

Creativity at Work

Navigating the Roadmap to Value Creation

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In today's competitive, global market, there are only two ways to survive and thrive: Do something better or make something new. This is true for companies selling products or services.

We believe creativity is no longer an abstract goal, but a roadmap to value creation, particularly during a down market and turbulent economic times.

Already, consider that the top 100 worldwide companies in terms of market valuation have moved away from the notion of fixed assets and balance-sheet valuation. Instead, they are valued according to their ability to create the future—and to create products, services and new business concepts.

We have studied leading business organizations and have found they have been highly successful with several different approaches to creativity. The four predominant types of creativity—we call them Imagine, Invest, Improve and Incubate—can be applied at all organizational levels, from corporate leadership to department managers to individual employees.

By understanding the types of creativity being used in your organization and by improving your strengths as well as your less-dominant skills, we believe you can help move your organization beyond mere survival to achieve spectacular success and create an exciting, dynamic workplace. As

a leader concerned about the bottom line, you must encourage practices that foster creativity at all levels of the organization you lead.

You should bear in mind, however, that one size of creativity does not fit all. The nature of businesses and the environment in which they operate vary from sector to sector. The process of creativity is quite different, say, for a company developing a new restaurant versus one building a new mass transit system. Thus, the product or service a company is creating, coupled with the business situation in which creation is taking place, determine its approach to creativity.

Creativity also requires the appropriate competencies in order to accomplish the desired objectives. All creative activities, such as learning a language or how to play a musical instrument, are developmental and involve practices with which people initially may be unfamiliar. Therefore, before an organization can invent something, it must develop the experiences or appropriate competencies to create the outcomes. A company that fails to do so may fail to reach its creative goals.

Think about your organization as you read the following profiles. Ask yourself:

- What creativity profile or profiles are we relying on to maintain our competitive advantage?
- What new competencies and creative profiles do we need to develop to bring more balance to our organization?



The four creativity profiles vary in speed and magnitude of creativity and the nature of their practices.

IMAGINE PROFILE

This type of creativity focuses on innovation and growth, either by making something new or selling it to a new customer, or a combination of both. It is breakthrough and high risk. It also requires a lot of visioning, so strategic forecasting, experimentation and trend analyses are important. Because it tends to be very speculative, however, it has a high mortality rate. Walt Disney, for example, used *imagination* to create a world-famous amusement-park concept. He also created the first full-length animated film and the modern multimedia company. Disney's gift was his ability to recognize a good opportunity on the horizon. Perhaps his greatest triumph was Disney World and the Epcot Center, considered modern miracles of "Imagining" and urban planning when they were built. He transformed a 3,000-acre mosquito-infested swamp in central Florida into one of the top tourist destinations in the world.



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People in the Imagine profile are often artists or entrepreneurs with special abilities who pride themselves on being extremely flexible, open to new ideas, willing to try new things and forward looking rather than introspective.

One of our favorite examples is Fluke Corp., a test and measurement instrument company that was floundering in the early 1990s. CEO Bill Parzybok turned the company around by treating the real world as its R & D lab. Fluke's strategy is to leverage problem-solving scenarios into new products and services, continuously. Fluke sends what it calls "Phoenix teams"—a six-person team from the engineering, marketing and finance departments—to solve a specific client problem. The team is given 100 days and \$100,000 to go into the field and solve the problem. The Phoenix formula encourages team members to create solutions that are novel and useful, and it works! Even though it has no R & D department, Fluke intro-

duces a dozen new products each year, with new products making up 40 percent of overall revenues.

IMPROVE PROFILE

Creativity in this profile is incremental. It builds or elaborates on existing products, services, processes and systems, and often requires a great deal of integration. The Improve profile is the direct opposite of the Imagine profile.

Businesses in this profile usually have three characteristics:

- They are complex due to the size or nature of their operations.
- They almost always compete on cost.
- Failure is not an option.

Both the magnitude of change and the amount of risk are low, compared to the Imagine profile. This type of creativity is seen in medicine—where there is a right way and a wrong way to do things—as well

as in the military or heavy manufacturing businesses such as those that make airplanes and automobiles. These organizations rely on systems, platforms and processes. They are highly analytical and engineered although often they are not considered to be creative—a myth easily dispelled by the ongoing refinement of, say, the Lexus line of luxury vehicles that has produced impressive value through steady improvements.

