



The Case for Creativity

If you don't like change, you're going to like irrelevance even less.

—GENERAL ERICK SHINSEKI

A friend recently came to me to ask for advice about his business, a promotional products company. He lamented that he was stuck: revenue was flat, and he couldn't seem to get to the next level. I began to toss out ideas of new ways to get customers, approach the market, expand his offerings, and improve his processes. With each suggestion, his reply was, "No. That's not the way it's done in my industry."

After a few rounds of this, I decided to give him some straight-between-the-eyes feedback: "If you're unwilling to be different," I said, "you'll *never* get to the next level. The very fact that the entire industry does something a particular way is a great reason to explore the exact opposite approach."

My friend isn't alone in the challenges he faces. In this post-recession era, just about every industry is in the midst of massive upheaval, with companies hyperfocused on cost cutting, efficiency gains, and "sticking to their knitting." You can only cut so far, though, and at some point you need to innovate and grow in order to win. The business world is at a critical inflection point, leaving companies with that dreaded choice: adapt or die—which makes

this the perfect time for you to focus on finding new and more creative ways to beat your competitors.

The Risky Business of Playing It Safe

In this new democratized world, competitive advantage has a short shelf life. We've entered the Age of Creativity, in which each incremental gain is zeroed out as global competitors quickly copy and adapt. There are four factors fueling the creativity arms race:

1. *Commoditization.* In the words of casino magnate Steve Wynn, "What used to draw a 'wow' 15 years ago wouldn't draw a yawn today."¹ Easily accessible and free online information makes new knowledge a readily available commodity, which can leave price as the sole differentiating factor among competitors. You can't grow a career or business strictly by being the lowest bidder.
2. *Speed.* Complete business cycles that used to span a decade or more now play out in a matter of months. It's no longer about the big beating the small. Now it is the fast beating the slow.
3. *Low barriers.* In the past, bringing a great idea to market might require significant resources—a huge outlay of capital, a factory, raw materials, labor contracts, and distribution. Those barriers made competitors fewer in number and easier to identify. Today, a kid in his college dorm room with a high-speed Internet connection launches Facebook and becomes a billionaire in twenty-four months.
4. *Lower costs.* Globalization, outsourcing, and an intense cost-cutting mentality in the business world have driven costs to their lowest levels in history. The price war has now become just one skirmish on a much more complex battleground.

The world doesn't need another "me-too" player. Consumers have nearly limitless choices of products and services. Employees now compete with others around the globe for jobs. Strong technical skills, quality, and good service once won the game, but today they're just the ante. Success in the new era of business is driven by your ability to stand out and be truly remarkable. That requires an ability to tap into creativity, break the mold, introduce disruptive change, and dislodge the status quo.

Over my career, I've been in the fortunate position of being the dislodging force rather than the one being dislodged. I've also seen that the top of the heap is no place to relax and think "If it ain't broke, don't fix it."

In the sweepstakes world, one company in New York dominated the industry for twenty-five years—then it didn't. Think how it must have stung when ePrize, a small upstart company from Detroit, came along and took the lead with 83 percent more programs. Or how sharp the pain was the next year when our lead rose to 260 percent.

Like all change agents and creative disrupters, we didn't win because we executed the old model more efficiently. Change agents win because they have the courage and creativity to break the mold. Red Bull broke the mold by launching an entirely new beverage category: the energy drink. Michael Dell broke the mold by selling computers directly to the consumer and cutting out the middleman. Jazz legend Charlie Parker broke the mold by challenging conventional wisdom and playing previously "forbidden" notes over smoking fast-tempo chord changes.

Great companies are always built on ideas. They discover new and compelling ways to solve problems for customers. They play to win rather than playing not-to-lose. In fact, we've reached a time when playing it safe has become the riskiest move of all. General

Motors played it safe all the way to bankruptcy. Maxwell House played it safe as the more daring and creative Starbucks supplanted it as leader of the coffee industry.

