to keep prices low was to squeeze every last drop of efficiency savings out of the cost base – namely, the employees.

How things move on. Now Henry Ford's comment that 'you can have any colour you like as long as it is black' seems to characterise the very antithesis of today's marketing environment. For most firms, the frontier of competition is no longer fought on price and cost control alone (although both remain important). Today's leading edge companies are indeed customer focused and innovative, but they are also revolutionary. Their watchword is not efficiency, but creativity.

In less than 15 years, companies like Microsoft, Amazon.com and Starbucks have revolutionised not just the markets they operate in, but also the expectations of managers and shareholders everywhere. They have shown that rapid growth cannot come from downsizing, right-sizing or any other 'denominator' based management technique. These efficiencies can only bring incremental gains. The big prizes have been won by those who have dared to think big – companies, like Dell and the Body Shop, who have created their own market opportunities.

To some extent this is nothing new. Creativity has always been important. Throughout the century differentiation and innovation have been the wellspring of success for many, if not most, large companies. Doing what your competitors are doing and in the same way is the quick route to margin erosion and a price war. Even the current vogue for 'creativity' and 'innovation' among management thinkers is only an extension of the past. In the 1930's, the economist Joseph Schumpeter described innovation and entrepreneurs as the lifeblood of capitalism. His phrase 'the creative gales of destruction' neatly captures the devastating impact innovative challengers can have on incumbents' revenues.[1]

Yet, while creativity has always been important, it is probably more so now than ever before. Deregulation, globalisation and the rapid advance of technology have all turned up the competitive heat. There has never been a more uncomfortable time to be an incumbent – harder to hide behind regulatory barriers, trade protection or historic product leadership. Even dominance in distribution can be swept away by a channel innovator (think about telephone banking or insurance). Creativity is becoming the last great differentiator.

But there is a puzzle. Despite creativity and innovation being widely recognised as important, why is it that the list of good examples and case studies is so short and so atypical? Usually making the cut are Virgin, Dell, The Gap, Swatch, Dyson and a brace of Internet related businesses (Charles Schwabb, Cisco, America Online, etc.). Aside from their creativity and

[1] SCHUMPETER, Joseph (1934). *The Theory of Economic Development*. Oxford University Press.

boldness, they tend to share a common characteristic –they are first generation, entrepreneurial companies. What about the established players? Good arguments can be made for Microsoft, Disney, Ove Arup and maybe one or two pharmaceutical companies. But there are precious few examples of large companies who have been able to continually renew themselves or to demonstrate ongoing creativity as a core competence.

So why is ongoing and persistent creativity so rare among established firms? It certainly isn't because their managers don't recognise the importance of creativity, at least in principle. Most of their companies rest on a legacy of innovation and of successful product launches (an important dimension of creativity). It is also unlikely to be because they haven't fully appreciated that the 'new economy' affords less protection to incumbents from the challenger brands nipping at their heels (through deregulation, new technologies, etc.). The competitive pain caused by successful new entrants like WalMart and Dell are there for all to see. It also isn't simply a question of size. The area that is Silicon Valley has a higher turnover than most multinational companies, is growing more quickly and is more creative.

Creativity is rare, and therefore valuable, because it is hard. There are two reasons. Firstly, it is difficult to formalise –it requires the magic moment, a leap of inspiration. Secondly, creating the right environment to favour 'magic moments' challenges many existing management structures (particularly for the 'big berthas' of the business world – the large corporations) which have evolved for their own set of very good reasons.

So, can large established companies bring the creative and entrepreneurial spirit back inside or are they destined to be swept aside by the gale of 'creative destruction?

What is creativity in business?

Concrete definitions of 'creativity' are elusive. However, it is not obvious that a precise definition is needed (certainly not in order to be creative). If people are asked to cite examples of creativity they typically mention highly original and imaginative ideas in the arts – the novels of James Joyce, the art of Pablo Picasso, the symphonies of Beethoven and so on. But mentions are not just limited to the fine arts –Einstein, Johann Cruyff, Frank Gehry, the iMac and The Simpsons might also get a mention. Without a clear definition, there is a shared understanding. What seems to link all of these disparate creative acts together are elements of 'newness' and 'originality'. The underlying creative processes may vary massively, but each contains at least one small imaginative or inspirational leap, as opposed to being entirely the mechanical extension of logic. Creativity embodies at least some trace of 'magic'.

