

12-2012

The Deliberate Integration of Creativity into Strategic Planning

Laura A. Ryan

International Center For Studies in Creativity: Buffalo State, State University of New York, ljryan@ljryan.com

Advisor

Mike Fox

First Reader

Mike Fox

To learn more about the International Center for Studies in Creativity and its educational programs, research, and resources, go to <http://creativity.buffalostate.edu/>.

Recommended Citation

Ryan, Laura A., "The Deliberate Integration of Creativity into Strategic Planning" (2012). *Creative Studies Graduate Student Master's Projects*. Paper 173.

ABSTRACT OF A PROJECT

The Deliberate Integration of Creativity into Strategic Planning

The purpose of this project is to explore the deliberate use of creativity into strategic planning. A framework for strategic planning and metacognition tools aligned with each phase is posited. In addition, a bifurcation of the process is suggested in order to engage in strategic innovation where groundbreaking initiatives are warranted. Creative culture and the make-up of creative teams are also addressed.

Date

An Exploration of the Deliberate Integration of Creativity
into Strategic Planning

by

Laura Ryan

Submitted in Partial Fulfillment of the Requirements for the Degree of

Masters of Science

Fall 2012

Buffalo State College
State University of New York
Department of Creative Studies

Table of Contents

Creativity Seen As Most Important Competency Among CEO's

Creativity Defined

Creative Thinking Defined

Strategic Planning Defined

Integrating Creativity Into Your Strategic Plan

Creativity Taking On Different Roles

Innovation Defined

Strategic Innovation for Groundbreaking Initiatives: A New Concept To Some

Real Life Examples

Conclusion

Creativity Seen As Most Important Competency Among CEO's

In a 2010 study carried out by the IBM Institute for Business Value, of 1500 CEO's worldwide (60 countries and 33 industries), 'creativity' was regarded as the single most essential leadership competency in the fast-paced, capricious, global economy of today (IBM, 2010). Enterprises are more complex than ever, and CEO's must preside with intrepid creativity in order to endure. They are continuously confronted with ill-defined quandaries without a single-path solution. The flourishing leaders of our time will be those who take on the practice of creativity which incorporates openness and a tolerance for ambiguity, embraces disruptive innovation and unabated re-invention, while taking sensible risks (IBM, 2010). Many of the Fortune 500 companies and several government agencies have engaged creative consultants in the recent years (Carson, 2010). In addition, the number of business schools offering courses in creativity and innovation continues to be on the rise. More than ever, the notion of deliberate creativity is gaining momentum. An emphasis on the value of creativity and innovation is being recognized.

Creativity Defined

In circles of non-scholars, the concept of creativity is often misconstrued as simply generating different or shocking ideas. However, the study of creativity has explored concepts far beyond simple idea generation. Creativity can be broken down into four components: Process, Product, Person, and Press. Collectively, these components define creativity. Rhodes (1961), viewed by many to be a premier scholar

in creativity claimed that there are four unique strands of creativity but only in unity are the four strands operational.

A creative process is the repeatable framework in which a person or group of people engage in divergent and convergent thinking often using metacognition tools to enhance the creative outcome. A creative product can be tangible or intangible, and is the result of a creative venture. By definition, it is certain to exhibit novelty, resolution, elaboration and synthesis (Besemer & Treffinger, 1981). A creative person is often adaptable, has a tolerance for ambiguity, is a risk taker, imaginative, and flexible among several other traits (Black, 1998). Creative press, frequently referred to as a creative environment, is an organizational atmosphere that encourages creativity. It directly affects what people do and how they do it (Miller, Vehar, and Firestein, 2001). Another well-renowned creativity scholar, Theresa Amabile, has spent much of her career focusing on the topic of creative press. She maintains that it is primarily interest, enjoyment, satisfaction, and challenge of the work itself that motivate people to be the most creative (Amabile, 1983). According to Swedish researcher and organizational psychologist Goran Ekvall, innovation, quality, productivity, job satisfaction and profit are directly affected by an organization's creative climate (Ekvall, 1991). A creative climate is one that promotes generation of ideas, time and resources for contemplation without the constraints of judgement, and new ways of working (Kim and Mauborgne, 2005); (Ryan, 2012).

In 1988, creativity scholar, Simonton, added a fifth "P" to the list: Persuasion. An idea or product is not considered novel and useful if it exists in a vacuum. Rather, a social process of presenting and judging the idea will deem it creative or not (Simonton,

1988). This act of making an appeal of acceptance is inherent in the process of ideas being regarded as creative.

Creative Thinking Defined

The unconstrained, unbridled production of ideas with uninhibited divergent thinking tools gives the illusion of fluent creativity but runs the risk of resulting in quasi-creativity or pseudo-creativity if not refined to reality. Hence, creative thinking in its optimal practice is derived from two elements: generation of novelty (via divergent thinking) and evaluation of novelty (via convergent thinking). One must work with deliberate intention to strike the delicate balance necessary between these elements. In practice, divergent thinking with the absence of convergent thinking can result in overconfidence or reckless change (Cropley, 2006); (Ryan, May 2011).

