

Competitive Advantage - The Secret Ingredient

The role of creativity and corporate innovation by Ron Ford

Executive Summary

One of the most valuable assets in any organisation is that of creative capital. This is the combination of creative individuals and ability of the whole organisation to turn ideas into reality, be it products, services, improvements and solutions.

The development of corporate innovation has historically focused in nurturing creative individuals and the provision of problem solving tools. This paper argues that successful corporate innovation also relies on a number of additional factors including a corporate recognition that creativity is everybody's business, the existence of a culture of cross functional team working, the ability of managers to sponsor innovation, and the openness of the organisation to absorbing ideas from all sources, including customers.

Creativity and Innovation - Myth and Reality

The popular perception of creativity (the generation of new ideas) is that of the 'inventor' working in isolation on a central idea, and then developing a world beating product or service. The underlying assumption is that creativity, the generation of new ideas, is reserved for the gifted few, working on their own.

If creativity is the generation of new ideas, then innovation is the ability of an organisation to turn ideas into products or services that generate competitive advantage.

The reality today is that few inventions or improvements are the product of one mind. More often they are the result of collaboration between different disciplines, often working together in project teams to solve many problems. In the field of science and technology, new technology platforms and product applications cannot be developed without multi disciplinary input. Corporate innovation requires not only creative individuals but also organisation wide processes and skills.

The Challenge

In the 21st century companies cannot grow simply by reducing costs or re-engineering. They have to create new products and opportunities and those that have mastered corporate innovation, have developed significant competitive advantage or market share; companies such as Linux, Visa, Dell, Virgin, Apple, and Toyota.

Their competitive advantage comes not just from excellent product design but through innovation in all aspects of the business model, drawing on ideas from within and outside the business. However, this is rather like going on a blind date. Organisations may not know what they are looking for, or even if they will find anything attractive on the way.

Developing Individual Creativity

Human beings are supremely equipped to be creative and to solve complex problems. Given the right environment, support and encouragement, everyone can be creative and can produce outstanding results. The opportunity to be creative and to gain some recognition, is often sufficient reward for most people.

The challenge for managers is to focus on the whole organisation and sponsor creativity in every function not just the 'creative' ones. There are different types of creativity. For example sales people may be motivated by the thrill of the chase, scientists by a thirst for knowledge, developers for an elegant solution, and buyers by the challenge of finding the best negotiated solution.

The role of management is to remove the barriers to innovation, reward success and nurture trust and respect. This will of course include the provision of suitable training, access to the right tools, coaching support, and occasionally breaking the rules.

Developing Organisational Creativity

Having creative individuals, with access to the hundreds of tools now available, is one thing, developing an innovative culture is quite another. As Charles Handy said 'creativity is too good a thing to be rationed'¹.

Creative capital is not just the sum of individual ideas but is a product of internal (cross functional and multi disciplinary) and external interactions (users and customers) and processes for turning the ideas into reality.

¹ Handy, C. The doughnut dimension.. *The Observer*, 16 January 2005.

One of the issues facing organisations is how to evaluate these ideas. One successful approach to this is to set up a Feasibility Project Team and staff it with the smartest people, led by an experienced project manager. Such a team is given the job of taking each idea and establishing feasibility (or storyboarding it). Given a mediocre idea such team will either ditch it or fix it. The management challenge is to trust their judgement.

Developing organisational creativity is a cultural challenge requiring a strategic plan and a change programme.

There have been many attempts to identify the key success factors in developing organisational creativity and a summary of these is shown below. Our experience however is that every organisation is different and that the following list should be seen as providing guidelines rather than precise answers.

Table 1 - Developing organisational creativity	
Strategic Intent	A visible commitment to corporate innovation related to strategic intent resulting in a common purpose Strong corporate challenge
Corporate Processes	Minimize rules and procedures Eliminate unnecessary control Clear decision making accountability Encourage continuous process improvement Recruit smart people
Management Behaviour	Managers see their job as sponsoring creativity and removing barriers Managers ask more questions, make less statements Managers seek contributions and set high standards Managers tolerate mistakes, failures and encourage learning
Creative Environment	Varied pace Physical thinking space Challenge and open debate Encouragement to try out new ideas Communication encouraged across boundaries Creative problem solving tools available to everyone Learn from mistakes
Teamwork	Experienced and empowered cross functional team capability supported

The Whirlpool Company is a good and often quoted example of this approach ². Their vision ‘Innovation from everyone, everywhere’ came as a result of a challenge from the CEO, David R. Whitwam in 1999, about how to tap into the corporate creativity of 66,000 employees. They implemented a number of the above principles, and by 2005 Whirlpool reported profits of \$422 million on sales of \$14.3 billion. Some competitive advantage!

