

# LEADERSHIP Excellence

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## Lucky Catch

In natural environments, the hunt for food—to sustain life and limb—often consumes much of the day. In an Alaskan stream where miners once discovered gold, two hungry wolves try their luck at fishing for trout. Great leaders may not strike gold, but they sustain the precious pack.

BSM Harris

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# Creative Leadership

Leaders are performing artists.



by Roland Deiser

CREATIVITY IS CENTER stage, due to two trends and five drivers.

**Trend 1 is the rise of the Creative Class and importance of creative talent in a knowledge economy.** In his book *The Rise of the Creative Class*, Richard Florida says that this class includes not only artists (writers, painters, actors, musicians) but *everybody for whom creativity is an essential element of professional life*. This includes knowledge workers who produce or deal with intellectual capital, such as software developers, advertisers, designers, architects, engineers, scientists, inventors, consultants, educators, and others. About 30 percent of the workforce belongs to this class—and their share is rapidly rising. The number becomes even larger if we include entrepreneurs and *all who have leadership responsibility* in networked organizations. *Their work is creative, too.*

**Trend 2 is the rise of Creative Competence as a critical success factor.** This competence grows in importance as practices like strategic management, innovation, organizational design, talent management, and the ability to lead in networked organizations are dominated by the creative paradigm.

## Five Major Drivers

Five drivers also boost creativity:

**1. Strategic management is now creative art, not exact science.** In environments that are *unpredictable* and *driven by disruptive change*, market analyses and predictions based on the extrapolation of trends quickly become obsolete. Today's realities call for *creating a just-in-time strategic management process that pervades the company and includes the relevant stakeholders of the enterprise system*. Rather than limit strategic discourse to secretive strategy departments, leaders need to *foster creative strategic dialogue* across boundaries and at all levels. They need to identify and capitalize on *opportunity spaces* that can redefine the rules of the game. Strategic leadership is primarily a *creative challenge*.

**2. Creative organizational design is the new strategic weapon.** Hierarchical control, functional silos, and an obsession with formalization are obsolete in

our connected, fast-changing world. To master the strategic innovation challenge, companies need a *culture of agility and learning* that supports *high performance and reinvention*. They need: *enabling structures, mechanisms, processes, and policies that encourage and support creative dialogue and experimentation; principles that help to address disruptions and discontinuities with creativity, courage, and intuition, just in time, with a minimum of red tape, across boundaries; and highly efficient processes*. Design can no longer be based on a mechanistic understanding of *command and control* that relies on hierarchical power differentials. It must provide spaces that foster entrepreneurship and enable people to live and explore their potential. Crafting and implementing such designs is an architectural challenge that requires high creativity and a deep understanding of *system dynamics*.



**3. Innovation is king.** Companies need to develop *innovation competence*. In the last century, the focus was primarily on *product innovation* (R&D). *Today, products are a small part of the innovation challenge*. The most innovative product development can't compensate for bureaucratic and silo cultures that can't collaborate effectively in the *flat world* of global value networks. We need a more comprehensive view of what *innovation capability* means, with an emphasis on design and business model innovation, together with the leadership capability that can manage these innovation elements in an integrative way. Then, virtually all employees—and stakeholders—become potential participants in the discourse about the way things are done. This new *innovation imperative* requires people with a creative spirit who think laterally, collaborate in networks, and have the cognitive and emotional ability to challenge the status quo—traits that we find in the *creative class*.

**4. Design and brand are the major**

**competitive differentiators.** Product quality as a decisive success factor is decreasing as *even more complex products turn quickly into commodities*, and quality and reliability are just *tickets for market entry*. We outsource easy-to-imitate elements of the value chain to low-cost countries. What remains is the complex task of *orchestrating the many elements of a global network of partners and alliances and to create differentiation through design, branding, reputation management, and customer engagement strategies*. As these *intangible product attributes* increase in importance, so does the role of *creativity and intangible asset management*.

**5. Creative talent—and its appropriate management—make all the difference.** The responsibility to *think and act strategically* must become pervasive, not restricted to the C-suite. And strategy and innovation need *active engagement* of the external stakeholder network. This requires a *radical rethinking* of traditional talent management. Members of the *creative class* are smart, self-reliant, and motivated to live their dreams and realize their potential. They need an *enabling environment*—a creative, flexible, non-bureaucratic culture—to thrive. *The ability to attract, lead, and retain creative talent boosts your creative competence and yields a decisive competitive advantage.*

**Strategy, organization, innovation, branding, and people are driven by the creative imperative.** Meeting this challenge requires a *comprehensive approach to managing organizations and the stakeholder network*. Developing and sustaining *creative competence* requires designs that enable the power of networks within and beyond boundaries. It calls for a *new culture of leadership* that shapes horizontal, non-hierarchical relationships without relying on formal power and control. It requires *courageous leaders* who can: deal effectively with the difficult egos of creative spirits; keep them in check while nurturing their potential; support their aspirations; respect their desire for independence; and experiment with innovative business models.

These are *major challenges* for leaders who are driven by *numbers*, measurable KPIs, and an obsession to plan and control. The transition is hard, as it touches *the essence of management and leadership*. It requires courage to *let go* and rely on the power of horizontal collaboration, supported by new ways of governance based on trust and engagement. LE

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**ACTION: Cultivate creative leadership.**