

UNDERSTANDING CREATIVITY AND INNOVATION IN THE WORKPLACE

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"Businesses are increasingly recognising that human creativity is their primary, sustainable competitive advantage."

Micheal J. Gelb

The term *creativity* is sometimes interchanged with the word *innovation*. A clear distinction exists between the terms; however, many senior managers and leaders do not clearly understand the differences or their connection. They spend most of their time on 10 percent of their tangible assets and virtually none on their intangible assets – creativity and innovation infrastructure – which are the real source of their future competitiveness.

Creativity is the process by which individuals or groups generate or conceive new ideas, or adapt existing concepts into new principles; while innovation is the practical application of such ideas towards meeting customer needs and organisational objectives in a more effective way, i.e. creating value in the form of a new product, new process or organisational system.

Creativity is generally the antecedent to the innovation process, although the innovation process involves creativity at various stages. The generation of ideas alone does not lead to a new innovation. Innovation is a dynamic process of developing or modifying ideas through effort (processing) into something that is novel and useful.

Ideas may be new solutions to a problem or a new method or product concept. By stimulating the creative process within individuals, new ideas and concepts can be generated that can lead to new innovations.

The creative process was first described in 1926 and consists of four distinct phases:

1. Preparation – information gathering and opportunity identification
2. Incubation – sleeping on the idea or opportunity
3. Illumination – the Aha! experience
4. Implementation/Verification – new idea is implemented

Creativity is often associated with the 'creative arts' such as music, painting and literature, and the general perception is that creative people were born that way. Although some people have a tendency to be creative, creativity can be learnt through specific education programs.

The ability to encourage and exploit internal and external ideas without initial judgment is a key driver of innovation. An organisation must have a mechanism to capture (bank) these ideas before they dissipate and disappear. This can be achieved by implementing an idea management process.

The idea management process begins with the individual's prior knowledge and experience, together with their tacit knowledge through a dynamic moment of serendipity or synchronicity resulting in the generation of an idea (i.e. the "Aha!" experience). An idea management process encourages the active generation and collection of ideas. Ideas are captured, codified and then shared within the organisation, usually by electronic means, and developed further using creativity tools and techniques. The ideas are then evaluated using an appropriate tool. This may involve conducting a feasibility assessment. The idea is finally harvested and implemented as a new product, new process or organisational innovation. Progress is monitored using measures to determine the effectiveness of the idea.

Innovation is the practical application of new ideas and concepts into something of value in the marketplace, whether it is a new product, service, process or organisational system. The traditional definition of innovation is based on technological innovation, that development of a new product

service or process. Non-technological innovation relates to business operations such as advanced management techniques, changes in corporate strategy and changes in organisation structures.

A number of facilitating factors are needed to drive organisational innovation. Commitment and support from top management is the cornerstone of successful innovation. Management influence is necessary to overcome the barriers to successful change, which innovators often encounter. Identifying “champions” in the organisation to drive the innovation agenda can make a significant difference to innovation diffusion and adoption. Effective change management will ensure that improvements will be easily implemented. When top management is pro-active and becomes a catalyst for change, the organisation has a better opportunity to adopt an innovative culture. Innovative companies have a clear vision and core values that encourage the pursuit of organisational objectives.

Establishing a culture that is conducive to innovation requires building a work environment where trust, open communication and teamwork are the norm. A team is capable of significant achievements because individual abilities can be pooled towards achieving a common objective. The use of cross-functional teams helps break down the barriers by transcending the existing organisational structure. An environment that encourages participation allows new ideas to be generated and improvements implemented. Harnessing the creativity of the workforce forms a central component of an innovative culture. Other characteristics of an innovative culture include, tolerance of ambiguity, challenging the status quo, asking questions and not being afraid to *speak your mind*.

The innovation process generally has an element of risk since any change involves uncertainty. Some organisations are risk averse and usually struggle to become innovative. Organisations that incorporate a higher level of risk tolerance in their business processes are more successful in adopting an innovative climate. The downside of risk is failure. However, “failure is not built on success: success is built on failure”. Sagacious risk taking is the preferred option, because this implies that outcomes, consequences and contingencies have been considered in advance.

The existence of free and open communication channels is favourable to innovation, because it provides the ability for ideas and information to be relayed throughout the organisation. It is also important that, in addition to vertical communication, an organisation maintains lateral relationships between functional areas to break down any silos. Collaborative information technology solutions, such as Microsoft Sharepoint, encourage information sharing through the organisation and provide a repository of knowledge and ideas. The continuous flow of ideas provides organisations with a source of new products, product improvements and novel processes that contribute to the organisation’s survival and growth.

Establishing adaptive organisational structures, which are characterized as flat, organic and cross-functional, is a key characteristic of innovative organisations. 3M is a large global company that operates small autonomous cross-functional business units to encourage innovation and participation. In an organic structure job definitions are flexible, and both vertical and lateral communication flows exist. Power and authority are based on the individual skills and ability of team members.

If Australian organisations and their leaders readily embrace the concepts of innovation and successfully implement innovation strategies and processes, they would have made the first steps towards achieving growth and sustainability in the hyper-competitive global arena. Creativity is something that, despite popular belief, can actually be learnt. Senior managers and leadership teams need to take it upon themselves to foster an internal culture that recognizes and supports creativity and innovation to ensure they sustain their competitive advantage in the marketplace.