

The Creative Organisation by Geof Cox

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A creative organisation provides a real challenge, but also a real opportunity, for project management. The challenge comes from the desire for freedom to operate and pursue new ideas works against the structure and control that is inherent in project management. The opportunity for project management to make a real contribution to creative organisations is to provide just enough of that structure and control that can turn creative ideas into practical innovations.

All organisations will accept that they need be creative, just to survive in today's ever changing environment. An environment that is changing faster and more radically by the year. Paradigm shifts occur with frightening regularity for anyone working in the areas of organisation strategy. But just being creative is not enough. Creativity on its own does not translate directly into survival or success. Creativity is the process that comes up with new ideas. But a new idea is not necessarily either practical, useful or profitable. In fact it is often the impractical, frivolous and outrageous ideas that generate more creative thought, as in brainstorming or lateral thinking activities. An organisation that does not have some form of critical analysis process to screen and translate the ideas into practical benefit for themselves and their customers will soon flounder. The real need for organisations is innovation - the process of applying creative ideas in a practical way to improve the organisation.

Innovation is an adaptive process where the organisation takes on board new ideas and translates them into practical results that benefit the organisation. Which means that it is possible for an organisation to be innovative without being creative in its own right. It can buy in new ideas from outside from inventors, researchers, other creative organisations, universities and consultants.

Benchmarking is a systematic way of finding and bringing in new ideas to an organisation. Benchmarking is a process in which companies compare their operations, products and services against others in their industry in order to learn how to do things better. Some companies make benchmarking a virtue - like Procter & Gamble who set their sights on replacing their decades old 'not invented here' philosophy with enthusiasm for 'proudly found elsewhere'. This raised the success rate of innovation at P&G at the same time as reducing R&D costs. With the speed of change mentioned earlier, environmental scanning and benchmarking is an essential business practice.

Benchmarking does not have to be restricted to the same industry - one major FMCG organisation famously innovated its logistics by benchmarking against Federal Express. Their findings: that while FedEx could track the location of any package anywhere in the world in real time, they did not even know where any of their

trucks were. This soon brought about rapid changes to their distribution operations that improved efficiency, cost control and customer service. Equally, any retailer who is still not addressing the opportunities for online and mobile facilitated sales is likely to lose market share and profitability, even if there is no evidence of this in their particular sector. Looking at developments in online retailing, it is difficult to identify any product or service which cannot be sold or marketed successfully online. Organisations need to be creative and innovative in order to survive.

But even if the initial ideas come from outside, it is still essential that the organisation has a clearly defined strategy for identifying new ideas and translating them into practical innovations. This is where the organisation culture – ‘the way we do things around here’ - plays a vital role. Some organisations have a culture that fosters creativity and innovation, positively demanding that their staff take risks and question everything that they do. Other organisations seem to be determined to reduce risk to zero, thus ensuring that there is no creativity. In these organisations any new idea that does emerge is quickly put down by an attitude of “not invented here”, “it won’t work in this environment”, “we’ve tried this before, and it didn’t work”, “yes ... but” or some other killer phrase. At the extremes, the organisation is not likely to survive in the long term. Either the organisation could stake its whole future on flights of fancy which could prove disastrous, or it makes no change and is rewarded by extinction like the dinosaurs they become. What is needed is some degree of balance between these two extremes.

