



CREATING A CREATIVE COMPANY

Abstract

Creativity provides the spark of enterprise and is the engine of innovation. In a knowledge economy, there is a direct co-relation between developing the creative potential of a business and the development of financial wealth. In addition, creativity is at the heart of intellectual and social capital processes. In exploring how to harness these various dimensions of wealth, this article focuses on the related elements of creative leadership, creative strategy and creative culture as key determinants. The critical point is that creativity is a natural process to be unfolded and enabled rather than a mechanistic skill to be over-engineered and controlled. The secret of developing a creative company lies in supporting the strength of great ideas by getting things out of their way en route to market, rather than putting elaborate management processes in place.

Creativity can be disastrous for business. This was the rather astonishing conclusion that Theodore Levitt arrived at in an article he wrote in 1963 for the Harvard Business Review. His belief was based on the idea that creative people are little more than whacky thinkers and theoreticians who lack the practical insight to run companies, and may lead organisations into flowery talk and nonsense instead of fruitful action.

Thankfully the Harvard Business Review - and leaders of commercial and public sector organisations alike - have come a long way since then. Writing in the HBR about 'The Weird Rules of Creativity' as recently as 2001, Robert Sutton acknowledged that "what does foster creativity doesn't look at all like rational management to most experienced executives" but that creativity - the ability to bring forth brilliant ideas - is essential to help move businesses forwards into the future. In addition, the entrepreneur John Kao has turned Levitt's dictum on its head by stating that "The traditional managerial mindset is analytical. In a creativity-driven environment, a traditional managerial mindset could do damage."

Kao's comments show the extent to which times have changed. Other writers such as Seth Godin have pointed out that now, the idea is father to the factory. Twenty years ago the top 100 companies in the Fortune 500 either dug something out of the ground or turned a natural resource into something you could hold. Today less than half of the Fortune 500 top companies do this. The leaders make profits by trafficking in ideas. Yahoo's market capitalisation, for instance, is 99% due to creating a brand, a sizzle, a certain quality of leadership based on creativity and other 'soft' attributes.

Creativity is a natural part of the DNA of every business. It takes organisations 'beyond the box', helps them step outside their normal boundaries to reach for some magic. The trouble is that creativity is so cryptically encoded into the brand, the strategy, the business model and the culture that most companies do not know how to manifest their latent creative potential. They try to control and over-engineer it, rather than to construct the conditions for creativity to manifest and express itself more naturally.

There are three common mistakes companies make when engaging with their creative potential. The first is to turn their attention to creativity when they are stuck. When analysis doesn't work, and a problem still needs solving, creativity is seen as a last resort. But the power of creativity is not in putting energy into what you *don't* want (like a problem) but into what you *do* want (like a more vibrant future).

Secondly, many businesses focus on collecting and deploying a creative toolkit (doing something) rather than on *becoming* innately more creative (being something). While tools and techniques undoubtedly help with incremental and short-term issues, they don't usually support deeper transformational shifts that can help move markets. Most corporations also have a very impoverished understanding of creative tools, that rarely goes further than 'head-crunching' approaches such as brainstorming and scenario planning or lateral thinking exercises such as 'What If' or Mind-Mapping. The consultant and journalist Anneke Ellwes suggests that the most creative companies see themselves as agents of change rather than as hoarders and purveyors of creative tools and techniques.

Finally, creativity is often seen as a good thing in its own right, rather than as an intrinsic part of a process that can produce organisational health and wealth. For example, just as you need a spark, fuel and oxygen to make a fire, so you need to combine creativity with innovation and enterprise to get a dynamic and viable business. By itself, creativity does not deliver unless it is linked to customer need, related to competitor positioning, part of an organisational learning curve, strategically aligned, connected to the business model and in service of the business purpose and vision.

There is no blueprint for creating creative companies. They come in all shapes and sizes, across private, public and commercial sectors internationally. While there are lessons to learn from companies in traditionally creative industries such as advertising, fashion, television and new media, creativity also thrives in retail, pharmaceutical, engineering and financial companies...

Whether you are interested in designing a creative company from scratch, or in unleashing the creativity from an existing corporation, the basic principles remain the same. You need to focus on the critical dimensions of creative leadership, creative strategy and creative culture...

Creative Leadership

Creative companies have creative leaders. Yet it is surprising how seldom this is recognised as being important. There are few training programmes about 'creative leadership' on offer, for example, despite the acknowledged importance of creativity at all levels of a business. What are the hallmarks of a creative leader?