This concept applies not only to breakthrough corporate innovation but also to individual careers. Have you ever looked at the Forbes 400 list of the wealthiest Americans? To qualify these days, you need to be *at least* a billionaire—pretty high stakes. In reviewing the list, I noticed something right away: there are no Forbes 400 billionaires who earned their wealth by playing it safe, cutting costs, and following the rules. Quite the opposite: every one of these people did something new and different. From retail to software to manufacturing to creating a new kind of candy bar, the ideas these people generated changed the world. And in every case, the genesis of their success traces back to a lightning bolt of creative inspiration.

Why aren't more of us channeling that creative energy? Blame it on the gremlin—that invisible source of self-doubt that sits on our shoulder and reminds us of every negative adult, teacher, boss, coworker, media analyst, or other influence that discouraged us from embracing those bolts of inspiration. The gremlin holds us back. He fills us with fear and tells us to keep our thoughts to ourselves. He makes us believe that letting our creativity out will make us look foolish or doom us to failure. This gremlin is, of course, dead wrong. The people in companies that thrive ignore their gremlins.

At the end of the day, ***the only sustainable competitive advantage—for individuals and companies—is creativity.*** It can't be copied or replicated. It can't be outsourced to the lowest bidder. It can't be done faster overseas. Creativity will build our future, just as it's built our past. As we have done throughout history, we ignore those who huddle in fear, and celebrate and reward the risk-takers, innovators, and creators.

How Will Creativity Rewrite Your Future?

You may be thinking, “Well, that’s great, but I’m not a billionaire. I don’t want to start and build my own company. I’m not an inventor. All this doesn’t really apply to me.” That’s your gremlin talking, and he’s wrong—again.

The concept of leveraging creativity to grow success applies regardless of who you are, what your job currently is, or where you’re positioned on an organization chart. People who demonstrate curiosity and courage become indispensable to their companies. They get promoted and rewarded. People who can imagine new alternatives to tough problems help nonprofit organizations increase impact. People who explore boundaries and try new approaches in education are the ones who make a difference—the ones schoolkids remember.

What is happening in your industry? Can you truly afford to sit back and rely on your past success? How are you going to win on the next leg of your journey? Will you be the disruptive force of change through courageous risk-taking and breathtaking creativity, or will you be like so many people, shrugging your shoulders wondering what happened to your business? Let’s look at just three ways that creativity will determine the answers to these questions.

Succeeding Through Improvisation and Risk-Taking

Business culture is beginning to reward improvisational “players” who, like great jazz musicians, are comfortable taking risks and capable of extraordinary and spontaneous bursts of creativity. Jazz musicians are a curious breed. They study for years to master the rules, only to break them as quickly as possible. They approach their craft with intensity and purpose, but then can let go and just groove when the feeling is right. I’ve known musicians who are incredibly

bold and expressive on the bandstand, but thoughtful and tempered in conversation.

All these dissonant notes blend into the creative harmony of a culture that encourages risk-taking and shuns sameness. Jazz combos don't just accept the improvisation and risk-taking that goes along with creativity; their entire purpose is to be creative. Oddly, most businesses don't connect their purpose with creativity. They have mission statements packed with industry buzzwords, but most of them are completely missing the point of their organization's existence: to create new and better ideas.

How APRIL Links Business and Jazz

Jazz musician and author Michael Gold agrees that the same principles that make jazz groups succeed also drive successful businesses. He's collected these principles under the acronym APRIL:²

Autonomy. Team members are in control of their own performance, experience, and results.

Passion. "Players" are driven by something bigger than just the task at hand.

Risk. The working environment celebrates risk and failure.

Innovation. New ideas are rewarded.

Listening. The culture emphasizes raising awareness and connecting to the environment.

How does your organization stack up against the APRIL principles? Do you encourage autonomy or seek control? Is passion a buzzword, or do you demonstrate and reward it? Is *risk* a taboo four-letter word? Is innovation "owned" only by those at the top, or is forging new ground an assignment for everyone at all levels of the organization? How do you communicate with your colleagues, suppliers, and customers?