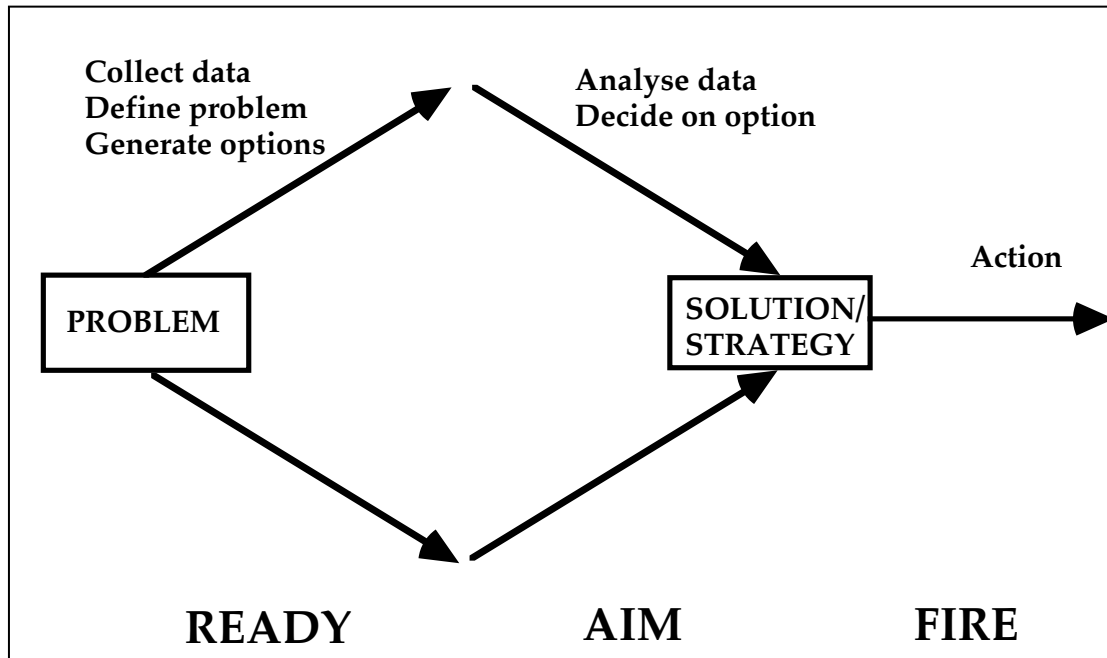
Ready - Aim - Fire

Ready - Aim - Fire as a well balanced problem solving and decision making process relies on following a process of gathering information and ideas, analysing them in order to make the best decision about the solution or strategy, before implementing that solution: Ready - Aim - Fire. Most organisations have an imbalance in this process due to a combination of their own organisation culture and the aggregate of the personal preferences of their staff (which may in itself be due to the organisation culture, with recruitment favouring people who can ‘fit in’). In order to establish a creative or innovative organisation, we have to first understand what is the predominant climate and process in our existing organisation.

Ready - Aim - Fire started as a military analogy: you first need to know the target and have the appropriate information and resources. Then you need to take aim before going into action. Get one of these steps wrong, or miss it out completely often has catastrophic consequences. I am not suggesting that organisations should be run on military lines, nor that the military are the best role models, but there are a number of parallels and lessons that can be applied. We can use the Ready - Aim - Fire approach to understand our own natural tendencies and to correct them to something that has creativity and innovation built in.

First we need ideas: the Ready stage. Identify what needs to be done and gather all the information and ideas available. If your organisation does not have creative people already, then look outside to benchmarking or bring in that expertise

through collaboration with other creative sources. Then Aim - choose the best solution or strategy. Filter and analyse the ideas to come up with something that is practical and meets the organisations objectives. This is a process of screening and building ideas into something that is workable, not a process of killing them. Then go into action - Fire.



Most organisations are imbalanced. We recruit in our own image, or the image of one or two of the organisations more prominent opinion leaders or successes. That is to say that the organisation will tend to keep on recreating the style that made it successful. Unfortunately, as we have seen with the demise of many of excellent organisations, past success is no guarantee of future success.

Fire-Fire-Fire

Organisations that are highly structured, process driven and risk averse will focus on - and over-recruit into - the Fire stage, and thereby ensure that new ideas or ways of doing things will not be implemented - people will be too busy doing to think about what they are doing now. Even if they decided that they needed to employ creative people, the incumbent management will find it difficult to identify the skills and competencies necessary for the role; and even if they were lucky in recruiting someone, the existing climate of the organisation would drive out the creative as a 'misfit' before too long.