Divergent thinking emphasizes ideation based on unexpected combinations, forced connections, and associations. Convergent thinking involves accuracy, logic, and decision making strategies. Convergent thinking is closely linked to knowledge (Cropley, 2006); (Ryan, May 2011).

Ruggiero stated that thinking is “any mental activity that helps formulate or solve a problem, make a decision, or fulfill a desire to understand. It is a search for answers, a reaching for meaning” (2007, p.4.) This definition suggests that one has a choice to control their thinking, and this can be used as an advantage. Deliberate thought is the weapon used to optimize creativity and innovation.

There are many tools that we can call upon to engage in divergent and convergent thinking. We often refer to these tools as metacognition tools.

Metacognition can be most simply defined as “thinking about thinking”. In other words,

depending on what type of thinking is required, we can deliberately use different tools, thus signally different parts of our brain. There are various, interconnected creative “hot spots” in the brain for thought and activity (Carson, 2010). Each serves a unique function such as reasoning, decision making, social comparison, judgment, self-confidence, fear, and integration of sensory information. With the metacognition tools, we can turn these “hot spots” on and off depending what type of thinking is optimal at the time.

Emotion is part of this process as well. Creative thinking is a higher-order thinking skill which encompasses several distinct cognitive, metacognitive, and affective skills. The creative process is the product of thinking and emotion. Certainly, your ability to create and think is greatly impacted by the affective states that support it such as enthusiasm, ambition, fervor, and tolerance for risk-taking and ambiguity. Each thinking skill is fortified by a specific affective proneness. By affective we mean the ways we handle attitudinal and emotional facets of learning (Puccio, Mance, Barbero, Switalski, and Reali, 2012).

Strategic Planning Defined

Strategic Planning can be defined by a systemic, formally documented plan which looks into the future while focusing primarily on significant facets of the business. Simply stated, strategic planning is planning and predicting. It is a map of how you intend to meet your objectives in achieving an advantage, overcoming obstacles, or meeting the needs of your customers or other stakeholders. Decisions are made to increase the likelihood of a thriving business in future times. Particular attention is paid

to the organization as a whole as well as its external environment as a whole (“Renew your organization,” 2005-2012). Strategic planning typically involves mapping out an organization’s future through leveraging its strengths, overcoming its weaknesses, while capitalizing on opportunities and minimizing threats.

No business strategy endures forever. When all of the tenants of a corporation (i.g. marketing, sales, R&D, finance, manufacturing, purchasing, etc) are pulling in the same direction with a known vision, success can be attained for many years. However, as the cliché goes, “change is inevitable”. Markets, technology, and environments change. Unless an organization is looking ahead, trying to foresee these changes in advance, they will undoubtedly be left behind. As opposed to being reactive, a proactive approach to seeking out and employing innovation, will greatly increase the likelihood of sustainable growth. As Jack Welch, the former CEO of General Electric, once said, “When the rate of change outside exceeds the rate of change inside, the end is in sight”.

In the past, organizations had created strategic plans with a horizon of 3-5 years. Many organizations are finding that difficult in this era. Why? Primarily because technology, markets, and business environments are changing faster than ever. As Subject #1, the president of a fifth generation manufacturing company stated, “We can’t have a formal (long-term) plan. Rather, we must be adaptive. We are continuously looking for new opportunities” (interview with Subject #1, September 14, 2012).

An organization should enter into strategic planning with strategic planning goals in mind. These should be goals that are clear, measurable, and objective. It would be

disservice to the organization to set the goal of the strategic planning efforts to simply have a plan. Rather, it should be a goal (or goals) that relates to some specific, relevant outcome that will positively impact the business. Reflecting on why a group is conducting a strategic planning session and how the people will be held accountable to ensure success, will create a level of clarity. Keep in mind, goals are broad and general. They set the stage and provide a focus for the planning efforts of the team. Accountability for quantified objectives, tactical steps, and explicit assignments that are a result of the strategic plan should be determined in advance (Grensing-Prohal, 2011). Creating ownership in the plan is paramount to success. With this in mind, the plan becomes simply a tool to aid in achieving the outcomes. Success is achieved by doing, not just through planning.

Integrating Creativity Into Your Strategic Plan

From a pragmatic perspective, a traditional approach to strategic planning can be broken down into several fundamental steps (Grensing-Prohal, 2011): establish the mission, vision, and values, gather data, SWOT (strengths, weaknesses, opportunities, and threats) analysis, identify strategic planning goals, develop GOST (goals, objectives, strategies, tactics), write and approve plan, distribute and communicate plan, and plan reviews.

Consider how one might deliberately integrate creativity into these steps.