Creative leaders act with a strong sense of purpose that can win hearts and minds as well as pockets, motivate people inside and outside the organisation, and inspire innovation. This purpose is usually a purpose beyond profit - adding an extra percent to the share price is important in a competitive market but it rarely gets staff out of bed in the morning, nor by itself does it automatically excite investors as it once did. We are working in a time when intangible assets such as corporate values and activities such as social enterprise win customers and loyalty and therefore add to the bottom line as tangibly as trading figures.

In this sense, a clear and compelling corporate purpose is much more important than vision or strategy. A strategy without a vision is like re-arranging the deck-chairs on The Titanic, while a vision without a clear and compelling purpose (beyond profit) is empty. Creative leaders stand for a purpose that is bigger than profit, bigger than ensuring total shareholder return. They understand that the brand can be a gateway to higher experiences what Disney calls 'transformational experiences' that are not only enjoyable but that help customers and staff change themselves for the better. According to a recent report by The Future Foundation, companies that add value to people's personal development will reign supreme. This is backed up by research undertaken by Interbrand, one of the world's leading brand specialists. Based on evidence from over 2,500 brand studies around the world, Rita Clifton of Interbrand believes that the greatest brand characteristic of the future will be based on the quality of leadership - and that leaders that create relationships and new experiences will also create futures.

Creative leaders also know how to inspire people. They don't offer answers but provide support for exploration instead. They offer insights, not solutions. They create focus not control. For example, most organisations are tight on strategy, loose on vision. Creative leaders unlock the potential of the organisation by being tight on purpose and vision, loose on strategy.

They also know how to develop key innovation competencies in people, like non-linear thinking, emotional intelligence, risk-taking, playfulness, relationship building, influencing group dynamics, constructive questioning, working with uncertainty and creative tension... In this way creative leaders are

innovation activists. They don't worry about getting buy-in as much as on forming relationships.

Writing about *Leadership Without Easy Answers*, the Harvard University professor Ronald Heifetz, believes that creative leaders also know how to generate heat and how to take heat. They have to develop the capacity to surface, orchestrate and stomach uncertainty, even conflict, in themselves and among their teams. They challenge taken-for-granted views that dominate their own and their organisation's thinking. People rarely thank them for this - exercising any kind of leadership generates resistance of course, but creative leaders improvise with greater confidence and understand that persistence with passion breaks down barriers. They get on and get results. This quality of collaborative improvisation is exactly what John Kao calls 'jamming' - for him, the critical element of creative leadership.

Creative Strategy

In conventional approaches to strategy development, creativity is 'front loaded' into the initial generation of ideas and possibilities which are then subjected to a series of analyses. It is as though ideas are sieved through a strategic 'funnel' which eliminates possibilities by considering the amount of commercial risk, financial viability, competitor activity, brand conformity and other parameters. Those ideas which survive often have their creativity compromised.

It isn't that companies should avoid rigorous evaluation of ideas. It's just that by itself, this 'strategic sieve' promotes a mindset that can kill creativity. Another approach is to consider a 'strategic spiral'. This approach is based on the principle of guided emergence rather than mechanical reductionism. It uses the question 'why shouldn't we?' rather than 'why should we?' and has multiple points of entry for people to engage with rather than being top-down. Crucially, creativity is possible at every point of the spiral rather than being considered only at the beginning. With the strategic sieve, the quality of the idea is vital to success whereas with the strategic spiral, the quality of energy that gathers progressively around an idea is vital to success.

In creating a creative company, the point is that organisations need to hold critical conversations about the nature of their strategic planning. The established, top-down models are not enough any more, for a number of reasons: a problem-solving mindset prevails (rather than a 'create the future' mindset); stakeholder involvement is narrow and controlling (instead of inclusive and engaging and energising); communication is one-way (tell-and-sell instead of consult-and-co-create) and planning and implementation are sequential and laborious (instead of simultaneous and direct). The choice is between merely predicting the future from the drift of trends, based on yesterday's data, or crafting it in line with tomorrow's vision.

More and more companies such as Nokia, Shell, Unilever, Virgin and others are turning to these very different ways of developing strategy. More dialogic processes such as Future Search, Open Space



Technology and Real-Time Strategic Change help companies capture, harness and craft creative ideas from a range of stakeholders inside and outside the business. These processes work, because as strategy specialists Bunker and Alban state, 'people support what they help to create.'

Creative Culture

Companies like Sony and Disney that are serious about creativity make it a corporate discipline. They don't treat it like a flash-in-the-pan one-off nor send executives on a weekend's training programme. It is something that they pay continuous attention to and stimulate in different ways.

For example Coca-Cola does not outsource its creativity by hiring a big advertising agency. Instead, it has built a network that includes the Creative Artists Agency in Hollywood, which is a talent agency. Such partners help the company to assemble talent teams who can work with in-house staff quickly and easily on a global basis. Such partners help build a culture of creativity that is infectious yet very practical and flexible. Innovation can happen in the space between teams with complementary disciplines, skills and abilities.

