



5th Global Peter Drucker Essay Contest

"INNOVATION INSPIRATION:
Lessons for Innovators from the Arts & Sciences"

The Psychology of Business Innovation

-- Thinking like an Artists; Acting like a Scientist --

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"Our [the world's] economy is built upon convergent thinkers, people that execute things, gets them done. But artists are divergent thinkers; they expand the horizon of possibilities [by using their humanist intuition]. Superior innovation comes by bringing divergents [artists] and convergents [scientists] together."¹

1. Antecedents

Once upon a time [back in the 19th Century], art and science lived together peacefully. Though they were similar in characteristics, yet were not the same in practice. Science had a more rigid look: it studied strategic plans and business models, and operated by observable facts and figures. Art on the other hand took on a more flexible, smiley look: it centered on the free expression of one's intuition, ingenuity and personal experiences. Now there were those that had relationships with either one of these brothers, but it was those that were friends with both that made those breadth-taking discoveries of the time. But between the late 19th Century to the 20th Century [and even till now], these two brothers have had a separation. Do not ask me what caused it, because I do not know the facts! I can only rumor that it largely had to do with specialization, which was sparked by culture. You see as nations [and of course people] began to align with either the art or the science, my guess is that they became skilled in them, and so focused all their resources in that regard. Even schools followed suite with this separation. In my high school, there is an [General/Visual] Art course and a [General/Agricultural] Science course. It gets worse in the university where you have a Bachelors or Masters in either the Arts or the Sciences. You could not do both at the same time. This thinking is today more pronounced in the business world [start-ups, corporations, organizations, entrepreneurs]. Some managers are more focused on facts and figures in decision making. Others just rely on the ingenuity and creativity of their employees to deliver superior products and services. But who is right, and who is wrong? This may not appear a 'necessary' question because each seems to be doing just fine either way. But on the scale of innovation, it may be the most important question yet asked. My essay is a sequel to two collaborative [groups of] studies on the subject of innovation. One genre extensively explained how businesses could enhance growth and sustainability with innovation, whilst the other delved into the impact of innovation on the

¹ An Interview with John Maeda [President of the Rhode Island School of Design; Initiator of the online gaming application: *Second Life*], "My Bright Idea: Innovation is Born when Art meets Science" – The Observer. Sunday, November 14, 2010. Retrieved at: www.

profitability of firms and organizations. I would be sharing thoughts in the ensuing chapters on how businesses can manage daily complexities by applying the art and science of innovation.

2. What is Innovation?

Innovation has been defined [rather personally] by many management experts over the years. But of all the many definitions of innovation, the striking convergence is the fact that innovation is the intangible business resource that creates value and wealth for a firm. Innovation is the force that offsets a firm's inertia to constantly develop, grow and flow in vogue with new market information and technology. It is, in simple terms, a firm's ability to "implement new ideas to create value."² Unlike the many business fashions that are implemented at the discretion of managers, innovation remains an exception because a business – as long as it remains a business – must constantly innovate, or be "overwhelmed by it [innovation] in the long run"³. By constantly pursuing innovation, organizations are able to fine-tune their resources to adapt to changes in consumer preferences, new competitor products and ideas, and new market information. With that they become leaders in the industry and tend to command a considerable share of the market.

Innovation can be re-active and pro-active; as much as it can be an art and a science. It is reactive if it is engineered to respond to a change; and pro-active when designed in anticipation of a change. But reactive innovation, like the pin-hole camera, will give you a mirrored image, but would not get the work done desirably. Businesses today do not need to meet changes in its wake; rather they need to prepare, and anticipate these changes before they surface on the market. Then they can simply apply the right strategies to create value out of every new consumer or market trend. I can also talk about the art and science of innovation. As a science, innovation flows from a systematic process that makes analysis of observable facts and figures. Simply put, managers use finance forecasts, market research, income statements, and other structured approaches to generate new ideas. But the art side of innovation is more intriguing. It explains that innovation is best driven by people [managers] who have an inherent ability to generate successful ideas by just glancing at a scenario. Such people usually rely on experiences borne out of "intuition and idiosyncratic judgments"⁴. Frederick Taylor⁵ called these people 'unusual and extraordinary', but we know too