Senior leaders often identify the problem and implore their employees to try something new, and to not be afraid of making mistakes. Allowing people to make mistakes without fear of retribution is seen to be the way to question the status quo and shake organisations into the new economic reality. Unfortunately, there is a climate of fear that exists in many organisations that do not allow people to make

mistakes, and therefore learn. Or, equally damaging to the future of the change, with no process in place to evaluate the potential of new ideas, expensive mistakes are made and the “new strategy” is quickly discredited. The organisation reverts to its norm of low risk, low innovation and resistance to change.

Being a Fire-Fire-Fire organisation is not necessarily a bad thing. First of all it is often what is required to be done the majority of the time - follow tried and tested plans and schedules and get the job done; keep the production line moving; garner the benefits of the business process design. If you are running an oil refinery, a construction site or a major factory, the last thing you want is people implementing new ideas every day - it is too risky, not just to the process itself, but also to the life and limb of its employees and the surrounding community. But such an organisation needs to be aware of the risks it takes by not having a built in innovation culture and have a process in place to overcome its imbalance.

A recognition of the implications of the imbalance can be addressed by applying project management thinking. For instance, a production team might spend 80 percent or more of its time following the process and running the production line, dealing with business as usual. But part of their time should also be devoted to improvement; how can we do what we do better? If this is identified as a project, it gives validity to the activity and also provides a structure that ensures the use of an approach which will overcome their cultural barriers. A continuous improvement process ensues that identifies potential improvements, evaluates their potential and puts them into practice, following the Ready-Aim-Fire sequence. As there is likely to be a low level of innate ability at the Ready stage (being creative) the project process will demand that some technique - like benchmarking, brainstorming, lateral thinking - is adopted to force creativity into the imbalanced team.

The past master of using this approach is Toyota. Their Kaizen approach (improve business operations continuously, always driving for innovation and evolution) is adopted, copied and envied throughout the world of manufacturing, and it enabled them to greatly reduce lead time and cost, whilst at the same time improving quality. This enabled Toyota to become one of the ten largest companies in the world; as profitable as all the other car companies combined; and the largest car manufacturer in 2007

Toyota harvests its own latent creativity in a systematic way, which is the benchmark for all other suggestion schemes worldwide. The Toyota Creative Idea Suggestion Scheme was sixty years old in 2011, and even with this longevity it still collects about 2 million ideas per year from its workforce - a staggering figure when compared with suggestion schemes in most other companies. Even more staggering is the participation and take up rates: over 95% of the workforce contribute suggestions (that works out to over 30 suggestions per worker per year) and in excess of 90 per cent are implemented.

Innovation in process and manufacturing based industries typically follows the Toyota lead, from Total Quality Management in the 1980s, through Business Process Reengineering in the 1990s to Lean Manufacturing today. Each of these approaches uses a structured, Ready-Aim-Fire project approach to ensure that the Fire-Fire-Fire culture of its target adapts to benefit from innovative solutions and improvements.

Ready-Ready-Ready

At the other end of the spectrum, there is the highly creative organisation, typified by the creative agency famous for its radical ideas or the fast growing and quick-reacting new organisations typified by the 'dot.coms' and the Silicon Valley giants such as Google and Apple.

Creative organisations abhor bureaucracy and order. They seem to thrive on the unconventional and in throwing away the 'normal' trappings of organisation. Offices (if they have them) are cluttered and untidy, often full of toys and distractions that help to provide a creative boost; employees dress in an unconventional way, they talk a different language and they are forever wanting to make changes and try out new ideas. Their approach helps them to be creative, and is tolerated by 'straighter' business people as a necessary evil - often without any understanding of how or why it works. When there is a creative department in an otherwise more traditional business (such as a Research Department), it will often be housed in a separate building, well away from the main organisation, seemingly so that the subversive working patterns in the department don't contaminate the rest of the organisation!