In the business context too, the meaning of 'creativity' is hard to pin down. As with the wider public, instinctively most business people link creativity with the arts. And, while Joseph Beuys may have gone on to link art directly to economic value added ('Art = Wealth'), many managers intuitively do not make the same connection. They worry that creativity can be self-serving –art for art's sake. So in business, the 'softness' of creativity is paired with the 'hardness' of utility. Creativity, like any business investment, should be expected to show a commercial return.[2]

Where the loose and implicit definition of creativity does have an adverse effect is in defining its scope. The immediate associations of creativity with art and 'blue sky' science tend to lead many to think its application is only in marketing and R&D. Indeed, a recent survey of 'Captains of Industry' in the UK found that being innovative was most usually associated with new product development.[3] Unsurprising, then, that the same survey found that the companies thought to be the most innovative and creative were Microsoft, General Electric, 3M and Glaxo Wellcome.

But creativity's constituency is far wider than simply new product development (important as it is). Schumpeter described creativity as 'doing new things, or doing things that are already done in a new way'.[4] 'Things' could be a new product, but it could also

[2] Importantly, however, this does not mean that commercially valuable creativity needs to be purposefully commercial. Pharmaceutical companies, for example, have long funded "blue sky" research at universities. This investment in the basic science yields a return that is both highly uncertain and public. But, by increasing knowledge, it can reduce the uncertainty and risk of other, related R&D investments.

Unsurprising, then, that the same survey found that the companies thought to be the most innovative and creative were Microsoft, General Electric, 3M and Glaxo Wellcome.

[3] MORI (1999). *Attitudes of Captains of Industry*.

[4] SCHUMPETER, Joseph (1947). «The Creative Response in Economic History». *Journal of Economic History*, pp. 149-159.

be a new strategy, a new way of processing information on customers, a new company organisation or a new way of financing the company. Indeed, some of the most profound business innovations over the last 30 years have been in finance. Merton Scholes' and Fischer Black's discovery of a way to price financial options has given birth to a market worth trillions of dollars, a market which is so huge that a failure can threaten the entire world economy. Companies can now manage risks with an increasing range of exotic financial instruments and options. Even David Bowie can sell himself on the open bond market, exchanging his future royalties for cash (the so-called 'Bowie Bond'). That's creative accounting.

In marketing, creativity is usually associated with communications –advertising, in particular. But it is its role in brand strategy that has caught the eye most in recent years. There has been a revolution both in what has been done and how it has been done. Brands like Dell, Charles Schwabb, Virgin, Amazon.com and Ikea have turned the markets they operate in on their head. They have revolutionised not just the assumptions that underpin the market, but also the relationship that customers have with the brand. Rather than brands dying on Marlboro Friday (2 April 1993), the power of brands has been re-emphasised throughout the decade.

The confusion about creativity's scope often extends to its depth too. There are different dimensions to creativity in business. Perhaps it is most useful to think about a continuum of creativity. At one extreme is the perhaps more common, 'garden-variety' type of creativity –what happens when someone applies themselves to improving an existing product, process or strategy. At the other end of the spectrum is the vision that someone develops –alone or as part of team– of what an alternative future could look like.

