CREATIVITY, INNOVATION AND THE BOARD*

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People and organisations face a combination of challenges that require creative and innovative responses and much rethinking of individual ambitions and corporate aims and purposes. For example, repetitive, structured and, increasingly, knowledge-based activities and professional tasks may be handled by robots and other machines and artificial intelligence and other digital solutions (Ford, 2015). As Kodak found with digital technology, innovation itself can be a threat to established businesses, but as was demonstrated by Canon's response, it can also present a route to rejuvenation, remaining relevant and competitive, and building market share (Christensen, 1997).

As options, choices and possibilities multiply and new business and economic models emerge, traditional and past strengths could become sources of weakness and vulnerability. When and where rapid and creative responses can depend upon breadth of awareness, wider relationships with stakeholders and the ability to make links and connections across specialisms, narrow skill sets can become outdated, even irrelevant. The attributes of the alert and intelligent generalist may well become more significant (Mikkelsen and Martin, 2016). Will there be greater demand for polymaths and will the creative and liberal arts experience a renaissance?

CHANGING PERSPECTIVES AND PRIORITIES

Many directors and other leaders who are in positions of power and regard themselves as in charge like to visualise themselves at the top of organisation charts, providing direction, issuing policies, taking decisions and monitoring the extent to which those for whom they are responsible are "on message" and falling in line. Their appointments may well have been based upon their past achievements in a previous era when expectations and possibilities were more limited and a different business model was employed, yet some of them still insist on calling the shots.

How many directors remain current and vital, and what proportion are beyond there "sell by" dates? Remaining open to new ideas and possibilities in the present, and being willing to question and challenge prevailing assumptions, explore alternatives and create new options, are important qualities for both directors and entrepreneurs (Coulson-Thomas, 2001). For some, disruptive technologies are a challenge, while for others they represent an opportunity (Stuchtey et al, 2016).

Directors and senior managers are sometimes far removed from the coal face. They can lack awareness of what is happening in emerging sectors, especially when those involved are from different communities and generations. Hence, they may not be aware of requirements, possibilities and/or where innovation might most add value for key customers. Directors whose role is to provide strategic direction are generally dependent upon others for creativity and innovation.

In the late 1980s and early 1990s in certain companies such as Rank Xerox efforts were made to emphasise the importance of people in front line sales and service roles by inverting organisational pyramid diagrams (Coulson-Thomas, 1992). The board now appeared at the bottom. Directors perceived themselves and various layers of management as supporters of front-line staff, the main creators of value. Some chief executive officers (CEOs) renamed their roles as "chief coach" to emphasise the importance of supporting others and helping them to improve their performance. Such practices lasted longer in some companies than others, but more recent investigations have shown that performance support can increase flexibility and speed of response, allow senior management to let go, empower and trust others, and allow them more scope for innovation while simultaneously delivering multiple benefits for people, organisations and the environment (Coulson-Thomas, 2012 a & b, 2013).

IMPORTANCE OF OPENNESS AND DIVERSITY

Few companies are democracies. In recent years, while directors might talk about involvement, engagement, empowerment and participation, the focus of many boards has been upon driving people behind aligned objectives and a common purpose, renewing the attack upon variety, and standardising in order to reduce costs. Some boards have even tried to introduce a particular set of values and a common corporate culture

into organisations that employ and serve people from a diversity of nationalities, religions, ethnic groups and political backgrounds and involved in a diversity of roles and activities. How desirable is this when many behaviours can be changed independently of corporate culture (Coulson-Thomas, 2014a & b, 2015a & b)?

In the meantime, just as many if not more of the customers of companies aiming to constrain diversity and variety are seeking a bespoke response to their personal requirements. They want to be treated as individuals rather than as a category or statistic. Many markets also appear to be fragmenting and, as mentioned already, possibilities are multiplying and a variety of new business models have emerged. Sir Karl Popper (1945) warned of enemies of the open society. Are those who are excessively concerned with standards, slaves to particular management approaches, intolerant of diversity, and reluctant to let go and trust others, enemies of the open company?