One clear implication of the imbalance of the Ready-Ready-Ready organisation is the lack of evaluation or follow through. They are not designed for, and their employees do not necessarily value, critical assessment or the implementation of the ideas. For a creative person, the idea itself is often the crux of the process. To develop the idea into a workable product or service requires time and effort that is not related to creating new ideas, and is therefore deemed uninteresting and not motivating. So, some great ideas are not developed and some crazy ideas implemented that often cause the terminal demise of the organisation concerned.

Google is an organisation that has seen phenomenal growth, not only in the use of its search engine, but also in its range of products and services on offer. Its approach is set as the norm for creative organisations. Engineers are encouraged to dream up their own projects. Project teams self form around the best ideas. Market-based principles ensure that the best ideas receive funding. The system ensures innovation.

However, despite all of the new products and business services on offer, more than 95 percent of Google's revenues trace back to web-based search advertising. Some of their engine room of innovative employees were even leaving to form new ventures, like Twitter. So in 2009, they applied some greater discipline to their process of evaluating and resourcing innovation, by boosting their Aim and Fire processes. Now, departmental heads conduct "innovation reviews" where promising

ideas are shared with Google's top leadership, helping executives focus attention and resources on promising ideas early. They are tightening up their project management to ensure that their innovation is focused and provides the highest returns. Rather than stifling creativity, project management serves to enhance it.

Ready-Fire-Aim

If Ready - Aim - Fire is a balanced culture for organisations to aspire to, some organisations follow a different pattern in order to innovate: Ready - Fire - Aim. Come up with an idea (Ready) - try it out immediately in a low risk or pilot project (Fire) - and learn from this experiment (Aim). Then use the learning to redesign and refine the idea, going through the Ready-Aim-Fire process in a number of iterations until something useful is created, or the idea dies. Once again, project management plays a crucial role in managing the creative process to create successful innovation.

The innovative organisation experiments positively demands that its employees are encouraged to experiment and make mistakes. The Ready - Fire - Aim process is all about trying out new ideas in a small way, in a controlled situation, and learning quickly from the experience to make an adjustment and go round the cycle again. This way losses are minimised by keeping pilot operations at a small level, and the organisation creates a culture where it is OK to test out your own ideas and make mistakes.

As we saw earlier, many Japanese companies are past masters of innovation. They collect customer information at an alarming level, and innovate at a startling rate, working to enhance current products and develop new lines through routines based on small pilot projects and customer driven requests. But for a model of an innovation culture of Ready - Fire - Aim in a Western company, the 3M Company stands out. The company that introduced us to the Post-It™ note allows its researchers and scientists to divert money from approved budgets to work on new ideas that have not been sanctioned or approved by management. This gives the researchers the freedom to pursue their own whims and fantasies, and, if they come to naught, drop them before anyone is aware. From these whims and fantasies comes an occasional world-beating, innovative product, like the Post-It™ note, or the latest application for epoxy resin technology it that is starting to replace carbon fibre in lightweight, durable sports equipment. The Post-It™ note took twelve years to move from idea to practical innovation, and for most of that time the project had no official status or funding. It was, in the 3M terminology, a 'skunk work' - a project funded from other agreed projects, and being sustained through the belief of a champion, in this case a researcher named Art Fry who had made the initial 'mistake' in the formulation of the Post-It™ glue when researching super-glue.

