

Aspects of Innovative Management

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Managing Creative Workers in a Modern Organization or “Creativity Makes Money”

Nowadays, creativity and non-standard thinking are key components in inventing innovative products and services. An organization would not exist without a powerful and continuous flow of fresh ideas. Therefore a major question that company managers seek to answer is how to extract real productivity out of the creative potential of its employees and furthermore, how to transform it into competitive enough innovations.

In the late XX century both Russian and foreign analysts studied human capabilities as a chief economic resource without which no other resources can be effectively used.

Elements of creative economy (the economy of knowledge and competences) have been present during all the developing stages of economic relations – from agrarian to post-industrial. However, they differed in how the mankind was able to use its own creative and constructive capabilities for the sake of the economy growth.

At first, for decades, the mankind was enhancing its lacking physical capabilities by some technical means. Eventually, it determined the evolution character of economic systems, the type of productive activity and its technologies as well as the main productive resource. Only in the late XX century the mankind managed to upgrade dramatically the technical means which helped expand its intellectual capabilities. It was exactly the creative component of the civilizational development that impacted the entire history of economic, technical and social development of the mankind.

Recent research results of some management scholars reaffirm this statement. The agrarian and industrial time periods (Toffler’s First and Second Waves, Bell’s periodization) were aimed at enhancing human’s physical capital. The symbol of the agrarian capital – “the hoe” – gets substituted by “the assembly line” in the industrial time period while in the post-industrial stage it is “the computer”.

Recently, many organizations implement decisions aimed at lowering the routine-type of work, transfer it to the computers. The modern economy made a person free of material objects because the value of these objects is decided by people themselves. Wherever they are, creative workers are able to generate both spiritual and material values.

All the «waves» of technological, economic and social changes in an organization (and in a society) depend on several aspects: person’s level of creativity and intellectuality; the adopted system of managing intellectual and creative capabilities (capital) and transforming it into organization’s intellectual resource; on how smart

the means of production and the used technologies are. However it took time for the business to fully recognize the value and commercial profit of the idea that “creativity makes money” [1: 2].

For many years “creativity” was considered a trite of people of art and concerned the business as part of the charity. But in the early XX century businessmen started to show interest to the phenomenon for some good reasons. For instance, after a two-year creative potential development program among its workers The General Electric Company improved the number of patentable ideas by 60%.

Creative workers become drivers of innovations and bring colossal profits. By creativity we mean a person’s capability to generate non-trivial ideas, to go beyond traditional paradigms, to be fast-moving in solving problems. Apple’s founder Steve Jobs was also the founder of “The Pixar Animations” that produced world-known animations such as “Monsters, Inc.”, “Finding Nemo”, etc.

Today, any company can convert the creative potential of its workers into money. «Any business – whether it’s selling milk or producing hi-tech equipment is getting developed thanks to innovative ideas and people. Creativity knows no boundaries”, “it is the talent, not the capital that pays the piper and therefore calls the tune” [2], business people say. This is why the market reacts positively to successful ideas while employers more often demand creative thinking from their employees.

Strategic management is also not possible without creative thinking. The strategic planning of a company’s mission is a creative, art-type process. Innovation management cannot be conceived without creative decisions on the part of its managers and executives. At the same time one shouldn’t forget that creative decisions always run great risks, even unpredictability. It is the problem of combining “smart and esthetic”: «it’s typical for business to effectively combine scientific approach with the art – the problem is that each aspect finds its appropriate niche» [3: 10].

Many argue that creative decisions are adopted when the time for rational decision-making is limited, when it’s hard to trace cause-and-effect-relations, forecast the consequences – so people do things intuitively. Therefore, working out a creative decision-making methodology is one of the most burning management issues for companies.

While many recognize that creativity is the factor determining company’s competitiveness the very notion of it is not clearly articulated. The goal is being complicated by the context where the term is used. For instance,

its meaning is different in art, literature and business.

The majority of researches suggest the terms “creative work” and “creativity” should be separated. In 1981, Ackoff and Vergara outlined two groups of approaches to defining the “creative work”: the first focused on the quest for source, the second – on the sources. The following approaches fit in the first group: psychoanalytical (“creative work” is a result of intrapersonal conflicts); humanistic (it’s a realization of a person’s creative potential with no internal or external obstacles); psychometric (a person’s creative potential is predetermined genetically and can be identified through various tests). The second group is related to the so called “associationists” who believe that a person’s creativity is a result of his/her ability to find subconscious associations while making a decision.