Creative businesses have cultures that support innovation at a number of different levels. Generally speaking, innovation can be described as anything that is beyond the current capability of the business to deliver. In practice, however, there are four kinds of innovation:

Product Innovation	Generates new goods, service or technologies	Changes the sales mix
Strategy Innovation	Generates new approaches or business models	Changes the company
Business Concept	Generates new ways of doing business	Changes the market
Cultural Innovation	Generates sustainable ways of doing everything differently	Changes the rules of the game

Infusing creativity into the culture of the business ensures benefits at all levels as it helps organisations continually reinvent themselves and change markets, companies and consumables. Yet few companies manage this, and when they do it is often a one-off exception. They find it difficult to develop innovation-friendly cultures. Nokia is an exception - it has transformed itself spectacularly several times, even from a manufacturer of rubber 'wellington' boots into a global communications company. Virgin is another example of a company with a creative culture.

Despite occasional criticism for a lack of brand focus, Virgin's creative drive has enabled it to enter and dominate an amazing array of markets.

Developing an innovation-friendly culture depends on encouraging people to examine orthodoxies and 'sacred

cows', and on finding ways to reward play and experimentation. This is particularly true in change management approaches. Smart organisations these days are using "whole systems" approaches to change, where the emphasis is on consulting/communicating across multi-disciplinary teams throughout the many levels of the corporate hierarchy. Infinitely preferable to the old-style "command and control" approach, whole systems approaches can improve speed, communications, commitment and ownership within an organisation. By themselves, however, these sorts of whole systems approaches may not go far enough in supporting and sustaining profound innovation because they may not look outside the organisation. Too often, whole systems approaches to change treat the organisation as a closed system.

The more organic open systems approaches introduce greater diversity - an essential ingredient for creativity - and draw directly on the complex web of relationships that exist between the people inside the organisation, as well as the different communities of interest outside - suppliers, strategic partners, shareholders, customers, competitors, as well as organisations in other sectors and groups in the world at large. The result is a more inspiring, radical, flexible, tailored innovation curve, where personal, organisational and social change happens with less effort, where people are more aligned and where the development of products and services flows more naturally. Open systems approaches treat organisations as organic rather than mechanical, and achieve results because they re-energise, rather than re-engineer things.

Building Creative Capital

In summary, these elements enable you to build the creative capital of your business, not just the intellectual capital. Developing creative capital does not mean acquiring new creativity tools, however helpful these may be in limited ways. Creativity and innovation are not just about techniques, but about deepening self-knowledge (harnessing personal and corporate identity, cultivating personal and corporate uniqueness), working with group dynamics (trusting other people as well as what emerges between people), welcoming novel experiences (which create novel insights) and exploring creative processes with openness.

Cultivating creative capital has to do with stimulating a deeper organisational change process, one that is both driven and determined by the innovation imperative. Too many companies tell people to innovate rather than inspire them to innovate. Too many companies move away from what they don't want - problem solve, rather than move towards what they do want - creating a purposeful future. Too many companies nudge forward what they know rather than take creative leaps into the unknown.

We are not just talking about helping companies develop creative processes, but how we can use creativity to help companies develop.



References

- Bunker, B. & Alban, A. (1997) **Large Group Interventions**, Jossey-Bass. San Francisco.
- Clifton, R. & Maughan, E. eds (2000) **The Future of Brands**, Macmillan. London.
- Elwes, A. (2000) **Creativity Works**, Profile Books. London.
- Godin, S. (2000) *Unleash Your Idea Virus*, **Fast Company, August**, 115-135.
- Heifetz, R. (1999) **Leadership Without Easy Answers**, Harvard University Press, Cambridge MA.
- Kao, J. (1998) in **Thought Leaders**, (ed Kurtzman, J), Jossey-Bass. San Francisco.
- Levitt, T. (1963) *Creativity is Not Enough*, **Harvard Business Review**, May/June
- Sutton, R. (2001) *The Weird Rules of Creativity*, **Harvard Business Review**, September.

Ty Francis is a consultant and coach who specialises in approaches to help leaders explore and express the uniqueness of their creative authority so that they can inspire innovation and enterprise. With a blue-chip background in brand strategy, organisational development and innovation consultancy, Ty works internationally with commercial and Government / public sector organisations as well as community groups on a range of innovation and transformation projects.

For further information email: ty@tyfrancis.org or telephone +44 (0) 1244 329 429
© Ty Francis 2004, published in *Innovation Practice*, *Elektronik 2.04*, 26-30