Project Team Creativity

Projects are normally set up to create something new or to make some improvement; a project is therefore essentially a creative process.

We believe that the project environment is a natural vehicle for developing and harnessing creativity both in individuals and in teams and the project process (or lifecycle) is an excellent framework for developing innovation.

It is a common misconception that project management stifles creativity and we wonder sometimes how project managers manage to turn an essentially creative process into a rule bound one which limits individual and team excellence. We believe that an experienced project manager should know when to encourage creativity and some examples are illustrated below:

Table 2 - Creativity throughout the project lifecycle

Project Phase	Creativity needed in:
The concept phase	Original novel ideas New approaches Different ways of working Ideas for dealing with complexity and uncertainty Resolving conflicting needs of stakeholders
The definition phase	Creating alternative mental journeys Alternative paths and options Innovative planning methods Creative ways to deal with risks
The implementation phase	Customised reporting methods Managing scope changes Novel methods of communicating with stakeholders
Handover and close-down phase	New handover mechanisms Translating lessons from one project to another Dealing with late issues – fast problem solving

² Snyder, N. *Strategic Innovation: Embedding Innovation as a Core Competency in Your Organisation*. Jossey Bass, 2003

As shown above, the right time for new product or service ideas is at the start of a project and this requires patience and encouragement. New ideas about the product or service would be inappropriate during implementation. The project framework encourages innovation at the right moment, i.e. when it is needed.

This process depends on the development of a high performing team based on clearly defined roles, and consensus on the common purpose. The most successful projects demonstrate appropriate creativity at all phases of the project.

The final event in a project is often the post project evaluation review. A creative review results in enthusiasm for improvement, a rule-bound one produces more bureaucracy than learning.

CASE STUDY

An example of the application of this idea involved one of our clients in the development of complex radiotherapy equipment. We encouraged the project team to investigate new ways of approaching the development process and they came up with the idea to build a full size wooden prototype at the very start. This was not normal industry practice. They then invited manufacturing engineers, service engineers, clinical staff and customers to comment on what they needed from the equipment and to modify the model. The result was a radical change to the way that servicing and use was perceived and major changes to traditional design. This early involvement also reduced late changes and the development time was cut by 24 months.

Fast Track Innovation through Virtuoso Teams

The conventional wisdom is that 'creative' types cannot be pressured into delivering new ideas and results quickly and that the organisation must be patient and wait for that 'eureka' moment. This is not always true especially where the 'task force project team' is utilized to address a crisis.

Traditional project team members are often selected on the basis of who happens to be available at the time. They meet regularly as a team to progress and coordinate their work, but complete the work individually. Progress is determined by a balance of resources and priorities.

However, in a crisis there is often a need for a more focused approach and this is where fast track teams (virtuoso teams³, SWOT teams) come into their own.

This approach involves the formation of a team of the brightest, most talented experts, supported by strong leadership and tough but clear goals. Such talented team members can be egocentric, elitist and temperamental. They are handpicked star performers who, in our experience often work best when co-located in cramped conditions, given difficult challenges and set unreasonable deadlines. It is interesting to note that compared to conventional teams they are not interested in consensus but are driven by a desire to achieve an outstanding result.

An example of this type of project is the group of people who created the musical West Side Story. Jerome Robbins, a choreographer, persuaded Leonard Bernstein (the composer and conductor), Arthur Laurent (Screen writer) and Stephen Sondheim (lyricist) to work together on the musical, all of them virtuosos in their own right. The one thing that kept them together was the belief that there was a place in Broadway musicals for tragedy, social comment on racial violence, and challenge to the American dream. This united them as a team, and despite many rows, the results were groundbreaking.

CASE STUDY

In another example Oxford Projects worked with a virtuoso team, which was set up to solve a difficult technical and regulatory problem. Under extreme time pressures (it was said that it would take 6 months, and they were given a week) the team analyzed the problem in a completely new way, identified 23 improvements which solved the problem, and subsequently registered 6 new patents as a result of the 5 days work.

Pressure and creativity can work together.

Conclusions

Every organisation is different and requires a unique approach, so here are a few guidelines for developing a culture where creativity is valued :

- Recruit smart people
- Set high standards and tough targets
- Foster a safe environment where creativity, trust and respect can thrive

³ Fisher, B., Boynton, A. Virtuoso Teams.
Harvard Business Review, July 2005.

- Encourage a multi-disciplinary team working culture
- Employ or develop experienced project managers
- Recognise decision making and communication are different beasts
- Learn from your mistakes

How can we help?

If you would like to discuss how we could help you to deliver competitive advantage please contact **Ron Ford** on **01865 201815** or **ron.ford@oxfordprojects.co.uk**