

Emmanuel Perakis offers some suggestions on how to make the most of that fact

How to grow creativity & innovation in your company

In our turbulent times, creativity and innovation increasingly constitute not just a way to promote growth, but a potential precondition for survival for states, companies and organisations.

It is no coincidence that a 2010 survey of over 1,000 CEOs by IBM Services revealed that the most important “leadership competence” for the coming five years is expected to be creativity.

However, companies striving to become innovative, usually focus their efforts exclusively within the area of **Product and Service** development (usually via dedicated departments).

Although this direct effort is important and adds value, since it focuses on bottom-line business development processes, at the same time it neglects powerful indirect leverage opportunities, such as differentiating business models and internal organisation.

The field of **Business Models** offers a number of noteworthy examples. These include Bhutan, a nation that measures success not through the well-known indicator of GDP, but through a sophisticated Gross Domestic Happiness statistic (which it has developed over 30 years and addresses educational, behavioural and environmental factors). In the corporate domain another example is Nobel Peace Prize Winner Muhammad Yunus’ Grameen Bank (see *Global Focus* Volume 5 Issue 1 January 2011), which operates in the same way as any other “normal” company (it has 20,000 employees and 2,500 branches). The only difference is that profits are not given out as dividends, but reinvested for growing the company in order to support more customers. (This model is known as a “societal company”).

The field of **Internal Organisation** also has some significant examples.

For example, the American fabric, polymer and medical equipment manufacturer Gore has no hierarchy, organisation charts or job titles. British retailer Tesco segments employees according to their motivational drivers (a practice widely used though mainly in marketing). And American carpet tile producer InterfaceFLOR, best known for its sustainability practices, utilises word of mouth, rather than a PR budget to further improve its reputation.

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As well as being in themselves innovative and creative, these “unusual” practices also act as catalysts of creativity within companies.

Needless to say, such approaches require thinking outside the box. Sometimes simply adopting practices used in other business sectors or functions (such as from marketing to human resources) is adequate. But sometimes courage and calculated risk taking is required, which business managers are usually reluctant to do, especially during times when their main priority is securing their own positions.

Although no one can ensure innovation, we can potentially apply some “down to earth” practices that companies can use at a reasonably low risk level, to facilitate their employees’ creativity and innovation.

Below are a number of examples:

First things first – hiring

Apple’s Steve Jobs once said: “A people hire A people, B people hire C people and C people fire A people”.

Innovative people are occasionally “different”, and are also often intense personalities. This can potentially be revealed in job interviews. A candidate who is simply “compliant”, who follows unwritten but forceful behavioural rules on “the way we do things here”, probably will not support the creation of a culture of innovation. Innovation emerges from diversity and not from absolute homogeneity in behaviour and if that makes managers uncomfortable, well “no pain, no gain”.

Internal communication

Employees who know what their colleagues are working on are more likely to generate new ideas, since the stimuli they receive are multifaceted. An example comes from Japanese retail group Ito-Yokado, which invests 3% of its turnover to finance meetings of its executives around the world. If this sounds expensive, simply documenting in a reader-friendly way corporate procedures (rather than developing chaotically lengthy documents) might be a good first step.

Alignment

British firm Yell, a business search engine and publisher, has for over ten years followed a particularly systematic approach, which clarifies its annual five strategic objectives (for example, “increase employee satisfaction by 20%”) and then communicates these intensely and systematically (via brochures, meeting with managers, corporate intranet and so on). This ensures that all modifications in the way of working are aligned towards the desired direction. Yell’s employee satisfaction is considered a world-class benchmark and its culture an admirable accelerating factor for business growth.

Individual action

No one knows who can have an exceptional idea or when and where it will arise. 3M, an American global company encompassing brands such as Nexcare, Post-it and Scotchgard, has the objective that 15% of all employees’ time will be used to develop new products. Awards are symbolic-intrinsic (something that is surprisingly more effective than extrinsic rewards) and submission of ideas is non-bureaucratic. All proposals are evaluated and employees are informed of the reason if an idea is rejected.

Suggestion schemes are a powerful approach to accelerate creativity, but only if they address the need of employees to register ideas simply, receive timely feedback and be intrinsically recognised for their contribution. One should not neglect that motivation is not only linked to the reward of a certain action, but also to the perceived probability of receiving this award and the importance one places on the reward itself.

Information access

American hi-tech company Google not only accepts but also actively seeks “constructive argumentation” among employees. It has a lean hierarchical structure (each manager has roughly 20 subordinates, rather than the typical seven in similar companies), maintains open-space offices and ensures extensive access to information (it follows the rational that “you have access to everything you want except what you cannot have access to” rather than the more usual “you have only access to information that we decide you need”).



15%

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25%

Dow Chemical and BASF innovated a new way to produce propylene oxide, a chemical building block for many industrial and commercial products. The new method eliminates hazardous effluents, creates up to 80% less wastewater, uses 35% less energy and reduces operating costs by 25%

Work conditions

The result of stress on the human brain is that it activates the areas of sentiments (the amygdala) and repetition, while it de-activates the area of rational thinking. Employees under pressure follow known paths and applied practices, while any propensity towards “unknown” or “new” territories is subconsciously blocked. Gore in America functions without hierarchy or titles, resulting in less pressure on employees and increasing the probability of innovation and self-initiation.

Informal activity

The informal activity of two engineers within HP led to the development of its well-known inkjet printer technology, although this was not in their official job description. Freedom to express ideas in areas beyond the official responsibility of employees, as well as being given the chance to work on their own ideas, increases the motivation to be innovative.

Sustainability

Focusing on responsible operations, aiming at both corporate and environmental sustainability, cultivates a thinking pattern “outside the box”, which is usually beneficial for both the planet and the company.

Jeans maker Strauss & Co developed a way to reduce water consumption for jeans manufacturing by up to 96%, reducing water use by 16 million litres and respective operating costs. Dow Chemical and BASF innovated a new way to produce propylene oxide, a chemical building block for many industrial and commercial products. The new method eliminates hazardous effluents, creates up to 80% less wastewater, uses 35% less energy and reduces operating costs by 25%.

Serendipity (luck and curiosity)

The sweetening substance aspartame is a result of a laboratory accident in 1965 and the curiosity of a chemist who, quite contrary to laboratory rules, tasted the substance. Even if it is particularly difficult, companies should manage not only what they know that they know (processes, studies and so on) but, also what they know or do not know that they don't know (for example via experimentation).

If all the above make you wonder if facilitating innovation and creativity is largely a responsibility of HR departments, the answer is yes.

According to the IBM Services survey, 60% of CEOs believe that the main sources of innovation within a company are not scientists, not consultants and not universities, but rather the company's own employees.

The answer to becoming more creative and innovative lies within a company's own people. And although the creation of a culture with the above characteristics is a multifaceted project that may last anything from two to four years, it is probably the most secure way to become innovative and creative in the long term. **gf**



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