N. Khryasheva and S. Makshanov define it as a process that leads to the creation of something new while creativity is deemed as a person’s potential (internal resource). [4: 175]. Creativity can be also defined as person’s capability to refuse stereotyped mode of thinking and ability to find brand-new ways of solving problems (Rogers, 1990). In this regard, Smith and Carlson view creativity as an ability to transfer materials for the subconscious to the conscious level [4: 175].

When managing the creativity terms like “creative” and “heuristic” management are widely used. Both of them have their conceptual meaning. K. Kirisanov views the first one as a goal-setting activity that has to do with managing the personnel, while the second concept (from the Greek *heurisko* – “I discover”) means managing the person and its self-organization. Creative management is aimed at creating comfortable conditions for the personnel who generate the intellectual product while the heuristic management focuses on individual goal-setting and management of a person’s activity as they are participants in generating the intellectual product. In other words it is aimed at creation of conditions for self-development [5]. Heuristic activity can be carried out both individually and as part of a group.

The lateral thinking is the basis of the heuristic management. The term was coined by Edward de Bono and it means solving problems and analyzing opportunities using reasoning that is not immediately obvious and involving ideas that may not be obtainable by using traditional logic [1: 31]. Traditional, or vertical, logic thinking implies transition from one type of knowledge to another and is continuous in its nature while the peculiarity of the lateral or non-standard thinking is its discontinuity. The examples of this type of intellectual mobility are the famous Newton’s apple or Archimedes’ bath. “Lateral thinking” is just a modern example of this intellectual mobility.

The question on the sources of individuals’ creative abilities is still debatable. There are currently two hypotheses. Traditionally, it was believed that creative abilities were developing steadily and were the outcomes of cultural and demographic changes, particularly the population growth. According to the second hypothesis, voiced in 2004 by R. Klein, an anthropologist from Leland Stanford Junior University, creativity arose as a consequence of a sudden genetic mutation in human brain about 50 thousand years ago.

All the theories interpreting the nature of creativity can be divided into two big categories: those inter-

preting creativity as a passive process (creative abilities are genetically predetermined) and as an active process – creative abilities are socially determined and can be developed via various interactive techniques. The majority of scientists are united in their opinion that the creative potential can reach its maximum level when one person effectively combines both of the processes. This thesis draws several basic principles:

- the making of creative process implies appropriate climate;
- the policy of sticks and carrots as a means to stimulate creativity (for instance, combining rewards and disciplinary punishments) may be counter-productive.

Creativity has a special value for a business only when it can be organizationally managed as a system, but not as a usual “divide and conquer” policy. Organizational creativity doesn’t imply erasing one’s individuality by adopting trivial approaches. But it would be fair to acknowledge a certain contradiction between individual creativity and organization’s need to systematize work process. Creative organizations manage this contradiction; they don’t seek to solve it, but try to use it for their own benefit.

Organization’s creative product has its positive outcomes for the personnel, its partners, consumers and society on the whole. But it also has its negatives for the competitors.

Creative management is closely interlinked with personnel management whose goal is to staff the organization with creative workers – in other words it builds up organization’s “brain power”, increases its cognitive abilities.

There is no unique recipe to establish a creative organization. But it is possible to outline the demands that make creativity more effective within an organization. Many researchers stick to the creative organization formula: 80/20, where 80% - is organization’s environment and 20% - technical means [1: 100-1003].

The environment is the encouragement of workers’ creative activity. Creative organizations cultivate a special environment that boosts creativity. It includes the following:

- *culture, leadership style and values* – the role of leader and his leadership style, the values – both declared and real that shape the organization;
- *structures and systems*: formal and non-formal organizational structures (buildings contacts, information structures);
- *skills and resources*: attracting, training and keeping creative and talented individuals, providing them with information and financial resources, building the creativity-stimulating climate.