1. Mission/ Vision: During this step, the participants are engaged in visionary thinking. They are describing a vivid and concrete picture of the desired state. The mission statement defines what the organization is. The vision statement describes what an

organization would like to be. The affective skill aligned with this step is dreaming.

Tools associated with this step include:

- Imaginary Journalism
- Cartoon Story Boarding
- Searching for Success Zones

2. Gather Data: During this step, the participants are engaged in diagnostic thinking.

They are examining a situation closely. The affective skill aligned with this step is mindfulness. The buckets of data to be included might be from one or all of the following: Markets, Customers, Sales, Employees, Competitors, Industry. Tools associated with this step include:

- Powerful Questions
- Fishbone Diagram
- Affinity Diagram
- Porter's Five Forces Analysis
- Hits

Ultimately the team needs to differentiate between what they need to know versus what would be nice to know. Too much information can paralyze a group.

However, keep in mind, one that can not manage what one can not measure. The balance for too much and not enough information is a delicate one.

3. SWOT Analysis: A SWOT (strengths, weaknesses, opportunities, and threats) is a continuation of diagnostic thinking. This tool is used is used to further examine a situation.

4. Identify Strategic Planning Goal: During this step, the participants are engaged in diagnostic thinking. They are determining what they ultimately want to achieve through this process. The affective skill aligned with this step is mindfulness. Three basic questions should be asked (Grensing-Prohal, 2011):

- What is the team's goal in engaging in the strategic planning process?
- Why is the team carrying out the effort of the strategic planning process?
- How will hold the team accountable for the actions necessary to ensure success?

At this point, there is a fork in the road. If the group wants to engage in incremental innovation/ operation efficiency, they can motion to establish the goals as illustrated in step #5. Conversely, if strategic innovation for groundbreaking initiatives is warranted, the group should consider a temporarily break from this sequence which we will discuss later in the paper. See figure 1.1 for the bifurcation.

5. Establish Goals: Based on the SWOT analysis, Goals for the organization (different from goals for strategic planning described in #4) are established. This is the first step of the GOST (Goals, Objectives, Strategies, Tactics). Goals are general statements that describe *what* the team desires to achieve. Goals drive the development of clearly stated, measurable objectives in order to achieve the goals. With the use of a SWOT, the goals can become more apparent. During this step, the participants are engaged in strategic thinking. They are identifying critical discrepancies of where the organization is and where it wants to go. The affective skill aligned with this step is sensing the gaps. Tools associated with this step include:

- Gap Analysis

- TOWS (SWOT backwards-a different way of to identify strategic alternatives)
- Boundary Examination
- Webbing
- Ladder of Abstraction

6. Determine Objectives: Goals are not measurable, objectives are. Objectives are the foundation of the strategic plan. They should be stated in a way that makes them (SMART) specific, measurable, attainable, relevant and time-bound (Grensing-Prohal, 2011). To sum it up, the team should reflect on the overall goal(s), determine a specific objective that aligns with each goal, and then consider the results of the SWOT that could positively impact the success of achieving the objective.

7. Establish Strategies: Strategies are *how* the group will approach meeting the objectives. During this step, the participants are engaged in ideational thinking. The group is generating ideas that address the gaps/ challenges. The affective skill aligned with this step is playfulness. Tools associated with this step include:

- Brainstorming
- Brainwriting
- Direct Analogy and Excursions
- Rolestorming
- Scamper
- Morphological Matrix
- Hits

3. Establish Tactics: Tactics are the operational steps necessary to meet the objectives. During this step, the participants are engaged in tactical thinking. The

affective skill aligned with this step is tolerance for risk taking. Tools associated with this step include:

- Brainstorming
- Brainwriting
- Assisters/ Resisters
- How-How Diagram
- Hits

4. Write Plan: During this step, the participants are engaged in evaluative thinking. They are moving ideas to solutions. The affective skill aligned with this step is avoiding premature closure. Tools associated with this step include:

- Targeting
- Card Sort
- PPCO (Pluses, Potentials, Concerns, Overcoming Concerns)
- PCA (Paired Comparison Analysis)
- Evaluation Matrix

5. Plan approval: During this step, the participants are engaged in contextual thinking. They are increasing the likeliness of success by testing the solutions. In addition, they are gaining an understanding of the interrelated conditions and circumstances that will promote or hinder the success of the plan. The affective skill aligned with this step is sensitivity to the environment. Tools associated with this step include:

- Force Field Analysis
- Stakeholder Analysis
- Reverse Brainstorming

- PPA (Potential Problem Analysis)
6. Distribute and Communicate Plan: At this step consensus has been reached, and people are engaged in the craft of persuasion . The tool associated with this step is:
 - Action Steps: step-by-step specific to-do list of actions to accomplish each tactic.
 7. Plan reviews
 - Performance Dashboard