Openness to new ideas and a constant willingness to explore opportunities to improve, including when at the height of success, can be essential for staying at the cutting edge (Catmull and Wallace, 2014). While creative artists might view each commission as an opportunity to build and enrich a portfolio, push against boundaries and try something new and distinctive, in many businesses creativity cannot be assumed. It has to be fostered or released and then sustained. Directors should encourage people to be open about issues and problems and willing to suggest solutions and learn from mistakes and failures, as well as building upon achievements.

If realities are to be confronted and issues addressed, openness may need to be accompanied by candour. A key finding of the final report of the Mid Staffordshire NHS Foundation Trust Public Inquiry chaired by Robert Francis (2013) was the importance of candour in relation to failures and problems, so that issues can be brought into the open and addressed if improvements are to occur. Concealment is an enemy of progress. At Pixar significant effort was devoted to creating a culture of candour that allowed open, honest and constructive questioning and comment, and encouraged a search for better approaches (Catmull and Wallace, 2014).

Creativity may be a necessary requirement for innovation, but on its own it may not be sufficient to guarantee business success. It usually needs to be accompanied by business acumen and a degree of entrepreneurial nous. At Pixar attention was also devoted to practical business issues such as brand building and rights, acknowledgements and other contractual matters to ensure the studio derived the maximum of credit and benefit from its creativity (Levy, 2016).

ENCOURAGING GREATER DIVERSITY

As the number of possibilities that deserve exploration increases and as windows of opportunity narrow, centralised evaluation and decision making in the time-scales required may no longer be possible. Local and more varied responses may be required. Contemporary organisations may need greater trust and more delegation. They might also require a more accommodating and supportive form of board leadership that not only tolerates, but actively encourages diversity.

How many boards are actively concerned with the possible impact of technological developments and increased automation upon their people, customers and business partners (Schwab, 2017)? Are they helping them to adopt new and more individual ways of working, and welcoming and accommodating the greater diversity that may result? Activities such as inspiring, reconciling different viewpoints, enabling, listening, reflecting, thinking, learning and encouraging creativity, innovation and entrepreneurship have become keys to success in uncertain contexts and shifting situations. Calls may also need to be made for new and better options and approaches.

Greater diversity in ways of thinking may also be required. Over two generations ago C P Snow (1959, 1961) warned in an influential Rede Lecture of the implications of what he perceived to be a growing division between science and the humanities and the emergence of two distinct cultures. Within many companies today, is there a growing division between those who think in a logical and structured way and prefer order and standardisation, while others favour variety and diversity, look for links, patterns and relationships and are willing to simultaneously explore in different directions? To what extent might greater exposure to the creative arts stimulate creativity?

At the PARC research centre of Xerox Corporation in the 1980s it was found that breaking up the subject, functional, professional and experience homogeneity of research groups by introducing certain graduate degree majors from disciplines that approached problems differently increased creativity. Throughout history significant breakthroughs in thinking have often been caused by relative outsiders who have challenged

complacent orthodoxy (Kuhn, 1962). Inspired leaders are sometimes those who are open to contributions from new sources and directions.

ASSIMILATING GREATER DIVERSITY

Contending interests and competing solutions are perceived as healthy by those who see encouraging differences of opinion and internal debates as more conducive of innovation and creativity than imposing single solutions. These activities mirror the requirements for how an effective and well chaired board should operate. Invariably, balance is required. Some organisations may take more time than others to adjust and assimilate those who challenge traditional approaches and think and operate differently. A group that is too disparate may not be able to hold together. Differences can sometimes become irreconcilable.

The effective director is sensitive to tipping points and how far one can go. Choices may still need to be made in terms of which innovations to back. Play-offs and competitions can be staged, surveys undertaken and consumer panels consulted, but views expressed may need to be challenged. Some significant innovations have sometimes been opposed by those who have felt threatened by them, or who have not understood them or their potential. How can boards ensure that evaluations of innovations are objective and balanced?

Some innovations do not sell themselves. Their advantages may not be immediately obvious to those who are distanced from intended beneficiaries. On occasion, those championing innovations may need to be tough and display qualities of single mindedness, tenacity and ruthlessness that might seem a throw back to a previous era (Pfeffer, 2015). Some companies would benefit from initiatives to stimulate curiosity and develop entrepreneurial qualities across their organisations.