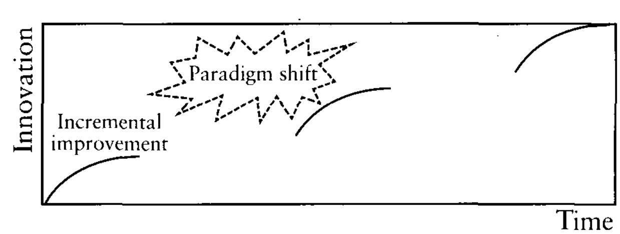
Figure 1. The Creativity Continuum

Visioning	Exploring	Experimenting	Modifying
Look for ideal, long-term solutions	Challenge core assumptions and discover new alternatives	Combine and test new solutions	Expand and build on what has already been done

One model that has been suggested proposes four kinds of creativity on this continuum: visioning, exploring, experimenting and modifying.[5]

Creativity in all its shapes and forms is always a scarce and valuable resource. But it is the 'visions' that are the most powerful –and also the rarest– kind of creativity. These are the powerful visions that can lead to paradigm shifts in an industry. Andy Grove of Intel talks about the flow of a river where change is continuous, but where occasional change events or 'strategic inflection points' introduce a new instability, like white water rapids.[6]

Figure 2. Visioning the Future



These kinds of visions are so rare –or perhaps so rarely successfully executed – that the names of the few companies that have pursued them are repeated like a litany: Swatch, Microsoft, Amazon.com, IKEA, Walmart, etc. In fact the short list of case studies mentioned earlier.

While the visionary kind of creativity is potentially the most valuable, all kinds of creativity are to be encouraged. The next sections deals with why creativity is, in fact, so often inhibited –often without intent– in so many organisations.

So why doesn't it happen?

In contrast to the world envisioned by F. W. Taylor, most companies now recognise that their most important asset is their people. Companies want managers and employees to apply their intellect and creativity to their work. So if no one sets out to restrict creativity in

[5] MILLER, William (1999). *Flash of Brilliance: Inspiring Creativity Where you Work*. Perseus Books.
[6] DORDRECHT (1999). «Governance in the Participative Organisation: Freedom, Creativity & Ethics». *Journal of Business Ethics* (September).

the workplace, why is it that so often it gets suppressed? Teresa Amabile writing in the Harvard Business Review perhaps sums it up best; she writes, 'Creativity is undermined unintentionally every day in work environments that were established –for entirely good reasons– to maximise business imperatives such as co-ordination, productivity and control.'[7] It is the fact that companies have been organised around processes and outputs –a very mechanistic approach– that makes the essentially whimsical act of creation so hard to fit into the very logical confines of the organisation.

In this section, we explore in greater depth some of the common creativity blockers to which organisations can fall prey. We have organised the creativity blockers into what seemed four obvious groupings: strategic reasons, organisational reasons, people reasons, and control reasons.

Strategic reasons

Posing the right questions

How a company defines its market space dictates the edges of its strategic vision. 'What business am I in?' is perhaps the fundamental question that a company must answer. And it is all too easy to get the answer 'wrong.' It is so much easier to project a continuation of the current situation than to envision another future for the company. If a company ends up playing the wrong game with a competitor, then it is likely to lose however good its strategy. Consider Borders Books in the USA, which first introduced the café-bookstore chain concept, versus traditional bookstore chains. Borders chose to offer a book buying experience, while traditional chains were still thinking only about shifting hardbacks and paperbacks. In such situations, even if the right kinds of questions are being asked to stimulate creativity, the company may make incremental improvements, but will fail to make the kinds of visionary shifts discussed in above. Even on a more day-today basis, one of the easiest mistakes to make is to fail to agree what it is that is actually at issue.

Goal setting

Given most companies 'need to deliver positive results on a regular basis (often quarterly) it is tempting to react to short-term challenges by 'ducking and diving'. While this may encourage managers and employees to solve short-term problems, it is often confusing. Even where companies have some kind of vision or mission (e.g., supra objectives), it is all too easy to lose sight of them in the day-to-day. (Often managers and employees are hard-pressed to explain their company's vision or mission in any case.) It is difficult, if not impossible, for managers and employees to think creatively about their work, their company's future and the dynamics of the industry if there is no focus for that creativity. (Note that this holds true also on a project basis.)