The next creative component of an organization according to the 80/20 formula is *technical means*. These processes are aimed at freeing a person’s individuality and group thinking process from the daily routine. Although some organizations use special creative toolbox it’s not enough to form creative culture.

Using different techniques is justifiable when appropriate environment is present but they themselves cannot form this environment.

In other words if organizations don’t seek the environment promoting creative skills of its workers no matter how often they attend creative training seminars

time and money will be spent in vain. Looking at specific case studies can show the above-stated ideas. For example, corporation ZM follows these philosophies to introduce creativity:

- *the lesser is better than the bigger*: when a department grows too large it is divided into smaller units.

- *failure is acceptable*: departments have to receive 30% of their income from selling products implemented over the last 4 years and 10% from selling products implemented over the current year. According to ZM calculations every hundredth idea reaches the consumer.

- *stimulating the champions*: when a ZM worker comes up with a new idea they themselves form their team to further design and promote it. The salary and promotion depend on the success of the product.

- *getting the consumer involved in designing the product*: consumers take part in designing new products on a regular basis.

- *exchange of ideas*: technologies belong to everyone, no matter who invented it.

- *«don't kill the project!»*: if an idea doesn't fit well into the work of any of the ZM departments a worker can allocate up to 15% of his personal time to design it to prove its viability. For this goal grants are allocated annually. In practice some workers spent even more than 15% of their time to this activity while others cease doing it at all. But the 15% rule is an official proof of creativity promotion.

Here are some principles of shaping creative environment in the Hewlett-Packard Corporation:

- *clandestine projects – are good*: designers can spend up to 10% of their time to any projects.

- *open 27/7*: offices are available every day 24 hours.

- *the lesser is better than the bigger*: the size of departments and units is limited to keep up the environment of close cooperation inside the organization.

There have been numerous attempts to implement creativity in organization via technical means. Sometimes this approach leads to significant and long-standing results and is justifiable only when the demand for creativity is felt in a single department or an organizational subculture. In fact, when building a creative organization a systematic and strategic view is a must.

The strategic view demands that the culture, leadership style and values as well as skills and resources are coherent and well-coordinated. Only in this case the desirable effect can be achieved.

It should be noted that company's creative potential is not just a sum of creative potentials of its workers. Creative potential of its workers and the right usage of the organizational and economic mechanism of the potential give it the necessary synergetic effect [5].

«However, one should remember that many fragments of non-formal intellectual and creative activity of the workers do not simply fit into the so called normative management model which is a legalized management technology» – management scholars argue.

Therefore, it looks like HR departments destroy the creativity in their own organizations. Paradoxically enough, though they have that opportunity to step aside and look at the situation from “outside” they quite often try to bridle the structure. But this situation is changing now and lately HR-managers shift from standard univer-

sal personnel management to non-traditional methodology of working with creative workers. They often use the means of creative and heuristic management, in other words instead of paternalist tactics they prefer the partnership strategy.

After analyzing the current literature on the issue several observation points can be made:

- It is necessary to design and implement flexible scale of stimulation and encouragement based on satisfaction of people's passionate hobbies rather than needs. In other terms, a transition from traditional to non-traditional motivating systems should be carried out. Currently, the most effective tools in that regard are flexible work time and possibility to work at home (75%), a career planning mechanism inside the organization (60%), training programs (20%).

Irish Tony Meyer working for Wimm Bill Dann was attracted not so by the salary of about \$4 млн. a year but rather by an opportunity to be number one in a big company. He has a dream – to make enough money to live happily the rest of his life at the Atlantic Ocean in Portugal. In the current situation it all depends on the organization and how much a worker is valued. And if a company wants to keep the good worker it needs to make concessions.

- To simplify complex procedures and rules to give the leaders and managers more freedom in decision-making process. In practice it means doing the reengineering that could cut about 50% of company's rules. Any well-educated individual realizes that a person's spiritual state is defined by its material standing while the consciousness is shaped by means of production. As far as the creative personnel is concerned it's important to note the following: working in groups doesn't satisfy them as the way creative workers treat their job may be viewed ambiguously by others as they are assured of their own uniqueness and have little skills of interpersonal communication. This could lead to a total chaos, low spirit and high personnel fluctuations.

- To cultivate group dissent.

