

## Creativity and Innovation

### 1. *The Business Case for Creativity and Innovation*



With the accelerating dynamics of competition, the key to competitiveness no longer lies in re-applying past successes. The business case for *more creative and innovative* strategic planning is now firmly accepted. Creative ideas translate into innovative practice only with careful management and evaluation. Firms capable of innovation and differentiation of products and services from competitors are on average twice as profitable as other firms. Furthermore, engaging employees in new ideas encourages commitment to the business and higher levels of interest in the successful implementation of ideas.

The management of innovation is inherently risky and difficult, as many technologies fail to be translated into products and services and may not become a commercial success. Innovation can enhance competitiveness but requires different sets of management knowledge and skills from those of everyday business administration.

### Strategic Advantages through Innovation<sup>1</sup>

Types of innovation	Strategic Advantage
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<sup>1</sup> (Tidd et al, 1997)

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**Novelty**

Offering something else which no one else can

**Competence shifting**

Re-writing the rules of the competitive game

**Complexity**

Difficulty learning about technology keeps entry barriers high

**Robust design**

Basic model product or process can be stretched over an extended life, reducing overall cost

**Continuous incremental innovation**

Continuous improvement of cost / performance..

## ***2. The Difference Between Creativity and Innovation***



Creativity is one thing; innovation is another. It is the difference between idea and application, between imagination and action.

- **Creativity:**

the original thought, the spark the blueprint, the ignition, the original design concepts

- **Innovation:**

Translating the original thought into practice

Innovation is “the successful exploitation of new ideas” (DTI, 2003); the successful application of knowledge or techniques in new ways or for new purposes. It is also about organising a business to exploit new opportunities profitably. It is for all businesses: high technology or not. Innovation involves an attitude of mind that is always seeking to improve, responds to customer needs, aims to get ahead of competition and stay there.

Innovation is the key business process that enables UK businesses to compete effectively in the increasingly competitive global environment.

Sources of innovation opportunity:

**INTERNAL:** Unexpected occurrences, incongruities, process needs, industry and market changes.

**EXTERNAL:** Demographic changes, changes in perception, new knowledge.

### 3. A Creative Work Environment



Creating a culture of innovation with an organisation rests with the leader. There are three ingredients necessary for a creative culture to emerge. The first, ability and techniques to facilitate creativity. The second ingredient; instilling the desire in people to be innovative can be influenced through team working. The third ingredient, and the one which presents the greatest challenge to the organisation, is to create an environment which enables and empowers innovation.

#### Shared Vision and Leadership – the *will* to innovate

Innovation needs energy to overcome the inertia and determination to change the order of things – many organisational structures reinforce the status quo. An alternative is the “not invented here” problem – the organisation fails to see the potential of a new idea or rejects it on the basis of not fitting within the current business strategy.

#### ***Case Example: ATT***

On 10th March 1875 Alexander Graham Bell and his assistant Mr Watson held the first ever conversation on the telephone. Excited by their discovery they demonstrated their invention to senior executives at Western Union. A few days later they received the following response “ after careful consideration ... which is interesting as a novelty, we have come to the conclusion that it has no commercial possibilities...we see no future for an electrical toy”. Within 4 years there were 50,000 telephones in the US and within 20 years there were 5 million. During this time, the company that Bell formed, American Telephone and Telegraph (ATT) became the largest corporation in the US. The original patent number (174455) became the single most valuable patent in history.

Top management commitment is needed to support mechanisms which demonstrate and reinforce a sense of management involvement, commitment

and enthusiasm. Management need to provide long-term commitment to major projects and not focus solely on the Return on Investment. Other considerations such as market penetration and growth, and strategic benefits should also be considered. Also important is management acceptance that innovation is inherently risky. The organisation must be prepared to take risks and look on failures as a learning and development opportunity. Individuals or teams must not be “punished” in such circumstances, this will only serve to reduce creativity and the impetus to innovate; rather such events should be treated as a learning opportunity. Uncertainty can be reduced, however through research and information gathering exercises – organisations do not have to take unnecessary risks.

### Appropriate structure

Organisational structure is influenced by the nature of the tasks performed within the organisation. Formalisation and control systems constrain innovation, while a decentralised structure with informal work practices enables the organisation to be flexible and respond to uncertain environments through innovation. Once creative ideas are generated, however, a degree of centralisation is required for the idea implementation, and thus innovation. The team-based organisation is a possible resolution. “The extent of team-based working in organisations appears to be a good predictor of innovation”<sup>2</sup>.

### Key individuals

A key individual (or possibly a group) who is prepared to champion the innovation can provide energy, motivation and enthusiasm to help it through the organisational system.

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<sup>2</sup> West (1996)

Key figures can play several roles. They may be a source of *technical knowledge*, fully appreciating the technology behind the innovation and have the ability to solve emerging technical problems. An individual in this role may provide inspiration and motivation to the rest of the team as they are able to resolve problems and remove technical barriers to the innovation. The role of *organisational sponsor* is also key in the development of an innovation to market. Such sponsors need to believe in the project and convince others in the organisation of its potential, thus enabling support in terms of resources and time for the innovation. Provision of the necessary resources are vital for innovation and must be sufficient for the task. And the role of the *business innovator* is to recognise customer perspectives and needs, ensuring the success of the innovation within the market place.

