

IBM Institute for Business Value

Cultivating organizational creativity in an age of complexity



*A companion study to the IBM 2010 Global
Chief Human Resource Officer Study*

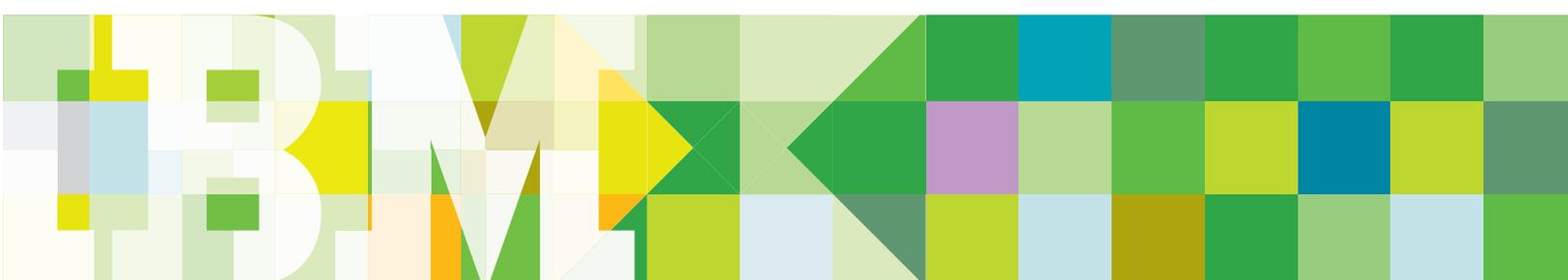
Overview

Why are some organizations consistently good at innovating and adapting while others seem to be blindsided by change? Is it because of their disciplined innovation process or the knowledge and skills of their people? Or is it their determination to build a culture where challenging assumptions is not only encouraged, but expected? Our IBM Creative Leadership Study found that leaders who embrace the dynamic tension between creative disruption and operational efficiency can create new models of extraordinary value.

What, specifically, enables leading-edge organizations to capitalize on the inherent complexity in today's environment and catalyze innovation within their business models, products and services? According to the IBM 2010 Global CEO Study, the ability to embody creative leadership is among the most important attributes for capitalizing on complexity.¹ Yet of the 700 CHROs throughout the world interviewed for the 2010 IBM Global Chief Human Resource Officer (CHRO) Study, 69 percent told us they are not effective in developing future leaders.² What's more, 78 percent of HR executives said they are not effective in fostering collaboration and knowledge sharing.³

Creativity is the raw material of innovation. Put another way, innovation is creativity implemented. Yet for all of its recognized value, a stigma surrounds creativity that often inhibits its organizational development in even the most progressive of companies. Creativity is often seen as a risk management liability and an impediment to process and operational control.

The IBM Creative Leadership Study sought to better understand how to nurture creativity across organizations. We conducted open-ended interviews with 40 leaders from around the world and found that to succeed in an increasingly interconnected world, creative leaders avoid choosing between unacceptable alternatives. Instead, they use the power inherent in these dualities to invent new assumptions and create new models geared to an ever-changing world (see Figure 1).