- To teach your workers not to jump on the very first and most obvious solution they come up with. For instance, do not implement the idea until at least 20 alternatives to it are offered.

- To systematically train the personnel to work under a high level of uncertainty to let them “taste” the new challenges and new goals. Besides, it's important to make sure if a creative worker has enough skills and knowledge to do his/her job. If their qualifications exceed their duties they should be obliged with more responsibility or with a new project where their creative/managerial skills are necessary.

- Under continuous changes to create new stability zones where workers may upgrade their skills and knowledge. This will support their self-assurance and commitment to the change. The examples of the zones may include training and development programs, career coaching. Over the time of 1-2 years creative workers can go through 3-4 levels of career ladder: in other words they can overcome their career path more rapidly. The thing is to learn what the creative workers are paid for. Working and service class are mainly paid for the work done according to work plans while the creative class makes money by designing and creating something new with high level of autonomy and flexibility.

- To use the benchmarking to import other viewpoint to your organization and help workers adapt the outside ideas to certain realities [1: 260-262].

- To eliminate job regulations. To expand creative worker's zone of responsibility is a motivating tool. It's important for the professional to see the process on the whole, to feel he/she has personal responsibility for every stage of the process and get satisfaction from the results. Company's care for its personnel, career opportunities and promotion, evaluation process are also very important.

- To manage paradoxes – avoid treating your workers equally bad. New interesting projects should be targeted at specific people. These people should feel they themselves manage their own career because if they feel being used by the company and not the other way round it may be a good-enough reason for them to leave it.

- To encourage people to engage in non-formal communication: meet in cafes or bars since creative ideas appear in laid-back and easy-going atmosphere. The first thing that attracts, stimulates and makes a creative worker stay is good personal environment in the company. Managers have a prerogative in creating this type of environment. They have to inspire their workers to consolidate them. As a managing element, the time is second to the creativity. Best creative ideas don't come during office hours. Some people tend to think better under pressure, others need total relaxation. Sometimes a dove flying nearby can boost a creative idea. If you cannot find a solution to a problem – you may consider postponing it and get yourself busy with something else. In any case one needs a change and new impressions, not constant presence in the office.

- To act as a “creative inquisition” by telling “anti-creative workers” about the destructive impact of their behavior.

- To hire creative workers to the HR department. They are capable of hiring and keeping creative personnel. For this matter, HR-managers have to constantly regenerate the conditions under which the creative workers joined the company.

Creative workers not only fulfill the organization with the victorious spirit but may be the cause of certain discomfort because creative workers:

- are not capable of following corporate rules and culture;
- have de-motivating impact on the personnel;
- are subject to frequent mood-change;
- do their best to show off;
- will not give up on their ideas;
- do not have rigid work schedule.

There is a common stereotype that creative people are whimsical, ambitious, ambivalent, hard to find common ground and build productive relationships with. But this is an emotional portrait tainted with a lot of negativism which doesn't fully correspond to reality as any generalization does. Creative people are just people. They are different. But they all possess a common trite – they

respect themselves and refuse to work under the “subject-object relationships style” scheme. Therefore, the job creative people do demands the following:

- adequately-put and correctly-worded goals and objectives;
- non-interference into the work process on the part of authorities/senior management;
- corresponding environment;
- constant approval of their efforts and self-implementation;
- occasional privacy;
- environment change.

But sometimes, hiring creative workers is easier than keeping them. Therefore a company has to use different techniques of creative and heuristic management to create its own creative organization and come up with its own effective ways to win the head-hunting game.

In her famous book Ayn Rand, an American writer of Russian heritage wrote: «There's nothing of any importance in life – except how well you do your work. Nothing. Only that. Whatever else you are, will come from that. It's the only measure of human value. All the codes of ethics they'll try to ram down your throat are just so much paper money put out by swindlers to fleece people of their virtues. The code of competence is the only system of morality that's on a gold standard». [7: 83]. These kinds of people are called «golden collars» or «knowledge workers». Their knowledge and intellectual abilities can make an employer extremely rich, therefore they are very wanted on the job market.

Russia is very rich with talented people capable of working under extreme pressure who are committed to the very idea and not the money. Thanks to their essential creative potential and intellectual products they are able to make their organizations competitive on the global market.

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