During an interview with Subject #4 of a Buffalo-based, privately-owned manufacturing company, he defined strategic planning as “getting everyone to march to the same tune” (interview with Subject #4, September 17, 2012). In his organization, their strategic plan is broken down into four categories: Business/ Financial Plan, Capital Structure, Organizational Structure, and Strategic Initiatives and Growth. (Often, companies create a sales and marketing plan as part of their strategic plan as well.) Of these four categories, the first three have distinct measurables. According to subject #4, the only category that employs creative thinking, Strategic Initiatives and Growth, does not employ measurables. Success in this category is not given criteria. As shown above, there is a great opportunity to embed creativity into a traditional strategic planning framework. Next, I want to discuss the portion that subject #4 refers to as Strategic Initiatives and Growth. Although, in this case, a separate course of planning is not apparent, the understanding of the need to separate out this effort is. Let’s look more closely at this.

Creativity takes on different roles in strategic planning. One can deliberately integrate divergent and convergent thinking into each step of the process. This is illustrated this in the previous section. If an organization is looking at its core business or services, applying creativity to solving issues and improving processes is logical. This is creativity within concrete boundaries. Often, this can evolve into on-going incrementalism with short timelines and quick (but not necessarily) sustainable rewards. If a product continues to be vibrant in the market place, traditional strategic planning with incremental changes works. However, there is more to this picture.

Foster and Kaplan (2001) write, "Often today's strategic planning does not attempt to collect information that could challenge existing mental models. It focuses on reanalysis of the existing businesses and the analysis of similarly sized competitors, rather than attempting to understand what is happening at the periphery of the business and how it might change" (p.16).

Interestingly, strategy is often made analogous with the game of chess. Like the game, businesses need to know their audience and then plan and predict the consequences (good or bad) of actions by either party. However, what if we were to look at potential strategy that would take place *off* of the game board? In other words, organizations that look to create new/ uncharted value for their customers while having the willingness to redefine themselves and how they operate are engaged in strategic innovation. I am referring to applying innovative thinking to the entire organization, not just the products or inventions. In this case, an enterprise's weaknesses become irrelevant and the innovative model transforms into the new foundation of competition. The rules of the game change.

Innovation Defined

“Innovation can be defined as the process (“Innovation”, 2012) by which an idea or invention is translated into a good or service for which people will pay, or something that results from this process”. In other words, invention is the conversion of cash into ideas. Innovation is the conversion of ideas into cash. In order to be innovative, one must be creative (author unknown).

In past decades, information was “king”. If you had knowledge of a subject you could ensure a competitive advantage. In an era where information is ubiquitous, innovation now reigns. It has become the basis of competition in our world today.

In the previous section, the process of strategic planning for incremental innovation was discussed. This refers to looking at the current products, services, and processes and making incremental improvements. Creativity can optimize these iterations. However, when an organization wants dramatic changes, strategic innovation for groundbreaking initiatives is necessary. As suggested earlier, this is *off* the board.

Strategic Innovation for Groundbreaking Initiatives: A New Concept To Some

Strategic innovation is one that is creative, market-centric, and heuristic (discovery-driven). When carried out with vengeance and passion, it can be the key to ground-breaking products, projects and platforms. It is a separate creative process, not an analytical one. It is finding ways to change the rules of the game, in order to remain vital and relevant over time. Companies that embrace strategy innovation are never completely satisfied with where they are today, and tirelessly look at who they will

become in future. This instinct is cultural; it is embedded into an organization's DNA (Johnston and Bate, 2003).

Why don't more companies engage in strategic innovation? Most likely because they don't have the framework to carry it out and/ or, their people are rewarded on incremental changes and not on strategic innovation which often requires more time and resources.

If a group has made the decision to get off the old couch and engage in strategic innovation, where do they start? Does it make more sense to build a corporate strategy and then find business opportunities to fill it, or find new business opportunities and then build a strategy around it? Strategy innovation should be done first and then backed into the strategic plan. See figure 1.1.

As stated by Johnston and Bate, "Strategy innovation determines the means by which new value is provided to the market place, and strategic planning lay outs the map of how those new concepts provide value to your organization" (2003, p. 36).

Strategy innovation can be broken down into a series of three focus points which I will refer to as :

1. Initiation

- a. Team
- b. Culture
- c. Baseline

2. Existing Frontiers

3. Exploring For New Frontiers

Initiation

Team

Let's first look at who should be considered for and involved in the strategy innovation team. Regardless, of who makes the initial call to action for strategic innovation, this initiative must have the commitment from senior management. This process takes time and resources and without the support from the top level executives, it becomes mission impossible. The stronger the mandate for creative strategy, the more emphasis the people will have in implementing a high-quality initiative. Momentum is often the result of such energy, and can be tremendously powerful. According to John Maxwell, momentum does not typically evolve organically in an organization. Rather, it is the initiative and responsibility of the leader who possesses vision and passion, with the capacity to inspire others (Maxwell, 2007).