² Innovation – Art, Science or Both? Retrieved at: <http://innovateonpurpose.blogspot.com/2010/03/innovation-art-science-or-both.html>, July 1, 2013

³ Value through Innovation. Retrieved at: http://www.exinfm.com/board/documents/value_thru_innovation.pdf, July 1, 2013

⁴ Raynor, M. E., 'The Business of Innovation: Art or Science?' *Deloitte Debates*, 2011. Retrieved at: www.deloitte.com/assets/Dcom-UnitedStates/Local Assets/Documents/us_consulting_BusinessInnovationDebate_092811.pdf

⁵ Frederick W. Taylor, *The Principles of Scientific Management* (New York: Harper Bros., 1911): 5-29

well today [that] these people are mere humans, and that they only trigger innovation by showing that humanist part of them.

2.1 Drucker's View

What did the world's most influential management expert have to say about innovation? In his book on "People and Performance"⁶, Drucker stressed that innovation [and marketing] were the only functions in the business enterprise that produce results; and that all others were costs. This is true because innovation creates value in a firm, in that it stimulates a firm's human resources to constantly brainstorm on those practices and ideas that would enhance the growth of the firm. Little wonder he summed up his definition of innovation as "the work of knowing rather than doing"⁷. People need to adequately know what they are doing, and not do perfectly only what they know how. The former, more obviously, triggers successful innovation in an enterprise. Drucker also reckons that only few innovations were the stories of "a few genius minds". He explains that most "successful innovations result from a systematic effort to create purposeful, focused change in an enterprise's economic and social potential"⁸. In his book on "Innovation and Entrepreneurship"⁹ Drucker affirmed that what all successful entrepreneurs had in common was not a certain kind of personality, but a commitment to the systematic practice of innovation. This commitment [new dimension of performance], according to him, enables the entrepreneur to create new-wealth producing resources and/or endows existing resources within the firm with enhanced potential for creating wealth.

2.2 My View

I may be drawing inspiration from Drucker's statements that innovation is both 'conceptual and perceptual'¹⁰, but I believe innovation cannot exist without the interaction of these two. Let me use Peter Drucker to explain this. When asked one time about his prescience, he answered that he does not predict, but only looks out the window and sees what is visible but not yet seen¹¹. But this is one man that knows his lessons very well in management, in social science, in philosophy and even in history. Today, we consider him to be a high achiever, an innovator, a knowledge worker, an emeritus, but all was because he could combine his art [intuition, perception] and his science

⁶ Drucker, P. F., *People and Performance: the best of Peter Drucker on Management*, HarperCollins Publishers, Canada, 1977

⁷ Drucker, P. F., *Classic Drucker: Essential Wisdom of Peter Drucker from the Pages of Harvard Business Review*, Harvard Business Press, 2006

⁸ Drucker, P. F., *Classic Drucker: Essential Wisdom of Peter Drucker from the Pages of Harvard Business Review*, Harvard Business Press, 2006

⁹ Drucker P., *Innovation and Entrepreneurship: Practice and Principles*, HarperCollins Publishers, Australia, 1985

¹⁰ Drucker P., *Innovation and Entrepreneurship: Practice and Principles*, HarperCollins Publishers, Australia, 1985

¹¹ An Interview with Peter Drucker. Retrieved at: <http://essay.druckerchallenge.org/2012/theme-context/>

[knowledge, skill] into wondrous ideas that basically wrote the rules of management. So are you a student, a doctor, a teacher, a farmer, a manager, a President... you cannot do differently. If you are serious about innovation, then you must be serious about merging your art and science together. I phrase it: 'thinking arts and acting science'. This, to me, is the basic psychology of innovation. "Why, How", you may ask? Art gives you the ability to express yourself, to think flexibly and consciously about ideas, and to use your intuition and perceptions to make choices. But all these would mean nothing if you lack the skill, knowledge, and structured approach to get them done. Likewise, being overemphasized on rules, practices and approaches at the expense of 'creativity' would make you go as far as your eyes can see and your brains can comprehend. To be a true master, blend both and use it to your advantage.