UNDERSTANDING HELPS AND HINDERS

Are companies, policy makers and standards helping or hindering innovation-led growth? Are we on the threshold of fast-and-furious technological development? Scientific and technological breakthroughs are encouraging and promising in many fields and arenas. However, despite the opportunities Fredrik Erixon and Bjorn Weigel (2016) suggest that in Western economies innovation is being hampered by government regulations and corporate practices. Obstacles and barriers to creativity and innovation need to be understood and addressed.

Many people's experience of education, life and employment inhibits their innate creative potential. They are taught and/or told about what has been found by others and what is approved. They learn acceptable answers and are rarely encouraged to seek their own solutions. As a result they lose confidence in their own ability to be creative and may lack the courage and confidence to release their inner creativity (Kelley and Kelley, 2012, 2013). Directors and senior managers who seek to maintain control can stifle creativity in people for whom they are responsible. They need to let go so that the creative potential of others can be released.

Some people look for external advice, for example a collection of hints and tips that can help people to become more creative (Kleon, 2012). Others look within themselves for what is blocking their development of new ideas, whether the motivation to explore alternatives, the confidence to try out new experiences or the courage to advocate a new direction. While positive external forces might encourage them to go forward, negative internal factors may hold them back.

Many of the most pressing challenges facing many companies and mankind are unlikely to be addressed by a succession of modest improvements to existing activities and/or excellence in the performance of them. More imaginative and innovative responses are required. A key function of leadership is to encourage and support the inquiry and creativity that will enable them to occur. Leadership is often associated with activities such as judging and selecting, yet creative thinking may be best enabled by standing back, inviting challenge and encouraging diversity and debate. Tolerating risk, well intentioned failure and uncertainty, providing reassurance when imaginative exploration fails to bear fruit, and avoiding a blame culture can also help (Klein & Knight, 2005).

ESTABLISHING CREATIVE ENVIRONMENTS

Many corporate environments are not conducive of imagination and creativity. There are rules and procedures to be complied with and manuals setting out how things should be done. Those who are cocooned for most of their active hours within an organisation and preoccupied with its internal issues and

priorities may be unaware of ferment and unrest outside. Going out and about and into the community to experience the lives of customers, explore alternatives and obtain insights from different situations can open one's eyes to changing requirements and new possibilities. It can spark ideas. Governance arrangements that encourage creative multi-actor collaborations can also enhance innovation (Torfing and Triantafillou, 2016).

A concern for many boards should be the extent to which work, corporate and local environments are conducive of innovation and creativity. Physical layouts, furnishings, facilities and technological support may be designed and optimised for certain ways of operating. Some environments are oppressive, dark and depressing, while others are lighter and more uplifting and inspiring. One can consciously and specifically create an environment that encourages flexibility, dynamism and change, for example working and learning spaces with supporting technology that can be reconfigured for different purposes, whether open to encourage interaction or providing the private space needed for quiet thought and reflection.

Do your company's working and learning environments and related arrangements inspire and enable the innovative thinking and developments required to address environmental issues, challenges and opportunities? Are your support arrangements, processes and tools conducive of responsible innovation, while at the same time ensuring compliance (Coulson-Thomas, 2012a & b, 2013)?

People may need a degree of freedom in order to challenge, question and be creative (Williams, 2016). In 1997 I set out ten essential freedoms for removing constraints and liberating latent talent by allowing people to work, learn and collaborate in ways, and at times and places, and with support that best allow individuals and teams to give of their best and be creative and productive (Coulson-Thomas, 1997). When conditions are right for the people and relationships involved they can flourish and be fruitful.

FOCUSING CREATIVITY AND INNOVATION

Directors and boards need to consider where creativity and innovation should be encouraged and sought and what they should be applied to and for what purpose. Discovery and invention may not be required if one can make better use of existing know-how (Perrin, 2000). Some companies seem to loose sight of why people purchase their products and services. The changes they make can be over-elaborate, disruptive and may ignore what customers and users seek to achieve. Rather than be obsessed with internal corporate objectives, boards should encourage the people for whom they are responsible to focus on the aspirations of external stakeholders. For example, they could focus upon the jobs customers want done and what a company could do to help them (Christensen et al, 2016).