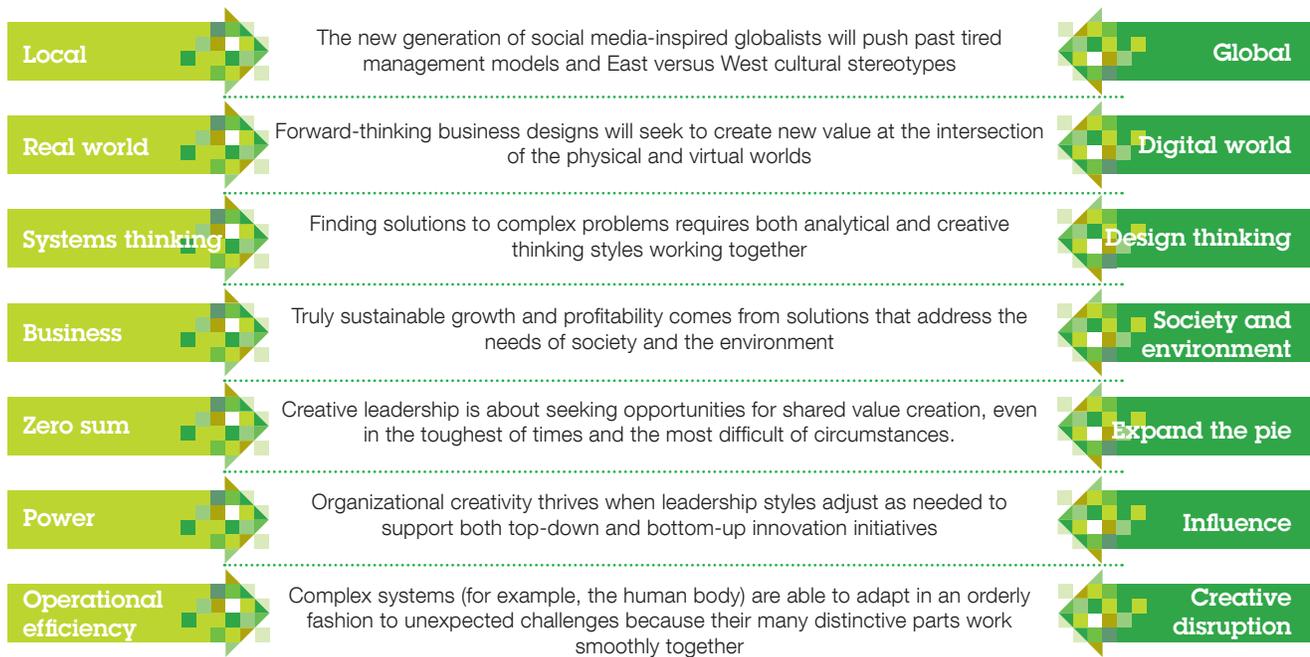


Figure 1: By harnessing the energy of opposites, creative leaders and their organizations can benefit from new assumptions that replace less effective “either/or” approaches.

Enhancing organizational creativity

Creative leadership in action enables a wide range of product, process and business model innovations. Organizations need to act upon three imperatives:

- **Uncover the key capabilities of the creative organization** – Empower the organization’s ability to understand how the world behaves. Expose those individuals who see opportunities where others do not and map out what is found. Connect ideas and people in novel ways. Try many and various ideas. Inspire belief that action is possible. Maintain the discipline to get things done.
- **Unlock and catalyze the creative capabilities of leaders** – Create high-impact, experiential learning tied to real business challenges. Develop inspirational role models who demonstrate accomplishment and empowered leadership. Unleash small, diverse teams to pursue bold ideas in response to challenges. Create work structures and incentives aligned with intrinsic motivation. Promote a culture of inspiring vision built on authenticity and powered by trust.
- **Unleash and scale organizational creativity** – Share information for collective vision. Tap into global expertise networks. Expand management and communication style repertoires. Build *ad hoc* constituencies of those sharing common goals. Influence collective behavior through real-time analytics.

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The creative path to innovation and adaptability

Managing the increasing complexity inherent in today's environment requires leaders who will work to unlock, uncover and unleash the collective creative capabilities of their organizations. These leaders will challenge assumptions and encourage the disruption of the *status quo*. They will find a way to harness the dynamic tension between the opposing forces of integration and differentiation and let loose the drivers of innovation.

How can IBM help?

- **Leadership & Culture Adaptation:** Effective leadership behavior creates an employee experience that fosters high performance & innovation to deliver business results for the organization. This offering helps leaders to be networked, future oriented, agile and to set the context in which their organization will thrive and grow.
- **Organization & People Transformation:** Addresses organization and people issues associated with the transformation of a specific business function, including HR, IT, and Sales. Helps a company redefine the roles, service delivery model, organization structure and workforce capabilities to optimize functional performance.
- **Workforce Analytics & Optimization:** Leveraging analytics to design evidenced based strategies and practices for optimizing workforce performance and productivity. We help our clients to develop information strategies, a workforce measurement framework, to align key people metrics with the business goals.
- **Social Business:** Drive innovation and growth by connecting people to people, people to data and information, and people to personal and institutional knowledge inside an organization and across the larger organizational ecosystem.

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