The ensuing segments of my essay would further explore case examples of two firms that learned to use the "left and right sides of their creativity"¹² to trigger break-through product innovations.

3. Case Examples

a) Mark & Spencer's Simply Foods¹³

Moving from the stores to the station was just the trick we needed!

Mark & Spencer, the giant UK Company lost a considerable market share in the 1990s. Their market share dwindled by the day, and so did their profits. They were experiencing low patronage on their products. The company had to think of a way to improve sales and win back customers. A decision was then made to re-position the "high quality food" sold in their large stores to new smaller stores that would only sell food on the streets. But then it was thought to instead position these new stores at train stations where people who are on their way home could grab something for dinner. These new food stores became known as Simply Foods. Ideally, they were designed for "people who have had a hard day at work, do not want to cook when they get home, but do want a nice meal when they get there". They could buy these 'high quality foods' whilst they wait for the train. The net result of this idea was a drastic increase in business profitability, which was fuelled by high patronage from the many people that used the train¹⁴.

¹² Slocum, M. S., 'The Art and Science of Innovation'. Retrieved at: <http://www.realinnovation.com/content/c061205a.asp> , July 1, 2013

¹³ <http://www.marksandspencer.com/MS-Simply-Food-at-BP-Connect/b/332462031>

¹⁴ Darrell, M. L., 'Innovation – From Art to Science', *Jordan Article*, May 2007. Retrieved at: <http://www.systematic-innovation.com/Articles/02,%2003,%2004/May2007-JordanArticle1-Innovation%20-%20From%20Art%20To%20Science.pdf> , July 1, 2013

b) The Metropolitan Quiz Competition

DreamAlive International & Genuiz Multimedia Ltd makes it happen in Cape Coast!

I chose to save my personal best for last. DreamAlive is a student nonprofit organization I started back in the University of Ghana some years ago. But when I got posted to Cape Coast last year for my national service, I decided to carry DreamAlive with me. Until then, no single individual, or group of individuals have organized a quiz contest in that region. So I saw an opportunity, not only to be the first to do it, but to establish a springboard on which other young enterprises could follow suite. But where to start? I had no money, no immediate sponsors, and no popularity. But while some may look at the glass as half empty, I looked at it as half full. I partnered with Genuiz Multimedia Ltd [another youth company] and we began to bring our idea to life. But as we were not getting positive feedback from our potential sponsors, the thought of letting go the idea became more imminent. Yet we persevered and decided to use a 'collaborative' strategy that would bring all stakeholders on board. We no more portrayed ourselves the organizers of the contest; rather, we made everyone understand they were the organizers too. This motivation made these individuals feel a part of the competition. Suddenly, someone wanted to provide the venue; another, live TV coverage; and others refreshments, and the schools even decided to take care of the transport and feeding expenses of their students during the contest. What more? We launched the contest as scheduled, and carried it out to successful completion.

But maybe you have read these amazing case stories and still do not quite see the complexities these innovations managed and turned around. Do not get worried! I would be painting the picture more clearly in the ensuing sections of the essay.

4. Driving the Creativity in Innovation

When you record a company that has huge debts, what comes to mind? They are not performing? They are not making good sales? They have a poor marketing strategy? You may not be too wrong, but another way to look at it would be that this company spends more, enjoys tax benefits, has good capital equity, and as such is fairly profitable. It is the same when companies face complexities. I personally believe that a company that does not face complexities in its business processes has not started to fulfill its business mission. It is like a student that seldom asks questions in class. Chances are that he has not started to study the subject contents of the course. Once he begins to study, [and even reads ahead before a class] he would definitely have conflicting ideas, suggestions, and problems he just may not know or understand its solution, so he would need to ask a question in class. When a company faces a complexity of a sort, it is just an indication that that company is growing and making progress.