The management team should have a grasp on the current corporate strategy. With that, comes a knowledgeable perspective of the strengths and weaknesses of an organization and thus an instinct for blind spots in the current business model as it relates to remaining viable in the current market place. Strategy innovation often results in significant changes in business processes and/or a reallocation of financial resources. It is easier to push through these changes if the management team is aware of this potential at the onset. With approval from the top executives, strategy innovation teams will be more engaged in the process, knowing that they will ultimately see the fruits from their efforts.

Logic leads us to think that the team members should be diverse and cross-functional. The reason for diversity is that we all innovate in different ways. Psychologists refer to this as cognitive styles, suggesting that people have varying

preferences in how they process and sort through information. Measurements such as FourSight (www.foursight.com) can shed light on team members' preference for innovation and how to capitalize on differences rather than having them as a source of stress or communication breakdowns.

Creativity scholar, Ruth Noller, derived a formula to illustrate how the factors of creativity function. A function is the relationship between a number of inputs and the resulting output. She stated $C=f_a(K,I,E)$ where Knowledge in one's domain is a culmination of their experience necessary to solve problems in their respective field, Imagination is the production of novel ideas in order to see past the knowledge and reach for new strategies, and Evaluation is the ability to access the new ideas to determine which ones have the greatest likelihood for success. Attitude is the driver of creativity. This too was described in a formulaic way $a=V,DP,IM$ where Vision is the end point or goal associated with the creative effort, Deliberate Practice is the systematic approach to devise an organization's strategic innovation, and Intrinsic Motivation is the individual team member's internal desire to participate in the actions necessary to attain strategic innovation (Parnes, Noller, and Bioindi, 1977).

The basis for a cross-functional team members is the need for consensus. If the team members come from various departments, and they have been instrumental in developing the plan, they will more likely commit to its success. Having participated, they will know the thought processes that went into it, the trade-offs that were made and the potential concerns and obstacles that were addressed. Typically, this will also lead the group to defend the innovative strategy. People endorse what they have been involved in creating.

In summary, strategic innovation teams should be made up of members with extensive knowledge of their respective domains, a diverse preference towards innovation, an intrinsic desire to participate, the discipline to be systematic in their innovation practice, an ability to produce novel ideas, and a tolerance for ambiguity. This combination has the greatest potential to yield a winning team.

Culture

With the innovation teams established, expectations for a creative culture need to be set. A creative culture is one where all ideas are welcomed and none are criticized, thus generating a creative spirit in the organization (Higgins, 1996). Engagement of the managers and the team members should be carried out with a set of guidelines.

- Consider the merit of what other team members are suggesting
- Agree to participate in balance of divergent and convergent thinking
- Suggest new ideas and participate with the same enthusiasm and commitment as your fellow teammates
- Agree to be a risk taker by suggesting and trying out wild ideas
- From the onset, accept the ambiguity associated with not knowing what the process will yield

Baseline

Approximately one third of the the innovation team's time should be spent on defining where the group is today. Typically, each department or functional area will prepare an overview. A brief SWOT, as previously described, from each group can prompt this discussion and synthesize the current situation. Three or four bullet points in each category is enough to start. As an example, R&D can talk about their new product development, marketing can talk about their current initiatives being communicated in

the industry, and sales can speak about what they see their competitors are doing, and what the customers are requesting.

Next, each department should be given a chance to speak about the “low hanging fruit”. Inevitably, people will have ideas and opinions on how to improve their area. Some ideas may be radical. They could be process changes, or ideas for new products. At this stage, the group is engaging in divergent thinking. The rules apply: defer judgement, seek wild ideas, build on each other’s ideas, and go for quantity. These ideas should be categorized and cataloged.

The team, culture, and baseline have been established. Now it is time to get, find, or imagine the most promising new frontiers. Many teams see this as the “fun” part.

Existing Frontiers

Frontiers can be defined by products, projects, platforms, markets, or customers. The innovation strategy team is looking for ways to find or create these frontiers where the competition is not. The goal is to stay true to the core business, yet disengage in traditional head-to-head competition where there is a new frontier. The team is search of a leap in value for their organization and its customers, that will leave the competition in the dust.

The innovation strategy team should first take a look at where they are today. A review of the current portfolio can be telling. One such tool is iTowers, adapted from