Complacency

It is most often industry leaders who are guilty of complacency. It is the 'if it ain't broke, don't fix it' trap. Companies can underestimate their competitors, they can misinterpret their own success (did the company earn its leadership position or is it in the top spot by default?), they can overestimate the robustness of their relationship with their customers... This is a trap with many entry points. But, fundamentally, complacency is about running your brand equity tank down. It is also Hydra-like, in that complacency tends to be a cultural phenomenon, affecting managers and employees at all levels. If a company assumes that it can continue doing what it has always done, creativity, where it happens at all, will tend to focus on incremental improvement.

Competitive focus

Many companies set out to be the number one in their industry and often define leadership in terms of market share. Market share suggests a zero-sum game with your competitors. Renee Mauborgne, writing in the *Sloan Management Review*, comments, 'When asked to build competitive advantage...managers typically assess what competitors do and strive to do it better.' Their strategic thinking thus regresses towards the competition. After expending tremendous effort, companies often achieve no more than incremental improvement; i.e., imitation, not innovation. The irony of competition is this: intense competition makes innovation indispensable, but an obsessive focus on the

[7] AMABILE, Teresa (1999). «How to Kill Creativity». *Harvard Business Review*, n. 5 (September / October), pp. 76-87.

competition makes innovation difficult to attain'.[8] Perhaps a better definition for leadership would be 'thought leadership' which, although certainly not ignoring competitors, explores the outer reaches of a company's potential and drives creativity?

Reactive approach

A company is far more likely to take a reactive, rather than a proactive, stance in the market if it has been complacent about its position in that market (i.e., it has no choice having been overtaken by events) and/or if it has placed too much emphasis on its competitors' actions (i.e., it is responding to competitive moves), so in some sense this point is a corollary of the points above. But whatever the root cause, once caught in this vicious cycle it becomes increasingly difficult to break out of the catch-up game long enough to consider creating new growth opportunities.[9]

Organisational reasons

Leadership

Jerry Hirshberg, author of *The Creative Priority: Driving Innovative Business* says, 'Most CEOs beginning in business school are taught that the role of the leader is to lead. That works well with everything except ideas. What you do with ideas is follow them. The first step for the leader is to get the hell out of the way.'[10] But creative ideas are not the sole domain of senior management. It is important to recognise that good ideas can come from anywhere in an organisation. Unfortunately, managers at all levels can kill off good ideas and there are many ways they can do so, intentionally (political reasons, lack of confidence, etc.) as well as inadvertently (lack of focus, time, resources, etc.).

History

Traditionally, organisational models have been based on military hierarchies with the emphasis on control and co-ordination. These models are essentially reductionistic in that they remove complexity.[11] Unfortunately, at the same time they often remove the latitude that gives managers and employees room to think creatively and explore new ideas. Furthermore, a hierarchical organisation with its, by definition, vertical structure does not facilitate cross-fertilisation across functions, nor does it encourage team-based solutions.

Culture

A strong corporate culture can be a very powerful positive force in an organisation. The people who make up the organisation work in better alignment because they share a common understanding of the 'way we do things around here'. However, particularly in large corporate, typically hierarchical, organisations, management's obsessions with structure and process can become embedded in a corporate culture that actually inhibits change. Creativity resulting in new ideas challenges the flexibility of the organisation, challenges people's concept of 'the way we do things around here.' Hal Sperlich, the inventor of the minivan, says, 'People who propose things that are different make more conservative people nervous and the corporate environment often doesn't reward people for challenging the status quo.'[12] There is also how the corporate culture is represented in the look and feel of the place. For example, putting people in boxes –'cubicle consciousness,' the idea that if you put people in cubicles with minimal distractions and fluorescent lighting overhead that somehow they will be more efficient and won't be distracted. Instead all that happens is you starve the imagination.[13]

Homogeneity

Birds of a feather flock together. That at least is the saying. But often we can see some truth in it, looking around our own organisations. Mostly organisations attract –through self-selection and recruiting policies (both explicit and implicit)– people who are really quite similar to each other. Our similarities can be more or

