

CREATIVE LEADERSHIP

B H Tan

Creativity is the most important quality in the 21st century. Only corporations with the DNA of the explorer can reinvent themselves again and again.

The real voyage of discovery consists not in seeking new landscapes but in having new eyes.

- Marcel Proust

In the 21st century, complexity is the defining feature of the business environment. Only organizations that are able to boldly navigate the unknown and come up with disruptive solutions again and again can continue to thrive.

BH Tan has spent the last 35 years working with leaders in the East and West. From his experience, a singular lesson emerges:

*Organizations rise and fall in a cyclical pattern of transformation and change. Upon reaching the crest of success, decline is already underway. This results from inward orientation and lack of diversity in ideas. The fall is steep and precipitous. But not all is lost. **Creative minorities** may appear on the scene. If they succeed in upending the status quo, they will reinvent their organizations. However, if powerful adherents of the old way refuse to budge, disintegration becomes inevitable.*

Explorers and Custodians

There are two kinds of leaders. Some relish challenges and assignments that stretch them. They do not fear not knowing, and see difficulties and setbacks as opportunities for personal growth. Indeed, they seem to be marching to a different drumbeat from the rest of the organization: always curious and asking questions, exploring and seeking new and even iconoclastic worldviews. Being great listeners and questioners, they connect well with people within and without their organizations. They have the ability to hold in constructive tension short- and long-term business needs, make sense of ambiguous and complex situations and function effectively in paradoxical situations. They lead in a way that is consistent with their own core values. Because they are self-assured, assertive and influential, they may unsettle colleagues, including bosses. There are times they push the envelope so much that they may cause some chaos and destabilization. That is the price they feel their

organizations must be willing to pay to continually renew and reinvent themselves. Such people remind us of *explorers*, always looking into the wide yonder in search of new frontiers to conquer.

And then there is an overwhelming majority of leaders who bring a much needed sense of stability by steering a steady course. These leaders form the backbone of the organization. They provide clear directions and purpose to others, and ensure that systems, processes and resources are in place for the short to medium term. They are operationally very competent, will develop their people and do invest in building collaborative relationships with peers and other stakeholders. They will inspire co-workers to keep stretching themselves. Their dedication is unquestionable. They consciously scan the environment and will adapt and adjust. In crises and times of peril, they will pull out all stops, including initiating painful changes, to bring the organization back to even keel. Such people are the *custodians*, those who protect, raise operational efficiency and expand the home base.

In innovative organizations that continue to renew themselves again and again, we need both explorers and custodians. They are Siamese twins, inseparable, interdependent and provide a powerfully complementary relationship that will enable organizations to navigate between opposing forces: uncertainty versus certainty, instability versus equilibrium, change versus status quo and the future versus the present. Leveraging each other's unique capabilities and perspectives, they set off a virtuous spiral of growth that rejuvenates and sustains.

The Rise and Fall of Great Organizations

In most organizations, the custodians will far outnumber the explorers. That is because human beings generally prefer control and predictability. As organizations grow, the corporate culture which favors the explorer mindset at the beginning will slowly but surely become more conservative. With continued success, a sense of complacency and even arrogance will pervade such organizations. Would-be explorers soon become co-opted into the systems and will think and act as custodians.

What is the prognosis for such organizations in the fast-changing, increasingly complex and unpredictable environment of the 21st century? Acclaimed business thinker and author Jim Collins has spent a great deal of time studying the rise and fall of some of the greatest companies in history. In his view,

Every institution is vulnerable, no matter how great. There is no law of nature that the most powerful will inevitably remain at the top. Anyone can fall, and most eventually will.

What factors lead to the fall of powerful companies? When enterprises become great, their leaders will start to see success as an entitlement because they have found a surefire recipe that will guarantee their success. They turn inwards and stop seeking deep insights and ideas that will set them apart from the competition. Believing that they are indomitable and too big to fail, complacency quickly sets in. They become bureaucratic, fat and inflexible. When they face setbacks, they try to explain them away and succumb to denial. The once nimble and entrepreneurial outfit is now an aging and lumbering elephant that can't navigate the swirling currents around it. Precipitous decline follows soon after.

Here are some recent examples of once-mighty corporations that have fallen: Polaroid, Kodak, Nokia, Motorola, Toshiba and BlackBerry. And now only a year or so post-Steve Jobs, Apple appears stodgy compared to Samsung. When will its glorious reign as the world's most valuable company end?

Creativity Is the Most Important Leadership Quality

In the IBM 2010 Global CEO Study based on face-to-face interviews with 1,500 CEOs spanning 60 countries and covering 33 industries, four key points were highlighted:

- Most of the CEOs said that they are operating in a substantially more volatile, uncertain and complex environment and they expect complexity to increase in the years ahead.
- More than half of the CEOs worry about their ability to manage the increasing complexity.
- Western CEOs expect the center of economic gravity to shift to the developing markets and foresee increasing stricter regulations ahead.
- Creativity is cited as the most important leadership quality.

