

# Top 10 Reasons Why Organizational Creativity is Essential to Business Success

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## 1. Understanding Creativity Leads to Focus

The idea of creativity has been around for decades, but as society and businesses have changed, the definition of creativity has also evolved. Often relegated to a 'buzzword' and even more often taken for granted, for the untrained or uninitiated, it's difficult to pinpoint what creativity really is in a way that allows us to put it to good use. Based on barriers Kanter<sup>1</sup> has identified, managers and whole organizations may want to consider the following questions:

- How do you know which ideas NOT to reject?
- Do you consider only 'new' ideas to be creative?
- Are smaller changes considered good enough to satisfy your company's or customer's definition of innovation?
- What constraints do you place on innovative processes and how do you reward creativity?
- Who takes on the creative roles in your organization?
- Who leads and participates in which creative teams and how?

Making mistakes in these areas is not only easy to do, but potentially critical in making or breaking how your organization moves forward. Understanding what creativity really means, how it functions, and how to unleash it will ensure focus in the right directions.

## 2. A Creative Workforce = A More Efficient Workforce

What would it mean for business if your team's overall output were highly efficient? Bringing in creative tools to support them may be your best idea yet. Studies suggest that more creative teams have higher levels of efficiency and rate higher with clients.<sup>2,3</sup> This type of efficiency also reinforces better team morale, inter-team encouragement, and budget maintenance.<sup>4</sup> Proctor notes that not only will productivity increase when we exercise creativity, but that "through creative problem solving, we generate new ideas and innovative solutions for a given need or problem. These ideas will be more efficient and often of much higher quality".<sup>5</sup> Gloor also notes that increased efficiency of an organization overall can result from creative collaboration when the right tools are utilized.<sup>6</sup>

## 3. Attract and Retain Talent

Today, it's more difficult for both organizations and employees to offer the kind of loyalty found in previous generations, but that doesn't mean companies don't still want to commit to the best and brightest and have them fully commit in return. Decades of research have proven that on the whole, workplaces that attract and retain the most coveted employees

offer creative, open, autonomous, and discretionary control over ideas, work, and working environments - resulting in greater job satisfaction, productivity, and commitment.<sup>7</sup> Just look at Google, Apple, and Pixar as recent examples. Creativity is a job function as well as a retention strategy, and can also result in leading-edge innovation that advances the company as a whole.<sup>8</sup> The best part - and often the biggest surprise for many organizations - is that ALL employees have the ability to be creative in their own right.<sup>9</sup> Managers must now learn how to tap into the different types of creativity and creative roles in order to put them to work, fostering both commitment from their greatest assets and turbo charged output in general.

#### **4. Creativity Necessarily Precedes Innovation**

Though most organizations seek innovation in one way or another, many companies may not realize that creativity and innovation are different or that creativity necessarily precedes innovation.<sup>10,11</sup> For those in the know, creativity is a big focus because it is the source of innovation and is critical to the growth of organizations as well as their overall performance and competitive edge.<sup>12</sup> As Batey frames it, "if creativity refers to the creation of novelty and utility, then innovation is concerned with the utilization of creativity in an applied context."<sup>13</sup> So, the element of innovation is the execution of the creative idea. A 2004 meta-analysis found that in studies spanning over more than two decades, "innovation [was] significantly and positively related to superior performance and that it was a significant driver of a variety of types of organizational performance".<sup>14</sup> If your organization is looking to grow, develop, perform better, or turn ideas about new products, services, strategies, or organizational structures into realities, then you need innovation. But to have innovation, you must first have creativity.

#### **5. Stay Ahead Of The Curve**

"Future Shock"<sup>15</sup> is a very real business challenge. The more time that passes, the more quickly new problems present themselves with less tried and true solutions available. Market competition is ever increasing and of all the management tools at one's disposal, most companies attend less to innovation and more to obvious change factors (like quality control, for example).<sup>16</sup> Yet, the inescapable reality is that staying ahead of the curve is what will determine who wins and loses over the next decade, and this head start requires creativity. It's needed to not only come up with new ideas, strategies, and positioning, but also to execute them in an innovative way. These new and abundant approaches to problem solving in any area of business are what set one organization apart from the rest. Beyond that, just maintaining and building upon any current market advantages also requires constant and consistent creativity stemming from organizational structure – or these advantages can quickly fade.