[8] MAUBORGNE, Renee (1999). «Strategy, Value Innovation and the Knowledge Economy». *Sloan Management Review*, (spring), pp. 41-54.
[9] Ídem, pp. 41-54.
[10] HANSEN, Fay (1999). «Living the Creativity Priority». *HR Focus*, vol. 75, iss. 7 (July), pp. 13.
[11] DORDRECHT (1999). «Governance in the Participative Organisation: Freedom, Creativity & Ethics». *Journal of Business Ethics* (September).
[12] DeSALVO, Tina (1999). «Unleash the Creativity in your Organisation». *HRMagazine*, vol. 44, iss. 6 (June), pp. 154-164.
[13] «Lessons from Leonardo», *Training*, vol. 36, iss. 6, pp. 34-40.

less pronounced. It may be that a company looks for employees with an engineering background, or recruits only from some universities, or insists that managers earn their MBAs. But in all cases, we end up being more like each other in terms of outlook, approach, experiences, etc. It is clear that homogenous teams reach solutions more quickly and with less friction, as well as reporting higher morale along the way, but they do little to enhance expertise and imaginative thinking. When everyone comes to the table with the same mind-set, they often leave with the same.[14]

Careers

It is an unfortunate irony that the longer managers and employees stay with a company, building their careers, the more experience they gain, but also the more committed they become often to the status quo. They, after all, have built it, nurtured it and, most importantly, believe in it. It is all that much more difficult to call the status quo into question if it is, in a sense, your own creation –the result of your judgement, your decisions, your work– that you are being asked to question. Leadership is often the cadre actually most committed to the status quo, while those who are the least committed –the newest (often youngest) employees– have actually least influence. That is not to say that experienced managers cannot contribute creatively, but that there is perhaps an additional hurdle for them to overcome. Personal style and approach obviously play a significant role here.

People reasons

Motivation

Why should employees bother to be creative for their employer? In many organisations, there is precious little incentive for staff to go the extra mile to come up with the extraordinary rather than ordinary solution. Similarly, there is typically very little reward for alerting management to ingenious new ways to serve customers that are obvious to those on the front line. Of course, creativity is not unique in facing a problem with motivation. Elsewhere, the solution has been to link performance with financial reward. But, while share options may keep software engineers programming all through the night, there is mounting evidence that it will not stimulate teams to produce more creative solutions. Research by Teresa Amabile over the last 25 years[15] has shown that employees are more likely to be creative if they have an intrinsic interest in the problem –so that to meet the challenge of the problem is rewarding, enjoyable and, therefore, motivating in itself. The problem for businesses is that managing intrinsic interest is far harder than constructing financial reward schedules. It requires management to understand the interests of employees and to match them to the right tasks. And where the problem at hand is less well defined –the company's brand strategy, for example– employees must feel they have an emotional stake in the outcome. It needs to feel like a personal mission.

Productivity and creativity

Over the last 10 years or so, corporations have concentrated on making themselves lean and efficient enterprises. They have downsized, rightsized, re-engineered and outsourced their way to greater productivity. The message to the individual employee is clear: be productive or get fired. This emphasis on productivity need not conflict with creativity –in fact creativity is frequently the path to the greatest gains in value added per employee. The problem really arises when employees feel they need to 'look busy'. Because employers cannot easily observe how productive an employee is, they rely on proxy measures (timesheets, billable hours, sales contacts, etc.). Everyday creativity can easily be squeezed out –along with the profitable opportunities it would have brought.

Fear of failure

Creativity, risk and failure are inextricably linked. Richard Feynman, a Nobel Laureate Physicist, once said 'to develop working ideas efficiently, I try to fail as fast as I can'. But failure is not well tolerated by most organisations. The root cause of this problem is that it is difficult for a manager to tell whether an employee who fails repeatedly is a genius at work or just a failure. This dilemma for management is exploited and made worse by internal politics, jockeying for position

[14] AMABILE, Teresa (1999). *Op. cit.*, pp. 76-87.
[15] Ídem, pp. 76-87.

and highly incentivised employment contracts (for example, bonuses). For the employee, the fear of failure is a rational response and the resultant reduction in risk taking and creativity is the outcome.[16]

Lack of training

Creativity requires a variety of resources –including, for example, stimulation, motivation and a conducive physical and mental environment. It also requires skills and training. Managers must understand the forces that allow creativity to breathe –and also those that can easily snuff it out. Participants in creative teams must understand the techniques, the do's and dont's, that facilitate the creative process. More importantly, and more generally, the organisation should strive to become a 'learning organisation'. Knowledge and creativity are complements.[17] It may be that sometimes creativity requires a child-like naivety (to ask the right question), but it also requires expertise to see that it is the right answer.