In this context creativity is more about creative leadership, rather having a creative leader at the top. It is about having a climate of creativity in which long-held and cherished practices are open for scrutiny and, if found irrelevant, are replaced by new, even disruptive, ideas and means of execution. It also means having creative leaders who go on to identify and nurture other creative leaders. Such leaders

are willing to make deep business changes to realize their strategies. They must be comfortable with, and welcome, disruptive innovations.

Collaboration Is the Number-One Trait CEOs Seek in Employees

In the latest IBM 2012 CEO Study involving 1,700 CEOs in 64 countries, the theme of complexity continues to be highlighted. It is about increasingly interconnected organizations, markets, societies and governments. CEOs recognize that to succeed in this new world of rapid change, they need to create more open and collaborative cultures, and encourage employees to connect and learn from each other. Seventy-five percent of the CEOs interviewed cite collaboration in their people as critical. The report suggested three imperatives for outperformance:

- Empowering employees through values.
- Engaging customers as individuals.
- Amplifying innovations with partnerships.

This will require a more distributed and collaborative management style that engages with a new generation of workers, partners and customers. It emphasizes:

And even when the organization is performing well, CEOs must occasionally break from the status quo and introduce external catalysts, unexpected partners and some intentionally disruptive thinking.

Catching the Next Big Wave

These days, getting to the right answers is a lot harder. The usual data-driven approach that managers in the West favor doesn't work well when the environment is highly volatile. Technology keeps erasing industry boundaries. The center of economic activities is now shifting to Asia. With rising consumerism, Western companies that for the longest time have held Asians in the palm of their hand need to seriously rethink how to retain their loyalty. Gone are the days when what is traditionally developed for the US and Western Europe can be foisted onto Asia. In the cosmetics and pharmaceuticals business, Asians have skin types and medical conditions that are different from Caucasians'. Savvy and aggressive Korean, Japanese, Chinese and Indian competitors with disruptive offerings are more than ready to step into the breach.

Innovative business leaders now realize that traditional Cartesian, mechanistic and fragmented Western view must now make way for a more organic and holistic Eastern view of the world. There is also growing awareness that rational knowledge which measures, quantifies, classifies and analyzes may not be sufficient in the age of increasing complexity. Though this way of thinking has served mankind admirably for hundreds of years, thinkers both in the East and West now believe that we need to tap into a higher realm of understanding in order to ensure a more sustainable future.

The 21st century has upped the ante. Organizations must be reinvented again and again. Does your corporation have the DNA of the explorer? Find out through the diagnostic developed by the author in the attachment.

This article is adapted from BH Tan's forthcoming book *Leading with New Eyes: How Explorer Leaders Unleash Creativity in Their Organizations*. It will be published by McGraw Hill in Dec 2013.

Discover the Hidden Explorer in You

This diagnostic is a quick way to assess where you are in the custodian–explorer continuum. Score yourself according to the way you behave between each pair of statements in the assessment. If you score in the lower half of the range in any given pair, that may be a good place to focus on. Raising awareness of how we lead and behave currently is the first step in engendering a more creative climate. With practice, the explorer’s DNA can be cultivated.

The Custodian								The Explorer
1. Seek to establish order and clarity	1	2	3	4	5	6	7	1. Encourage experimentation and improvisation
2. Practical and results-oriented	1	2	3	4	5	6	7	2. Imaginative and counterintuitive
3. Value logical and practical people	1	2	3	4	5	6	7	3. Value people who see opportunities in uncertainties and ambiguities
4. Rely on data and analytics to make decisions	1	2	3	4	5	6	7	4. Will decide despite incomplete and unreliable information
5. Always focused and action-oriented	1	2	3	4	5	6	7	5. Always listening to divergent perspectives from many sources
6. Respected for consistently delivering results	1	2	3	4	5	6	7	6. Possess credibility to win support for unconventional ideas
7. Network within the same business space	1	2	3	4	5	6	7	7. Network across business boundaries and sectors
8. Stay ahead of the competition by adapting, and driving changes	1	2	3	4	5	6	7	8. Leapfrog the competition through disruption
9. Ask: What? How? How much? When?	1	2	3	4	5	6	7	9. Ask: Why? Why Not? What if? Who?
10. When uncertain, unwilling to say, “I don’t know.”	1	2	3	4	5	6	7	10. When uncertain, comfortable saying, “I don’t know.”
11. Slow to confront reality when things don’t pan out.	1	2	3	4	5	6	7	11. Quick to confront reality when things don’t pan out.
12. Always looking outwards to spot trends	1	2	3	4	5	6	7	12. Intuitively know what lies on the horizon