

Bob Kustka

Factoring Human Capital Into Your Business Plan

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By Marilyn Gardner

How companies can encourage innovation

Many workers admit they are not living up to their creative potential. Workplace experts say there are ways to narrow this 'creativity gap.'

When Francine Kent managed employee activities at a large computer manufacturer in Massachusetts, she coordinated an in-house band that performed at three or four company events a year. For its 60 members, the band offered an outlet for their musical talent. But it also benefited the firm.

"There were people in that band from the legal department, the loading dock, and the manufacturing plant, plus program engineers," says Ms. Kent, now a business-development consultant in Sarasota, Fla. "They knew people all over the company. I saw them solve problems and accomplish things that they wouldn't have if they had not known somebody on the loading dock. It also broke down class barriers."

Score one for creativity in the workplace. In varied ways, the subject is gaining recognition as an important element in helping businesses succeed by improving the bottom line and keeping employees satisfied. Economists and futurists regard creativity and innovation as cornerstones of competitiveness in the United States.

"We're moving from an industrial economy to a creative economy," says Richard Florida, author of "The Rise of the Creative Class," although he notes that the transformation is still in its infancy. The creative sector, which he says is made up of "people who think for a living," includes such fields as science, technology, arts, culture, design, law, healthcare, and education. These creative people, he adds, "provide a critical stimulus for economic growth."

A few progressive firms are signaling a fresh approach with job titles such as chief innovation officer, chief idea officer, and chief creative officer.

In Charlotte, N.C., the McColl Center for Visual Art has created an Innovation Institute that pairs artists with business executives to help them unleash creative abilities and learn new ways of problem-solving. Workplace creativity is also the subject of a meeting next week, the 2007 National Conference on the Creative Economy, to be held in Fairfax, Va., Oct. 24-25. It is hosted by the Fairfax County Economic Development Authority.

Evidence of a 'creativity gap'

In a new survey, the group finds a "creativity gap" in the workplace – a disparity between the creative resources available and those being used. While a vast majority of American workers (88 percent) consider themselves creative, fewer than 2 in 3 think they are tapping their creative capacities on the job. Nearly 30 percent say they would take a lower salary to work for a company that valued their creative input. And 1 in 5 say they would move to a different city to work for such a company.

"They value it that much," says Gerald Gordon, president of the Fairfax County Economic Development Authority. He adds, "The companies that will be appealing to a creative workforce are not only open to new ideas but encourage workers to have input."

Mr. Florida notes that businesses such as Starbucks, which he says is redefining coffee, and Whole Foods, which is redefining groceries, hire people who are "individualistic and self-expressive."

"People are no longer motivated just by making money," Florida says. "Companies have to provide environments that allow [employees] to express themselves."

That kind of environment prevails at the Summit Group Communications in Salt Lake City. Because they are located in

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an old warehouse, employees can draw on the walls of the conference room while brainstorming. They also play hockey in the hallway, work out, and hold barbecues in the parking lot.

Activities like these go beyond fun and games, Florida says. “They’re ways of building relationships and fostering networks. They’re powerful tools.”

More creativity means less turnover

Still, some managers are concerned that such activities will hinder productivity. Kent counters by saying, “When you foster creative expression among your employees, you end up with lower turnover.”

Tight budgets and lean staffing also discourage innovation. “When you had five engineers and now have only three, there’s less time and ability for creativity,” says Bob Kustka, president of Fusion Factor, a workplace productivity consulting firm in Norwell, Mass.

Outsourcing presents another obstacle. “It’s hard to get creative when you have a call center located somewhere else in the world that’s disconnected,” Mr. Kustka says.

Firms that avoid risks also stifle creativity. “Companies need to allow employees to innovate and occasionally fail by encouraging them to take risks,” Kustka says. Otherwise, he warns, “Talented, creative people will become frustrated by their inability to push change. You lose good people.”

Kustka praises a former employer, the Gillette Company, for nurturing innovation. He recalls that when it developed its Mach3 razor, it also launched a continuous motion assembly line. “That quadrupled the speed at which we could produce the product,” he says. “The organizational culture had a tremendous effect on that. It was a team effort.”

Some pay lip service to innovation

Todd Dewett, author of the forthcoming “Leadership Redefined,” often finds a “rhetoric gap” between what a company says it values and what it actually values. “There is no shortage of companies with ‘creativity’ and ‘innovation’ in their vision statements that nonetheless swiftly stomp out attempts at creativity when they emerge,” he says.

Definitions of creativity vary. Kent and others see it as problem-solving. “That’s what innovation is,” she says.

Bob Johnson, a project manager at Lebanese American University in New York, says, “In some cases, when an employer says, ‘Be creative,’ what that employer really means is, ‘Do it the way we’ve always done it.’ Other times it means, ‘Tweak what we’ve been doing ever so slightly.’ Other times it means, ‘Go forth and create! Do what you want to do. We might want to change it some or we might want you to go back to the drawing board. And we might actually like what you’ve done and run with it.’ “

For innovative thinkers, Kustka offers this advice: “Whatever you’re trying to do, don’t just say, ‘This is a great idea.’ Say, ‘Let me tell you what this idea adds in value to the company.’ “

Kustka is optimistic that the current generation of young workers, the Millennials, will encourage innovation. “They’re much more driven by quality of life and job content,” he says. “They’re more inclined to challenge the status quo.”

Women are key contributors

Two other factors – a rise in entrepreneurship and more women in business – also promote innovation, says Vicki Donlan, author of “Her Turn: Why It’s Time for Women to Lead in America.” Many women tell her they left a corporate job because they lacked opportunities to use their creativity.

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“Entrepreneurship, which is growing particularly with women, gives you an opportunity to use all your creativity,” she says. “Smaller companies tend to allow for more creativity, and women are the leaders in small business. The creative economy is coming as more women move into their own businesses and are given the opportunity for leadership in larger corporations.”

Academic settings also benefit from innovation. “The public image of a university is that it’s a hotbed of rich, different ideas, and it is,” says Michael Ray Smith, professor of mass communication at Campbell University in Buies Creek, N.C. “However, there’s a strong organizational culture as well. If you don’t work hard at being creative, you ... fade into the dominant thinking.”

Professor Smith often eats lunch with people he doesn’t ordinarily see, including those in the university’s pharmacy school and divinity school. “I hang out with people who see the world differently. It helps us be better thinkers and better people.”

Emphasizing the need for those “better thinkers,” Tom Monahan, who gives his title as “head creative-thinking coach” at Before & After, a consulting firm in Providence, R.I., says, “I haven’t come across an industry that doesn’t see the value of resourceful thinkers and keeping a creative edge. The human factor is still the primary asset of companies today.”