#### **6. Sustainability During Economic Hardships**

Creativity has proven to be an essential strategy when recovering from a downturned economy. When times are difficult, it's the action of distributing creative energy throughout the organization that can renew its livelihood. Doing more with less, fostering growth, and determining where real change needs to be made will drive success and push business forward.<sup>17</sup> If your organization underestimates in this age of uncertainty what creativity can do for you, you may quickly be surpassed by those who are gearing up creatively to move through their hardships.<sup>18</sup>

## **7. Increase The Bottom Line**

By now, the myth of the flaky creative type has been demystified and more people realize that creativity is not only a necessary business tool but also possible and preferable in every role that one might employ. Well-publicized 'creative' organizations have demonstrated exactly how this is done and that creative endeavors can really increase the bottom line - like Gatorade's inventive focus on social media and their resultant increased sales,<sup>19</sup> in addition to the numerous examples found in IBM's 2012 CEO study outcomes.<sup>20</sup> On the other hand, well-known and successful corporations are starting to tell stories of how cutting costs while neglecting creativity and creative departments has resulted in negative long-term effects on the bottom line. For example, GE cut costs at the expense of creativity, and in turn, neglected the value-add for its customers,<sup>21</sup> resulting in GE having lost a substantial percentage of share value over the last ten years. It simply goes back to the thinking that in order to make money, you need to spend money<sup>22</sup> - we need to redirect our understanding of creativity to realize that it is one of the investments necessary to get us where we need to go.

## **8. The Move From Individual Thinking to Group Genius**

The belief that organizational creativity can and is stemming from one or two individuals is an illusion. The myth of the lone genius<sup>23</sup> is what keeps most companies from actively engaging entire teams to surface their collective brilliance. In fact, most game-changing ideas result from multiple points of influence, perspectives, and talents, and an organization's inability or unwillingness to facilitate this group collaboration can result in not only employee frustration and disillusionment, but one-sided, single-dimension thinking. Paulus<sup>24</sup> discusses multiple benefits of group brainstorming including the obvious ability to share ideas; the different associations made when varying solution categorizations are made; the opportunity to build upon others' ideas; combining multiple contributors' ideas (and the infinite number of combinations that can be made); the potential uniqueness of knowledge presented by different individuals; and the increase in the number of ideas generated by individuals in the group.<sup>25</sup> It has also been demonstrated that more creative teams performed better and stuck to their budget more effectively.<sup>26</sup> All of this applies, however, only in the right climate and context, which is why it is important to train entire organizations for creativity and have group/team work be facilitated.

## **9. Not Actively Fostering Creativity Can Inadvertently Kill It**

If you don't consider your organization to be a creative or learning environment, it will never be one. Undervaluing, ignoring, or not encouraging new, different or creative thinking can quickly cause your people to become complacent, disillusioned and even stagnant, snuffing out any potential that may have existed. Only through understanding how to motivate creativity and innovation and actively managing for it can you motivate employees to realize their personal potential. And because we never know how and where ideas might emerge, this environment of possibility is critical. In order to do this, literature suggests that at the very least, organizations may want to avoid stack ranking;<sup>27</sup> setting goals that are too loose; constraining how goals are accomplished; non-existent evaluation; evaluation that can threaten too much criticism; very specifically guided rewards, especially those which are linked to rewards that are already present intrinsically; and certain types of pressure, as these have been found to potentially hinder creativity.<sup>28</sup> Simply reframing your organization

in a more creative way does not have to come at the expense of management and business initiatives or need to cost your organization a small fortune.

### **10. A Trainable and Learnable Skill That Transforms Businesses**

Just as some organizations do not focus on or value creativity as a business function, many don't believe their people are gifted or talented in these areas and can't be expected to perform accordingly. Instead, they outsource creative thinking at exorbitant cost or rely on creative partners, thus relinquishing their own power and responsibility to elevate thinking and develop ideas and solutions internally. Extensive research has now unequivocally proven that creativity is a teachable and learnable skill. In one such study, Scott, Leritz, and Mumford<sup>29</sup> suggest that not only is training for creativity one of the most recognized and favored ways of developing creativity, but they found that training outright works - creativity training is effective and largely so. "Well-designed training can evidence substantial external validity. Creativity training contributed to divergent thinking, problem solving, performance, and attitudes and behavior...".<sup>30</sup> This training can in turn result in new methods and approaches for problem solving, turning every employee into a potential innovator or facilitator of the creative process, of which the potential benefits are enormous. A 2005 study done by Isaksen and Gaulin<sup>31</sup> demonstrated an incredible 700% improvement of the average idea generation output of facilitated brainstorming groups over non-facilitated brainstorming groups. And the greatest thing about these results is the proof that, if trained, each and every individual has the ability to contribute to creativity.

## Notes

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