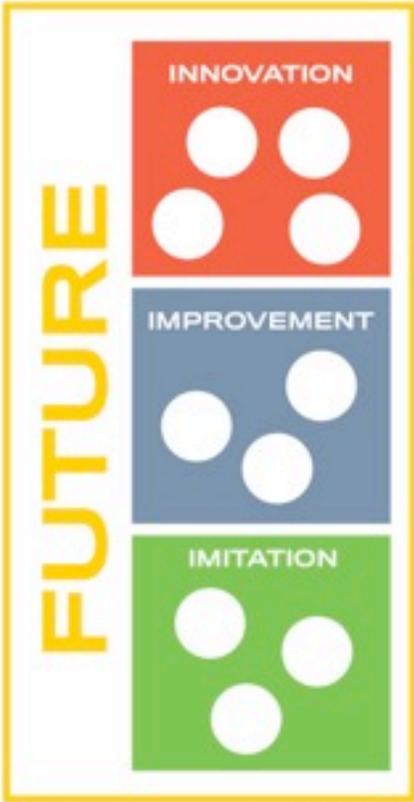
Blue Ocean Strategy. It is very powerful in illustrating the current and planned portfolios. The team can diverge in order to provide a list of current and already suggested offerings. Criteria used in conjunction with an Evaluation Matrix will aide the team in converging on the most appropriate value points. They can then be assigned respectively. Imitations, those product or services that are also carried by competitors, are defined as me-too businesses, improvements are products or service offerings that are better than most, and innovations are groundbreaking strategies that have the biggest potential for profitable growth and a mass following of new and/or current customers. Value points derived from the SWOT and “low hanging fruit” can be included in the i-Towers. If the majority of current and planned value points are improvement, it is reasonable to expect growth. However, that is not a plan for optimal growth potential. A shift towards innovative offerings on a continuum is the path to sustainable growth.

iTowers

With this tool, the team can diverge on current and future products, projects, platforms, and services. The “low hanging fruit” should be considered for this list as well. Subsequently, the team can converge on the items from the list, naming the top 3-4 in each of the categories (i.e. imitation, improvement, or innovation), keeping in mind the criteria suggested above.



iTowers



- 1 _____
- 2 _____
- 3 _____
- 4 _____
- 5 _____
- 6 _____
- 7 _____
- 8 _____
- 9 _____
- 10 _____

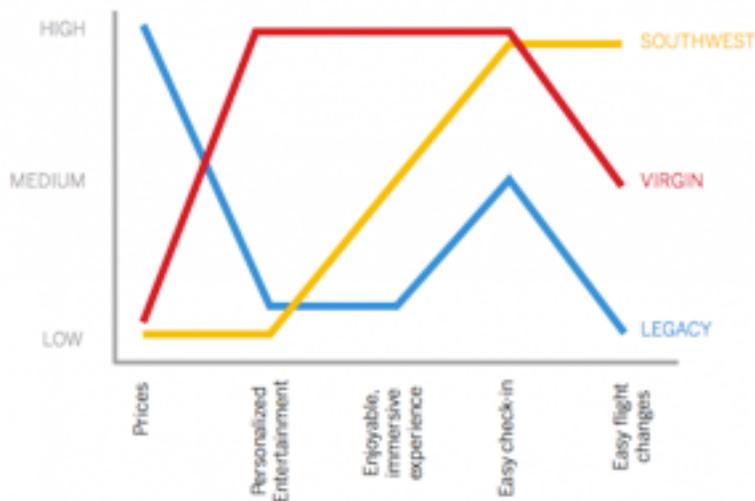
- 1 _____
- 2 _____
- 3 _____
- 4 _____
- 5 _____
- 6 _____
- 7 _____
- 8 _____
- 9 _____
- 10 _____

Strategy Canvas

In order to further illustrate the current situation, the innovation strategy team should produce a current *Strategy Canvas* (Kim and Mauborgne, 2005). The group should ask the question, “What might be all the factors that our organization and our competitors are competing on?” Think of the factors as the real motives or basis as to why customers buy your products or services. Next, the team can converge on those factors that most appropriately define the value map of the current market.

Combinations of the chosen factors can be used to create several strategy canvases in order to view the current situation from a number of perspectives. An example of such a strategy canvas is shown below. Here, three airline companies are being compared across five factors. One can readily see that the value curves do not directly lay on top of one another, suggesting that each company is differentiating itself.

Strategy Canvas (Source: Kim and Mauborgne, 2005)



Exploring New Frontiers

Scamper and Six Paths Framework Combined

Next, as part of the innovation strategy, the group should explore high and wide, looking for new frontiers that will set them apart in their respective industry.

SCAMPER (Substitute, Combine, Adapt, Modify, Put To Other Uses, Eliminate, and Rearrange) is a divergent tool used to stretch people's minds (Eberle, 1971). Kim and Mauborne, in their book "*Blue Ocean Strategy*" (2005), suggest a series of thought provoking questions, called the *Six Paths Framework*. Shown below is a combination of these tools in the mindset of strategic innovation exploration:

Substitute: What might be some new products that you can substitute for your current ones, that would address the current (irreversible) trends? This might be a new frontier.

Combine: How might you combine the rational (based on price and function) and the emotional (feelings) reasons people subscribe to your offerings to find a new frontier?

Adapt: How might you adapt your current product to address pain points of the customers? What are they doing before, during, and after they use your product or service? Can these pain points be addressed in order to find a new frontier?

Modify: Which group of buyers are you currently focused on? If you modified your focus to look at a different group of users or purchasers, what might be a new frontier?