As I grew ePrize from an idea into the dominant industry leader, improvisation—creating something out of nothing, in real time—was as central to my business as it is to jazz. The business

had the frenetic energy of a live jazz gig, often a little off balance, but always exhilarating. We didn't have an instruction manual; we had to make things up as we went along. Some decisions failed; some worked out. Either way, we kept things fast, fluid, and creative. We were decisive even in the face of ambiguity. And when we made mistakes, we learned from them quickly and adapted.

We were fluid with our offerings. We listened to what the client wanted, and if we thought that we could improve and build it for them, we'd take the job. This improvisational mind-set fueled our R&D efforts. Many of our best, most sustainable products originally came from a one-off client request. The client would request a new type of promotion, and we would work around the clock to develop the product as though we already had it. Rather than building a bunch of products in the hope that they would sell some day, we would wait until we had a buyer and then use the revenue from that client to fund our product development. We bit off more than we could chew, and then chewed as fast as we could. Real-time R&D, jazz style.

Companies that will win in the future will function more like jazz bands. They will constantly reinvent their work and seek fresh, new approaches. They will reward risk-taking and originality, the new currency for success. And although businesses will always have leaders, as organizational structures flatten, everyone's voice will have a greater chance of being heard. Your ability to improvise and your comfort with risk-taking will determine how well you succeed in this increasingly creative culture.

Thriving in an Adapt-or-Die Marketplace

People fear change. When a radical new idea emerges, it is almost always met with criticism, resistance, and doubt. Even though clinging tightly to the status quo feels safe, it's one of riskiest moves you can make. In an adapt-or-die marketplace, creativity is the air supply that keeps individuals and organizations thriving.

Out there is an entrepreneur who is forging a bullet with your company's name on it. You've got one option now—to shoot first. You've got to out-innovate the innovators.

—GARY HAMEL

When I launched ePrize, I had plenty of naysayers telling me my ideas would never work. But that rain of negativity only fueled my determination to succeed. I set out to build a company that would essentially reinvent itself on a continuous basis. My favorite saying was (and is), “Someday, a company is going to come along and put us out of business. It might as well be us.” In 1999, when I told the first employee I hired that he

wouldn't recognize ePrize in six months, I had no idea how right I was.

Within months, the dot-com meltdown had turned the once-fashionable “e” at the front of an organization's name into a scarlet letter. The small, venture-backed companies that made up our customer base were dropping like flies. My young company faced a huge challenge: adapt or die.

The solution was pretty simple: we needed to stop focusing on the Petfood.coms of the world and turn our attention to the P&Gs. We had to adapt all our technology, product, and service offerings to fit the needs of large-brand clients—which required a lot of creativity and a willingness to completely upend industry norms. We kicked around endless ideas, until we finally came up with three winning strategies:

1. *Relentless selling.* At that time, many marketing and promotion agencies waited for their phones to ring and prided themselves on never having to “sell.” I took the opposite approach. I hired

the best people I could find and then trained them to be a killer sales force. We conducted role-playing drills. We made target lists and pursued them with vigor. We used a go-to-market strategy of aggressive, direct selling in a world that never had seen such a thing.

2. *Building the brand.* We realized that our brand had to look bigger than the size of our company. Our sales materials were beautifully designed and printed on the best paper. An aggressive PR effort got us featured in trade journals and business publications to establish third-party credibility. We positioned ourselves as the expert and leader in a new category within our industry—digital promotions.
3. *Offering something unique.* We worked hard to develop a few products and features that no one else was offering. Potential clients wanted to meet with us just so they could learn about the “next new thing.” That gave us an opening and often got us an initial order.

Our organization’s creative muscle helped us thrive in the changing marketplace, while our less creative competitors failed to adapt—and then died. Today, variations on this same song of survival are playing out in organizations around the world, and in every case, creativity is the one constant note.