Control reasons

Incomplete delegation

Most organisations have recognised that the quality of decisions can be improved if they are devolved from the top down to the people who have the expertise and the time to investigate them fully. But the autonomy of these devolved units is limited. While on paper they may have the remit to consider extremely creative solutions to their objectives, in practice they know that if the senior management does not agree it will not approve the funds. In effect, just the possibility of management intervention will dampen the creative ambitions of the team. The urge to control is creativity's greatest enemy.

Creativity is hard to value

The most commonly used valuation techniques are an inadequate measure of creativity (and, hence, of shareholder value). They reflect the past more than the future and are used because they are easy, not because they are the most relevant. The techniques are typically based on projections of existing cash flows, occasionally under different scenarios. The problems with these approaches are that they focus on existing value and do not take into account the cost of missed opportunities. Consequently, they are a totally inappropriate measure of creativity which, at its most basic level, is about generating future commercial opportunities.

In recent years there has been some progress in developing more appropriate techniques, based on analogies with financial options.[18] These 'real option' based techniques have already generated significant improvements –and insights– in the pharmaceutical and oil exploration industry and are starting to be used in brand valuation and advertising evaluation.[19] But until they are more widely understood and used, creativity is likely to remain undervalued and under-resourced.

Poor resource allocation

Finance departments are biased more toward accounting for costs, rather than allocating resources to the ideas with the greatest potential. Annual budgeting rounds, and even 5 year plans, tend to encourage incremental changes in finances from the baseline. The need to meet budgets, particularly at the level of the devolved business unit, means that creative projects are expected to show rapid signs of payback. Yet, because the most creative projects are frequently the hardest to assess (e.g., information systems are not in place, outside the experience of managers, difficult to describe in research, impossible to benchmark, etc.), these are most likely to be killed early. In principle, the Chief Financial Officer should behave like a venture capitalist, allocating resources to the best ideas. All to often, the opposite is the case. Good money is thrown after bad, as the projects in which the company has invest-

[16] In the same way employees have an incentive to cover up their failures. This can severely hamper an organization's ability to learn from its mistakes. It can also be more immediately serious – Barings, an investment bank, was bankrupted when one of its traders covered up his mistakes.

[17] ESKILDSEN, Jacob, [*et al.*] (1999). «The Impact of Creativity and Learning on Business Excellence». *Total Quality Management*, vol. 10, iss. 4/5 (July), pp. 523-530.

[18] AMRAM, M.; KULATILAKA, N. (1998). *Real Options: Managing Strategic Investments in an Uncertain World.* Harvard Business School.

[19] DUCKWORTH, S. CHEBIB, J. (1998). *Giving a Brand Options: Impulse Case History.* London: Ogilvy & Mather.

ed most of its emotional capital are kept on the life support machine.

Loss aversion

Large incumbent companies have consistently shown that they are not so much risk averse, as loss averse. Existing cash flows and business models are more tangible than future opportunities. So, while no manager wants to gain the reputation of 'The Man Who Sold The Beatles', the reality is that the risk of losing what you have looms largest. In any case, it is very hard for shareholders –or prospective employers– to tell whether opportunities have been missed through incompetence or by accident.