Complexities take many forms: [future] changes in consumer preferences, ideas and strategies of competitors, new market information, workforce motivation, business growth and sustainability, profitability, and a countless list of others. But it would be unwise for me to suggest that companies ought to work out a formula for handling every one of the most occurring business complexities. Why? Because “things change, people change, times change, and events occur that completely displace the expected turn out of things”¹⁵. [Systematic] innovation is the only solution to managing business complexities. Innovation is a positive business mindset. It is optimism. Innovation is thinking outside of the box. Innovation is creating something out of nothing; seeing the invisible before they are visible; going around the obstacle to get the package. Like a fuel to a car, innovation is the lifeblood of any organization. Once it runs out, you know for sure you are on your way out of the market.

Creative [and successful] innovations begin with knowledge workers. Why did I not say intuition or experience? Because society cannot teach you those. They are inherent, or are acquired through experience. We can talk of Newton observing gravity with the fall of an apple from a tree. Then [afterwards] he immediately sprang up and went to his calculation table to ransack his formulae. And he was successful with that. I know many have proposed art before science, but I think that is completely inappropriate. At least that is what we have our schools for: to teach people to know their letters so they can spell. People need to know their science first: and by that I mean the rules of engagement; the principles and practices, the pros and cons, the math, the science, the English, the Physics, the management, the Computer Science,...Because you see, if you know how something is done, and you are shown the way to do it, it becomes easy. But study the vice versa scenario: how difficult it would be for you to be shown the way to do something you know nothing about. So innovation begins with the knowledge of methods, after which one then adds their creativity to attain perfection. The lesson for schools then would be to further liberate the study curricula so students can enhance their creative capabilities. Today’s business needs graduates who are both knowledgeable and creative to trigger innovation, and to best manage disruptive changes in market and consumer trends.

Another, and perhaps the most vital, driver of innovation is the business environment [the business culture]. Innovation best thrives in a flexible environment. A flexible business culture is one that: imbibes a diverse workforce that contributes different perspectives to issues; maintains a friendly relationship between management and workers; and observes a risk-averse and autonomous work

¹⁵ Wiredu, D.K., Organization 2.0 – Reimagining Work, Reimagining Organization. Retrieved at: http://www.druckerchallenge.org/fileadmin/user_upload/essays_2012_pdf/S_Darlington_Wiredu_Drucker_Essay_Contest_2012.pdf

atmosphere. The 'how things are done here' must read innovation, creativity and design. So an employee does not just type a letter, but is careful about its font and style; another does not just report a feedback, but rather discuss ideas on the next step forward. Management is able to listen and implement ideas of employees and young executives, so that everybody feels a part of the organization. It is in this cultural atmosphere that innovation thrives. It does not struggle to grow: it just lives [and shines] naturally.

5. The Lesson for Managers

A group of management experts¹⁶ once remarked that today's managers know innovation is the ticket to successful [business] growth, except that they just cannot seem to get [the] innovation [equation] right. If you are a manager, I just shared with you the psychology behind innovation. It is simple. Just think arts, and act science. Start by drawing creativity and inspiration from within, and explore opportunities that create value and wealth to your firm. Once you find them, work on them with all the knowledge, skill, human resources, strategies, IT Infrastructures and methods you best know how. Do this once, twice, many times, and complexities would soon become something you love to manage. In fact, you would perfect your prowess so much that you can spot these complexities, trends, changes, opportunities from a distance away. Then you would not only manage change; but rather, create change that gives you market value and competitive advantage.

¹⁶ Christensen, C. M., Raynor, M. E. and Anthony, S. D. 'Six Keys to Creating New-Growth Businesses', *Harvard Management Update*, 2003, p. 3.