'Skunk working' has caught on as a concept in a lot of organisations to foster creativity. Many have developed their own, unique approaches. Atlassian, a very successful Australia-based software company calls their programme FedEx Days; a 24-hour innovation immersion event that enables employees to brainstorm, prototype, and pitch their emerging innovations. (The name FedEx Day comes from the idea of delivering

something overnight!). Starting at 2.00 pm on a Thursday, all 4000 employees do anything that they like, presenting their ideas in a beer and pizza event on the Friday afternoon (it is in Australia!). These days have developed so many software fixes, ideas for new products and innovations that they are now conducted quarterly and in every location of Atlassian worldwide. This 24 hour use of Ready-Fire-Aim has spread to organisations like Yahoo, Symantec, Flickr, Hasbro Toy, and the Mayo Clinic. And, in 2012, Atlassian is offering to send their own FedEx experts to a deserving company in order to help them conduct their own FedEx Day as part of a competition run by a leading innovation blog site.

Google have their own programme of innovation built on the skunkworks model, called Innovation Time Off, where Google engineers are encouraged to spend 20% of their work time on projects that interest them. There is no need to get authorisation for these projects, just book the time to the programme. Some of Google's newer services, such as Gmail, Google News, Orkut, and AdSense originated from these personal projects and about half of all new product launches can be traced back to origins in Innovation Time Off.

Imagination, a British based creative company, is another leading example of the creative organisation at its best. It is a mix of architects, designers, computer experts, bloggers, model builders, PR people, video producers, artists, photographers and other creative people who come together into a project team whenever, and wherever they are needed, ignoring any functional relationships. The projects that they implement range from product and sales promotions, through theatrical productions, the design and construction of exhibitions, galleries and offices, to the concept and design for the Millennium celebrations in London and the New Year's Eve celebrations in Sydney, Australia.

The organisation at Imagination does not really exist, except in its flexibility. They recruit people who are good (who they define as someone who has the personal characteristics to fit into their style of work, rather than any form of formal qualification or experience), often without having a specific job available at the time. People move around freely picking up tasks that interest them and making a difference. Imagination is in fact just a collection of creative projects. Their primary function, as the company name suggests, is to harness the imagination of Imagineers (as they call themselves).

By definition a creative organisation is at the leading edge, always seeking new paradigms, so it can easily lose touch with reality. Imagination keeps this tendency in check by being close to its customers - so close that Imagineers are to be found in project teams that include customers as full members, they are often based in customers' premises, and their flexibility and informality allows customers to feel able to test ideas without fear of losing face or appearing naïve.

Releasing creativity

Project based structures like Imagination are being increasingly used to break up the bureaucratic systems that can so easily develop, even in small organisations. Instead of having a traditional hierarchy and set of reporting relationships, where the tasks are performed by people who are functional specialists, projects are established across functional lines relative to the needs for that project. So a project to design a new product would have members from research, development, production, marketing, sales and finance working together from the outset. When the project is complete, the team dissolves and the people join other projects. These new organisations are often called adaptive, as they are flexible enough to allow the form to follow the task that needs to be done. By operating this way, organisations are finding that they can not only attract and retain creative staff, but also that they can unleash the potential creativity in all of their staff.

The key to making these structures work and making the organisation successful is involvement. Listening to employees and customers, suppliers and partners in such a way that everyone can contribute and participate in designing systems and processes that work. Companies have been saying, for years, that many of the best product ideas and innovations come from customers, not from the wizards in the research department. Yet many years on, 'listening to the customer' for many organisations still means assuming their requirements and telling them what they want. It seems that less hierarchically structured organisations have a better chance of getting close to the customer and capitalising on this competitive and innovative edge.

Technology has allowed project structures to operate in a virtual space with team members located in all corners of the globe, connected by a web of communications technologies and central data systems. The opportunity to involve distant contributors in real time discussion has shortened the lead time for new product development and reduced the misunderstandings and delays that occurred due to parts of the production cycle being located in different parts of the world. Project management facilitates the collaboration and manages the distributed tasks to ensure timely delivery.