Cannibalisation

In the race for new ideas, established firms have one very important additional consideration to their challenging rivals –cannibalisation of existing business. Even with an accurate assessment of the risks and of the value of the new idea, incumbent firms might still be right to delay or limit its introduction. If the new product or idea eats into existing profits and if no other competitor is likely to bring it to market, then why do it. The problem is that this type of argument is more frequently heard than it is justified. Two reasons. Firstly, the argument is only appropriate for companies with significant market power, but, as discussed above, competitive pressures are increasing everywhere. The window of opportunity is getting more and more narrow. Secondly, even if there are substantial risks of cannibalisation, companies should still continually develop the idea. Fully fledged ideas give the owner the right, but not the obligation, to implement them. The option value of an idea, of having something 'up your sleeve', has enormous strategic and shareholder value. Unfortunately, it is frequently ignored because too many firms confuse working on an idea as an implicit commitment to implement it.

Positive steps towards a more creative organisation

With so many barriers to overcome, how can firms establish creativity as a core competence? There is certainly no shortage of 'checklists' that aim to encourage creativity among individuals and organisations (Boxes 1 and 2 attempt to bring the best of these lists together). The lists are very handy reminders, thought starters and prompts to good advice, but will they really allow managers to overcome some of the profound barriers to creativity discussed above? Will they make large multinationals as creative as Silicon Valley?

Figure 3. Individuals

You:

- Be passionate about what you do and what you think your company ought to be/do.
- Expand your 'network of possible wanderings' –a term coined by Nobel Laureate Herb Simon– which means exploring the total combined area of your expertise (work and non-work experiences), your own imagination and the motivation that you bring to your work.

Your work:

- Try to be in a situation where you are well-matched to your work in terms of interests, skills and level of challenge (it is great to be stretched but not to the point where you feel overwhelmed or threatened by loss of control).
- Give yourself time –perhaps even planning thinking time into your daily schedule– and space for reflection.
- Share excitement over your team's/company's goals.
- Have fun at work.

Your approach:

- Question everything: the problem, your assumptions, the way the problem can be solved, the reasons it needs to be solved...
- Ask, 'How many different ways can I look at this issue? How can I rethink how I see it? How many different ways can I solve it?' instead of, 'What have I been taught that will help me solve this?' If the old ways are well-known, it may be better to invent your own way. Consider the least likely and the most likely approaches.
- Search always for 'unperceived,' as well as 'unmet,' needs.
- Collaborate with diverse others –cross organisational boundaries, up down and sideways.
- Apply creativity methods, such as brainstorming, role-playing, etc.
- Make your thoughts visible, try novel combinations, think metaphorically or in terms of opposites.
- Go for quantity as well as quality. Ideas spark other ideas.
- Prepare yourself for chance, perhaps an unexpected outcome suggests an new path.

The true problem goes deeper than can be addressed by checklists. Looking at the companies whose creativity has had a profound, paradigm-shifting impact on the markets they serve, it would appear that many –perhaps most– happen in an entrepreneurial environment. Part of the reason is that entrepreneurs (whether 'true' entrepreneurs or those inhabiting entrepreneurial 'pockets' within established organisations) inhabit a unique space where the conflict between the act of creation and the process of implementation is resolved in one person (or tightly defined unit).

But that certainly isn't the entire story. The vast majority of entrepreneurs are not creative at all. They have rubbish ideas that quickly flounder in the choppy seas of the market. All we see are the winners of a Darwinian race. The real lesson, then, for established firms is not so much the entrepreneurs themselves, but the force of the market. It is the system that will bring a creative competence, not the individuals alone.

Figure 4. What the system ought to deliver

Setting goals:

- Create a deep sense of restlessness with the status quo. Understand that whatever profit engine you are relying on is, by definition, running out of fuel. It is like a rocket: it blasts off and its energy carries it up, but at some point gravity reassserts itself. Few organisations understand the inherent limitations of their current economic engine. Consistently stretch your goals into the future.
- Try to imagine a future that is plausible –the future that your company can create.
- Create compelling goals –called Big Hairy Audacious Goals by Collins and Porras in their book *Built to Last*– they are audacious, inspiring and unifying.
- Have a point of view.
- Consistently commit to agreed goals.
- Place the consumer at the centre of strategic thinking: Are we offering consumers radically superior value? Is our price level accessible to the mass market? (Strategic pricing for demand creation plus target costing for profit creation).
- Put the 'soft' stuff at the centre and grow the business around the people.