One needs to think about the purpose of creativity, and particularly its significance and value for customers and prospects. Can one have too much creativity and over-design a product? Might customers prefer fewer options from a simpler and more affordable product that is easier to use? Galbraith (1958) suggested that some forms of creativity such as advertising that fuels "want creation" can be wasteful and irresponsible. Expenditure that others might consider unnecessary could be the conspicuous consumption identified by Veblen (1925). Innovation that creates less wasteful ways of personalisation and standing out might make such practices more sustainable.

On occasion, larger challenges are easier to tackle than more modest ones. They may also require breakthrough thinking and larger steps rather than incremental improvement. The creative entrepreneurship required to succeed can involve imaginative thinking and improvised responses to address issues as they evolve, as well as transformational thinking to address some of the most pressing problems facing larger businesses and society generally.

Could the business community learn from the approaches and practices of creative artists? For example, within the performing arts in the place of rigid rules and standard and prescribed responses, there may be scope for interpretation. In the case of Jazz, improvisation and creativity may be actively encouraged (Barrett, 1998). Both creativity and innovation involve doing as well as thinking. They should be about achievement rather than just wishing (Roth, 2015).

CREATIVITY, INNOVATION AND EMPLOYMENT

Peter Drucker (1985) suggested that over time human institutions can outlive their original purpose as situations, circumstances, perspectives, requirements and priorities alter. They can imperceptibly change from being a solution to a pressing problem to become a new obstacle to progress. Sometimes creativity and innovation has to destroy the old in order to create space for the new, a process Joseph Schumpeter (1975)

called creative destruction. Innovation can be disruptive. It can allow new entrants and more entrepreneurial businesses to replace established entities (Bower and Christensen, 1995, Christensen, 1997).

Developments in various technologies threaten to replace human workers, whether machine and/or digital alternatives, which if sufficient new employment opportunities are not created will reduce the availability of jobs (Ford, 2015). The areas at risk include the structured and rule based activities undertaken by many professionals (Susskind and Susskind, 2015). Such developments and their implications could create opportunities as well as challenges (Livingston, 2016).

Sharing available jobs equitably could become an ethical as well as a practical issue for responsible companies, but for many people less working time could mean more time for creative, sporting and other leisure activities (Brynjolfsson and McAfee, 2014). Arun Sundararajan (2016) believes "the sharing economy" could mean "the end of employment" and lead to new generations of micro-entrepreneurs. Creative graduates have been encouraged to become entrepreneurs and self-employed, i.e. to make a job or living for themselves rather than rely upon someone else to give them a job (Barton, 2016). In developing countries, the informal economy can be an overlooked source of innovation, and there may be developments that could be supported and backed by more established businesses and collaborators (Kraemer-Mbula and Wunsch-Vincent, 2016).

Entrepreneurship can provide an opportunity for many people to reassess what is important to them and what they are good at, and also change direction at different points in their lives (Coulson-Thomas, 1999). Rather than manage a business, keep it on track and ensure its survival, entrepreneurs often challenge an existing order and create new choices (Coulson-Thomas, 2001). There are many opportunities for individuals to offer services based upon data and information that is freely and readily available, and to which they could add value (Coulson-Thomas, 2003).

Flexible and responsive models of organisation, composed of evolving networks of collaborations, have advantages over hierarchical and more bureaucratic forms that have long been recognised (Coulson-Thomas, 1992). These include better ways of engaging, working with and supporting individual entrepreneurs and entrepreneurial teams. In uncertain times, traditional board activities such as annual budgeting and planning exercises may need to give way to intelligent steering, flexible adaptation and organic evolution. Bringing diverse but complementary and compatible people and organisations together can boost creativity (Bennis and Ward, 1997). It can spark ideas and enable them to remain current, relevant, innovative and competitive.

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