Put to other uses: What other uses (other than what you know through conventional wisdom) could customers have for your products or services?

Eliminate: What can be eliminated in the current market offerings that would yield a product that was categorized as a new frontier.

Rearrange: How might you rearrange your product or service offering to appeal to a new subset of potential buyers?

Will Be Customers

Another area to explore for new frontiers is *Will Be Customers*. This concept goes against conventional wisdom that organizations should simply aim to retain and expand their existing customer base. Typically, the results of this mindset are that finer fragmentation and adaptations of offerings is carried out to meet the customer preferences. This can lead to focused markets that are too small to be financially solvent. Conversely, when looking at Will Be Customers, the innovation strategy team is exploring for new frontiers. In addition, as compared to focusing on customer differences, looking at the weave of commonalities in what the buyers value can be the key to unlock vast pools of new customers. A question to start with might be, “Where might we find the Will Be Customers”? Included in this could be people that have never thought to buy your product or use your service, folks who have been recently dissatisfied, or those that see the product advertised but refuse to buy it (Kim and Mauborgne, 2005). Further diverging to explore “How to...” and “How might” those Will Be Customers be converted to customers is an exercise in rechanneling the team’s energies in search of additional new frontiers.

To-Be Strategy Canvas and Strategy Fair

Finally, the *To-Be Strategy Canvas* (Kim and Marbourgne, 2005) is created. During the divergent phase when the group is exploring for new frontiers, many ideas

are considered. At this point, the group needs to converge on what they believe to be the best ideas. Tools such as Hits and Evaluation Matrix can be used to decide which frontiers and their respective value points are optimal. The value factors can be combined to form a multitude of various potential canvases. This process is referred to as a *Strategy Fair* (Kim and Mauborgne, 2005). As an example, 12 different curves can be formed, while being mindful of the importance of novelty. It should be noted, that a particular value factor is not necessarily relevant to just one strategy curve. Rather, it can appear in one or all of the potential To-Be Strategy Canvases during this phase. It is the combination of the value factors that makes each potential To-Be Strategy unique. A presentation of a strategy curve should be clear and concise enough to present in approximately 10 minutes (Kim and Mauborgne, 2005).

This completes the exploration of the phase of the strategic planning that is “off the board”, where the group is looking for groundbreaking innovation. There are other concepts and models (such as Design Thinking) that could be embedded into the groundbreaking innovation phase. However, that is beyond the scope of this project. With the innovative ideas selected, the group can simply back into the fundamental model, i.e. stating their goals, setting their objectives, strategies, and tactics. At this point the strategic plan, in all its glory can be written, communicated, and measured.

Real Life Examples

In an interview (interview with Subject #2, September 18, 2012) with the human resource director of another highly successful international manufacturing company, they proclaimed that 20% of their total sales will come from new products. This can be

an incremental improvement of an existing product or a new, ground-breaking product. Most are ground breaking. New is defined by this company as less than 5 years old. Based on the interview, I saw this company as one to benchmark and learn from. At any given time, they have eight innovation teams in place. These teams are assigned to areas where the executives and the people believe they can grow the company. Such an idea can be generated by anyone, at any level in the company. The ideas are catalogued in a data-base and dispositioned depending on the review of respective functional representatives. The people whose ideas are deemed good enough to gain momentum, are compensated financially. All employees are encouraged to participate.

The innovation teams are project focused and cross-functional, reporting up to a nine-person strategy steering committee comprised of the company's top executives. The innovation teams have a leader and are encouraged to meet weekly to review their self-directed objectives, tactics, and metrics. Each quarter, two of the eight teams present a "deep dive" to the steering committee. At that point, a decision is made to continue to support and fund the project or to de-resource it. If the latter is decided, the allocation of funds and personnel are redirected to another strategic area.

Subject #2's system for strategic innovation is a sophisticated one in theory, but very practical in its execution. Their framework has evolved over several years and continues to be a work in progress; it is very impressive.

Another organization I interviewed was Subject #3, a large human service organization in western NY. The COO (interview with Subject #3, September 9, 2012) spoke of their approach to strategic innovation. Although theirs was not as structured as Subject #2's, it was equally impressive. They have made a distinct decision to

separate the portion of their strategic plan that is operational from that which is innovative. Subject #3 puts an emphasis on culture (press) rather than process in how they innovate. They recognize that in order to be innovative, they must take risks, and pride themselves on promoting and accepting failure. Their formula is a combination of mindset plus the right people. Success is recognized in those employees that take the initiative to experiment. However, the organization recognizes that not everyone is comfortable in taking risks and promotes self-directed initiatives. To a large extent, Subject #3 encourages innovation projects to evolve organically. When an innovative project begins to gain momentum, the leadership team will provide support in the terms of staff, time, and financing.

To further spark innovation, they also look to hire employees that have competencies outside of their historically accepted core business. Subject #3 relies on the intuition of the leadership team to sense gaps of where they are presently and what their business might look like in the future. Those are the competencies they look for in the new hires.