### Effective team working

Recruitment and selection of the appropriate people for the team and team task will also play a key role in the success of an innovation project. Teamwork principles will be covered in the next module.

### High involvement in innovation

Creative skills and problem solving abilities are possessed by all employees. A high involvement organisation is successful because it utilises individual's abilities and ideas.

### Continual stretching and development of individuals

High-performance organisations demonstrate their commitment to employee training and development, equipping employees with the skills to take on broader roles within the organisation. Such commitment will be demonstrated through the company's training policy. Training and development empowers individuals to take on additional responsibility and to demonstrate more initiative at work.

## Multi-directional communication

Organisational goals and values must be communicated clearly to employees to that there is a shared understanding of the direction of the organisation. Support for innovation and team work must also be communicated to employees.

Mechanisms for enhancing communication:

- Job rotation
- Cross functional teams
- Cross functional projects
- Team briefings
- Use of multiple media (notice-boards, e-mail, video etc.)

### ***Case Example: Dolland & Aitchison***

High street optician and spectacle retailer believe that "every idea is a good idea". Employees are encouraged to write directly to the CEO with their ideas. They receive a written response from the CEO and if their idea is actioned they also receive a "thank-you" gift.

An example of such an idea is "Styleeyes" a computer aided system, pairing customers with ideal frames to fit appearance and lifestyle. The outcomes were:

- increase in customer satisfaction
- increase in customer spending
- increase of 17% on annual sales

## External focus/ Customer focus

Organisations which are open to new stimuli from external sources are more likely to be innovative. Awareness of external demands and threats will force the innovation process. Customer focus also increases the likelihood that innovation will be adopted by the customer. IDEO, a design company attribute several of their innovations to watching customers and gaining customer insight:

***Case Example: Oral B Children's Toothbrush***

Children's toothbrushes were miniature versions of adults brushes. IDEO designers watched children brushing their teeth and noted that children use their whole hand to hold the brush while adults use just their fingers. They adapted the handle of the brush to reflect the whole hand grip style used by children, thus creating a new ergonomic product.

Creative culture

Culture refers to the shared values and beliefs in an organisation, in other words "the way things are done round here". Management can influence culture through the organisational structures and processes, demonstrating desired behaviours and reinforcing these behaviours.

Effective reward systems are a key factor. Many organisations reward output, such reward systems reflect the performance of repeated tasks rather than encouraging employees to challenge the status quo and change things. Innovative organisations attempt to reward creative behaviour, thus encouraging idea generation.

***Case Example: 3M***

At 3M employees are able to spend 15% of their time working on pet projects.

Physical Work Space

The physical work space is also important in creating an atmosphere which encourages creativity, and space which facilitates interaction and enables reflection. Good workspaces celebrate teamwork and team space:

**Case Example: ABB Cewe**

A Swedish engineering company redesigned their workplace so that designers, manufacturing and sales staff all worked in the same space. The result: faster delivery times; problem identification and resolution more effective; and employee satisfaction increased due to increased job content.

To develop creativity in the work space:

- Increase places where people can bump into one another
- Have openness and privacy
- Don't take space too seriously- recognising seniority from an individual's desk position is a bad thing! Give the right signals about what space is for i.e. for work not for position. Beware of rewarding superiors with superior space.

**Case Example: Cambridge University Mathematics Department**

The department of Mathematics at Cambridge University have designed their building for maximum social interaction and for idea capture – even the toilets have white board on which to write ideas!!!

Well designed work spaces also impact on employee issues beyond creativity. The case study below demonstrates the value of work space in reducing the experience of stress at work.

### **Case Example : Ericsson Radio Systems**

**Problem:** High stress levels, leading to high turnover and absenteeism.

**Solution:** Redesigned work environment.

*For stress prevention:* Recovery Rooms

*To encourage creativity:* A Green Room in which individuals are able to withdraw for contemplation, reflection and creative thinking. The rooms contain comfortable furniture and plants. No office equipment or phones are allowed in the rooms.

**Outcome:**

Decrease in sick leave to below the company average at other sites, and an increase in work-life balance.

Moving to new premises provides an excellent opportunity to re-evaluate work space, providing potential to reinvigorate the business and improve its performance. The workplace is a powerful medium communicating the organisational values to employees and external parties.

#### **4. Want to find out more?**



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#### Useful Websites:

##### **www.mycoted.com**

Mycoted provides tools, techniques, mind exercises, puzzles, book reviews etc.

##### **www.brainstorming.co.uk**

Provides a list of books on innovation and creative and lateral thinking as well as more information on different techniques for creative thinking.

##### **www.24-7Innovation.com**

This is an American site about creating a culture of innovation.