Involvement and collaboration in creative action is facilitated by the use of other processes that can harness the potential of employees and stakeholders in large group meetings that utilise the Ready-Aim-Fire framework. In the early 1990s, the then Chief Executive of GE, Jack Welch started to tap into the employee's brainpower by breaking down the old management style - 'take out the boss element.' One of his weapons was called Work-Out. This is an activity which takes people from a complete department or function away from the workplace for a couple of days to identify what is going wrong in their area and come up with potential solutions. It is a problem solving activity on a large scale over a short time period. It is not hierarchical, so it unlocks the barriers that keep staff members out of the decision making process. On day three, the boss of the section returns (the CEO when this was a total company Work-Out with representatives from across GE).

The teams who have been working on proposals to address the issues that they have identified present their ideas. The boss, on the spot, has to either agree, say no, or ask for more information (in which case he must sponsor a team to do it by an agreed date). In a normal Work-Out, the boss has to respond to over 100 proposals, allowing about one minute of thinking time for each. Typically 90 per cent plus of proposals are accepted immediately. Hundreds of thousands of dollars of improvements are implemented each time a Work-Out is called. Ideas and improvements that in a traditional organisation would never make it past the first line supervisor level before someone would squash them flat.

Other technologies that encourage participation across large groups and release creativity include Open Space, Appreciative Inquiry, World Cafe and Future Search. These processes tap into the desire of people to contribute and - like Work Out - significantly reduce the timeframes usually associated with innovation design and implementation. By creating the conditions for effective dialogue to take place simultaneously across the whole system, these meeting processes enable rapid strategy and innovation deployment. Because the whole system is present, it is possible to gather real time information, analyse it, create opportunities and ideas for the future, make decisions on these and plan implementation, all in the scope of 2-3 days. And, as all of the system is present in the decision making process, there is no need for a lengthy and time consuming cascade to sell the idea to the organisation. The organisation is present, so implementation starts the next day.

An example of one of these processes at work can be found at IKEA, the Swedish based furniture and household goods company. They brought together 52 people from across their organisation, including suppliers, executives, workers and customers from Sweden, Europe and North America to re-design the supply chain for their Ektorps sofa range. The outcome of their three-day event was to double sales, increase quality, cut price by 30% and cut delivery times all without reducing profit margins or customer satisfaction.

Ready-Aim-Fire in teams

On a smaller scale, unbalanced teams can use the Ready-Aim-Fire process to inject creativity and ensure effective innovation, and avoid the pitfalls experienced through over-enthusiastic attempts to force new ideas into projects. By assessing the preferred preferences of the team members, they can identify any deficiencies in the stages, and take action to balance the team, using techniques to compensate for the imbalance.

So, where there is a lack of creativity (Ready), the use of brainstorming, lateral thinking or other tools at appropriate times in the project process can ensure that new ideas are considered. If the deficit is in the Aim stage, the use of decision matrix or analytical criteria will help the team to make good judgements. Action plans and milestone plans will facilitate the Fire stage. These tools, coupled with an awareness of the need for action to address the imbalance by the team will help teams to cope with the reality that they are not perfectly formed.

Summary

The successful creative organisation is one that can innovate, as it is innovation - translating creative ideas into practical improvements which meet the organisation's mission - which will enable an organisation to survive and succeed. To be innovative one needs to have a source of ideas and a process for analysing and implementing them. In order to effectively analyse and implement ideas, an organisation must understand its existing bias and culture. In addition it must seek to balance its natural tendency which may be towards action for its own sake, 'paralysis of analysis', or the chaos of too many ideas. Each of these biases is just as fatal for the organisation as the others, unless your organisation is specifically formed to exploit that strength.

A style of Ready - Aim - Fire will provide most organisations with a balanced approach to be able to cope with most problems. An organisation which encourages the more innovative style of Ready - Fire - Aim, which fosters experimentation and controlled risk taking will be more successful in staying ahead of its competitors. All of these approaches, coupled with the effective application and use of project management, will move pure ideas generating organisations into innovating ones; help imbalanced organisations and teams to be more effective; and ensure that all organisations meet the demands for change and adaptation to survive and thrive.

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