Finally, in interviewing two smaller companies, Subject #4 and Subject #1, I found that innovation is a top down approach. These organizations do not methodically call upon their middle management or laborers to propose innovative initiatives. Rather, these companies derive innovation from their top leaders. The leaders of these companies see their role as innovators. In addition, the leaders seek innovation outside of their organizations by taking the lead from their customers. In both companies, the comment "being able to adapt quickly" was used to describe how they innovate.

Conclusion

Organizations must look to strike a balance between creatively and strategically maintaining their core business, and pursuing strategic innovation. A healthy tension between the two is optimal.

A core competence has the potential to be transformed into a core excellence with the deliberate use of creativity. Significant advances in an organization can lie at the heart of the core business when looked at through the lens of potential new frontier or creatively making incremental improvements. However, core businesses can also present the risk of functional fixation in that people are constrained by how they currently view them.

Strategy innovation is a concept that can be applied to the entire enterprise, not just to products or inventions. Rather, services, processes, and models can be addressed as well. Separating out the search for ground breaking innovation initiatives reduces the risk of losing focus of the core businesses. In addition, time, money and resources can be specifically allocated for this effort.

I posit a new strategic planning model that is shown below. Integrating creativity into each step and seeing strategic innovation as a separate effort to be backed into the basic strategic planning framework makes sense. This was a ah-ha moment.



The Deliberate Integration of Creativity and Innovation into Strategic Planning



Figure 1.1

References

- Amabile, T.M. (1983). The social psychology of creativity: A componential conceptualization. *Journal of Personality and Social Psychology*, Vol 45(2), 357-376.
- Bate, D.J. & Johnston, R.E. (2003). *The Power of Strategy Innovation: A New Way of Linking Creativity and Strategic Planning to Discover Great Business Opportunities*. New York, New York: Amacon.
- Besemer, S.P. & Treffinger, D.J. (1981). Analysis of creative products: review and synthesis. *Journal of Creative Behavior*, 15, 158-178.
- Carson, S. (2010). *Your Creative Brain: Seven Steps to Maximize Imagination, Productivity, and Innovation in Your Life*. Boston: Harvard Health Publications.
- Cropley, Arthur. *Creativity Research Journal*, 2006, Vol. 18 Issue 3, pp.391-404.
- Eberle, B. (1971). *Scamper*. Buffalo, NY: DOK Publishers.
- Foster, R., Kaplan, S., (2001). *Creative Destruction: Why Companies That Are Built to Last Underperform the Market--And How to Successfully Transform Them*. New York: Currency/ Doubleday, p. 16.
- Foursight. (2006). Retrieved October 1, 2012, from www.foursightonline.com. Evanston: IL: THinc Communications.
- Greising-Pophal, L. (2011). *Strategic Planning*. New York, New York: Penguin Group.
- Higgins, J.M. (1996), *Innovate or evaporate: creative techniques for strategists*. *Long Range Planning*, Vol. 29, No. 3, pp. 370-380.
- IBM's Global CEO's Study. (2010). *Creativity Selected as Most Crucial Factor for Future Success*. Retrieved Oct. 1, 2012, from <http://www.ibm.com/ceostudy/uk>.
- Innovation. (2012). Retrieved October, 24, 2012, from www.businessdictionary.com.
- Kim, W.C., Mauborgne R. (2005). *Blue Ocean Strategy*. Boston: Harvard Business School Press.
- Maxwell, J. (2007). *The 21 Irrefutable Laws of Leadership, 10th Anniversary Edition*. Nashville, Tennessee: Thomas Nelson, Inc.

- Parnes, S. J., Noller, R. B., & Biondi, A. M. (1977). Guide to creative action. New York: Charles Scribner's Sons, p. 14.
- Puccio, G.J., Mance, M. Barbero Switalski, Reali, P. (2012). Creativity Rising. Creative Thinking and Creative Problem Solving in the 21st Century. ICSC Press.
- Renew Your Organization. (2005-2012). Retrieved October 24, 2012 from <http://www.simply-strategic-planning.com>.
- Rhodes, Mel.(1961). An analysis of creativity. Phi Delta Kappan, 42:305-310.
- Ruggiero, V. R. (2007). The art of thinking: A guide to critical and creative thought (8th Ed.). New York: Pearson Longman, p. 4.
- Ryan, L.J. (2011). Vision Paper. (Unpublished, Buffalo State, State University of New York.
- Ryan, L.J. (2012). Blue Ocean Meets CPS. (Unpublished independent study, Buffalo State, State University of New York.
- Simonton, D. K. (1988). Creativity, leadership, and chance. In R. J. Sternberg (Ed.), The nature of creativity. Cambridge, UK: Cambridge University Press.
- Welch, J. Retrieved October, 28, 2012, from www.goodreads.com/quotes.