People and organizations turn their backs on change out of fear, allowing bureaucratic cogs in the machine to get in the way of great ideas and dreams. Twenty years from now, they’ll be long gone, and organizations who walk boldly and create something new will dominate the marketplace. The risks you take in leveraging creative ideas are much less than those you take when sitting in stunned silence as opportunity passes you by. More than an essential survival skill, creativity is the key to thriving in a rapidly evolving marketplace.

Focusing Bets on the Future

All companies make decisions about where to place their bets. We're all faced with limited resources (time, money, talent) and have to choose where to deploy those resources in order to reach our goals. Although most companies begin with a bolt of creative inspiration, it takes real creative capacity to make the choices that will keep an organization energized and growing into the future.

As a company matures, its focus can slowly shift from creativity to execution. Real customers and employees and vendors demand attention, leaving less time in the day to ponder the universe and think up cool new ideas. As leaders focus on building systems and processes to run the place, a bureaucracy is born. Territories form and creativity drops, as the company bets all its resources on protecting the golden goose that established its place in the industry. In the past, this model could sustain a business for years or even decades, but in the new world of business, it just doesn't fly.

Microsoft is a great example of the dangers of betting on the past instead of the future. Windows and Office remain dominant in the market, and have generated over \$100 billion in profit for Microsoft in the last ten years alone.³ For years, Microsoft was the poster child of innovation and thought leadership; but then its focus began shifting to past successes, causing the company to miss out on important advances. While Microsoft placed its bets on an established customer adaptation cycle, its competitors innovated. So the company lost to Kindle, Sony, and Apple in the e-book world. It lost to Google in the Internet search world. It lost to Wikipedia in the online encyclopedia market, and it lost to Apple iPod in the digital music sphere. And Microsoft completely missed mobile phones and tablet PCs.

The rate of change in the new era of business has dramatically accelerated, and ever-shorter product life cycles put ever-greater

demands on creative capacity. The new model for winning a better future is to remain on the forefront of innovation. To do that, organizations have to use their resources to place smarter bets, earlier and faster. That requires the creative foresight to know when it's time to shift investments forward—even if it means sacrificing the golden goose.

Are You Ready to Become a Disruptive Force of Change?

You may not like it, you may wish things were different, you may look fondly at the past, but none of this matters: the rules have changed. The financial meltdown and global recession of 2009, combined with globalization, rapid advances in technology and communications, population trends, geopolitical movements, and a next-generation workforce, have made the past irrelevant. These changes punctuate the end of an era and signify the beginning of a new one.

All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as self-evident.

—ARTHUR
SCHOPENHAUER

This revolution isn't about just digital promotions or eBook readers or online shoe stores. Nearly every industry is in the midst of transformation. Careers and jobs are being dislodged and reinvented at a dizzying pace. For you and your company to win in the Age of Creativity, you need to nurture and develop your creative skills, to become more like an artist than a technician. In this marketplace, you have to be

able to add value in the face of uncertainty. You can't rely on a rule book to figure out what to do next. Instead, your rewards will be

based on fresh ideas, improvisation, and a willingness to release your grip on the status quo. You need to be the disruptive force of change, or you run the risk of getting knocked out of the competition.

Building Your Creativity Chops

Jazz musicians call the time and effort they invest in developing their musical skill “building chops.” The Disciplined Dreaming system I’ll introduce to you in the next chapter of this book brings you a framework of ideas, processes, and practices for building *your* chops by expanding your creative capacity. At the close of most chapters of this book, you’ll find a short list of ideas and activities aimed at helping you assess and review what you’ve learned, like a jazz artist practicing musical scales. In this first set, you can answer the following questions to gain a clearer picture of the way you currently approach the creative process:

1. What percentage of your time is spent creating something new, as opposed to working out operational details or protecting the past?
2. List five ways that you can beat your competition. How could they beat you?
3. If you were entering your industry as a start-up, how would you break the mold to beat the incumbents?
4. What elements of the past or status quo are you clinging to? What do you need to let go of?
5. How could placing your bets earlier drive your bottom line?
6. List five ways your company is stagnating; for each of these, list at least two ideas addressing how you can break through those barriers.