People in the Improve profile, such as engineers or scientists, are realists. They like to study data and base their decisions on facts. They have a deep understanding of the physical realities and laws of nature that govern what they are creating. A classic example is Ray Kroc, of McDonald's fame. He didn't invent fast food. White Castle, Howard Johnson and other chains had been around long before McDonald's. Kroc understood the complexities of the system, both in terms of food preparation and restaurant development, and *improved* upon the local diner by creating a standardized fast-food chain where employees

Developing Your Own Creativity

Creativity, like all learning, is developmental. No one wakes up one morning and writes a great novel. Aspiring authors start by writing novels that initially may not be very good, improving their technique through practice.

To tap into your own creativity, ask yourself:

When are you creative?

What are you doing or not doing when you are most creative?

Where are you? A noisy or quiet place?

What time of day? Morning or night?

Are you most creative when you are collaborating with others or alone?

What gives you the most energy? What saps it?

To develop your creativity, pay attention to what nurtures your creative spirit and record what you learn in a journal.

could learn the science of making food quickly with few errors.

INVEST PROFILE

The Invest profile perspective is driven by speed and is time-horizon based. It is a hallmark of publicly traded companies that must report quarterly earnings and face constant pressure to increase rates of return. This type of creativity generates profits and speed. Invest-style creativity focuses on processes involving resource allocation and performance management. It measures projects in terms of one investment versus another, much like a portfolio of stocks. Brand management is important.

This form of creativity is typically done in short bursts by so-called "tiger" or "win" teams, which focus intensely on the creation of a product, service or concept for a limited period of time. Through partnerships and acquisitions, these companies gobble up other firms with special abilities and then marry them with their own abilities to create something new. People in this area are competitive and performance-oriented. They care more about numbers than qualitative data. This is laissez-faire capitalism, the hallmark of Wall Street firms. Procter & Gamble, Microsoft and GE are good examples of Invest-style companies. Jack Welch *invested* in the acquisition of 934 companies over his 20 years as CEO to create tremendous market value for General Electric.

INCUBATE PROFILE

Firms in the Incubate profile focus on creating a high-performing workplace and workforce in a sustainable way. So-called lifestyle companies accomplish this by developing people and making the working environment a pleasant one. Common tools and techniques include developing an idea space where people can express themselves and setting up mentoring and training programs. A great deal of emphasis is put on hiring the right people. Customers may be considered partners in an extended community.

Companies compete through identification with their values and beliefs. Individuals in this profile are rooted in the community and are interested in the people around them and in learning. Creativity occurs because there is strong moral identification with the work. The slow development of a community of practice that is associated with the Incubate profile is opposite the Invest profile, which targets fast, but not necessarily sustainable, results. Apple Computer, Patagonia, Harley-Davidson and

most universities fall under the Incubate profile. Florine Marks *incubated* ideas about dietary habits and weight control to create a multi-million-dollar support organization, Weight Watchers International.

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Organizations benefit from all four types of creativity, but in different amounts in different places at different times. After all, innovation is not only about having great ideas, but also about implementing them in an organization. The development of a new product line, for instance, may require Imagine-style creativity in the design phase when wild ideas are needed. Later, the emphasis may shift to the Invest profile when a business plan is formulated and to the Improve profile when production capabilities are developed. On an individual level, a manager may switch creativity "hats" several times a day, depending on whether the task at hand is to hire new staff (Incubate), refine an existing process (Improve) or partner with another department (Invest).

Often, different functions within an organization rely on competing types of cre-

ativity, causing conflicts. A marketing manager, for example, is more likely to use Imagine-style creativity for generating new product ideas. An operations manager will employ Improve-style creativity for refining the manufacturing process of existing products and may even resist efforts to broaden the company's offerings. Placing emphasis on one profile on the creativity map means moving away from the others, which may even destroy value in an organization.

In the final analysis, creativity is really about making choices. Focusing on product quality and systems control, for example, inhibits an organization from trying to create a new market. Trying to turn a quick profit stifles efforts to build a sustainable organization. If a company's strategy is to do everything, essentially that firm ends up doing nothing.

Someone must make hard decisions about the distinctions among creative approaches and the ensuing tradeoffs. Think for a moment about the conductor of an orchestra, who is the only one not making a musical sound. The conductor's job is to get everyone else to make a variety of sounds, but not always at the same time or intensity. Similarly, a business leader's job is to develop the competencies, culture and processes required for each creative profile in a way that is appropriate for the situation to produce value. That is what great leaders do.

To determine your organization's creative situation, take the free self-assessment available on the Web site: www.creativity-at-work.com.

More About Creativity at Work

Creativity at Work, Developing the Right Practices to Make Innovation Happen by Jeff DeGraff and Katherine A. Lawrence is part of the University of Michigan Business School Management Series. To order a copy, call toll free 800.956.7739, fax 800.605.2665 or visit www.umbsbooks.com.

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