Company values

- Challenge the status quo.
- Be curious.
- Celebrate creative successes, but allow for failures –IBM founder Thomas J. Watson has said that if you want to succeed, you must double your failure rate.
- Learn from experience, both past successes and past failures, including apparent dead ends.
- Ride the waves of ambiguity and change.
- Build trust through fairness.

Leveraging the network:

- Blur the boundaries to bring together those with different opinions and encourage 'friction' –view conflict as an opportunity for enriching and understanding of an issue.
- Involve associates, suppliers, customers, non-customers – in short, anyone who can help you expand your thinking through their knowledge, their experience, their approach...
- Sharpen the senses –become more aware of your environment (consumers, competitors, trends, etc.) and possible future landscapes.

Company processes:

- Mark Brown of Innovation Centre Europe suggests implementing phases in the creativity process: (1) Blue sky thinking, (2) Red phase of analysis and evaluation, (3) Green phase of action
- Do not kill ideas, even seemingly crazy ones, too early –you do not know when a bad idea may act as a stepping stone to a good one.
- Understand and measure risk (including opportunity cost) and opportunity.

Building teams:

- Give teams the latitude to determine the how of their tasks and enough resources to get the job done (but, note, additional resource does not necessarily buy you more creativity).
- Encourage collaboration and co-operation.
- Build in diversity.
- Help managers and employees apply whole-brain thinking, to bring their life experience into the office with them –Understand that emotions carry power, vitality, creativity.
- Personal recognition for creative contributions.

So perhaps improving organisational design is the most important way an established company can foster an environment that will not quash that magic moment of creativity. Even after years of re-engineering, most companies are highly hierarchical, bureaucratic and driven by annual budgeting rounds. Internally, they have more in common with Soviet-style communism than with market economies. Introducing internal markets for ideas, for talent and for capital would dramatically increase the degree of entrepreneurship and creativity within the organisation.

But all things come with a price. And the price for bringing the market inside, usually by introducing more devolved and autonomous business units, is a loss of co-ordination and control. The most notable casualties are the degree of information sharing and community. Knowledge is one of those assets which is most valuable if it is collected and disseminated over a large surface area. So the knowledge of an organisation is more in sum, than it is in parts. Community too is an important sponsor of creativity. It is striking that, throughout history, creative breakthroughs have often emerged in pockets or in clusters. In the last century we have had, amongst many, the Bauhaus School (art and architects), the Bloomsbury Set (writers, philosophers and economists), the Vienna Circle (logical positivism in philosophy and politics), the New York School (Abstract Expressionism) and Silicon Valley (computing and biotechnology). In each, the infrastructure of the group has helped to promote the creativity of the individual. Clearly, in seeking to promote the incentives for creativity through market processes and decentralisation, a balance needs to be struck.

Established organisations have a range of options open to them: break up the company to create entrepreneurial business units, create protected pockets of entrepreneurship, change the company culture to try to foster greater creativity and/ or buy creativity in. The best solution for most companies is likely to lie somewhere in between the two extremes of tearing apart the organisation to create business units or spin-offs and doing nothing. But it is about being braver. Agencies and other outsiders can help their clients be braver, by acting as creativity protagonists. Fundamentally, though, it is down to the company itself. Creativity is too central a capability to be entirely outsourced!

Closing comments

Creativity and the new ideas and approaches that creativity generates are key to moving companies forward and driving the continuous reinvention that is key to leadership in any industry. But creativity is not something which can be 'switched on' on demand. If the larger, established companies (the 'big berthas') want to make creativity a core competence, they will first need to be more radical with their organisational design. No one can plan the 'magic moment' of creativity, but the environment, both physical and emotional, can be made more conducive. For a great many companies this will mean moving away from an internal culture based on centralised control to one where the market is brought inside through more devolved and autonomous business units. The key to surviving in a more creative and entrepreneurial market place is the market itself.

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