

# Innovation and Creativity in an Age of Disruption - the Leadership Agenda

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**Technology transitions, like the Internet, aren't really the problem**



# Although the consequences can be unpleasant

- Entry barriers are falling - new entrants (new types of competitors)
- Assets become liabilities - esp. non-digital ones
- Value chains become more complex and harder to manage
- Market fragmentation (new entrants + on-demand platforms)

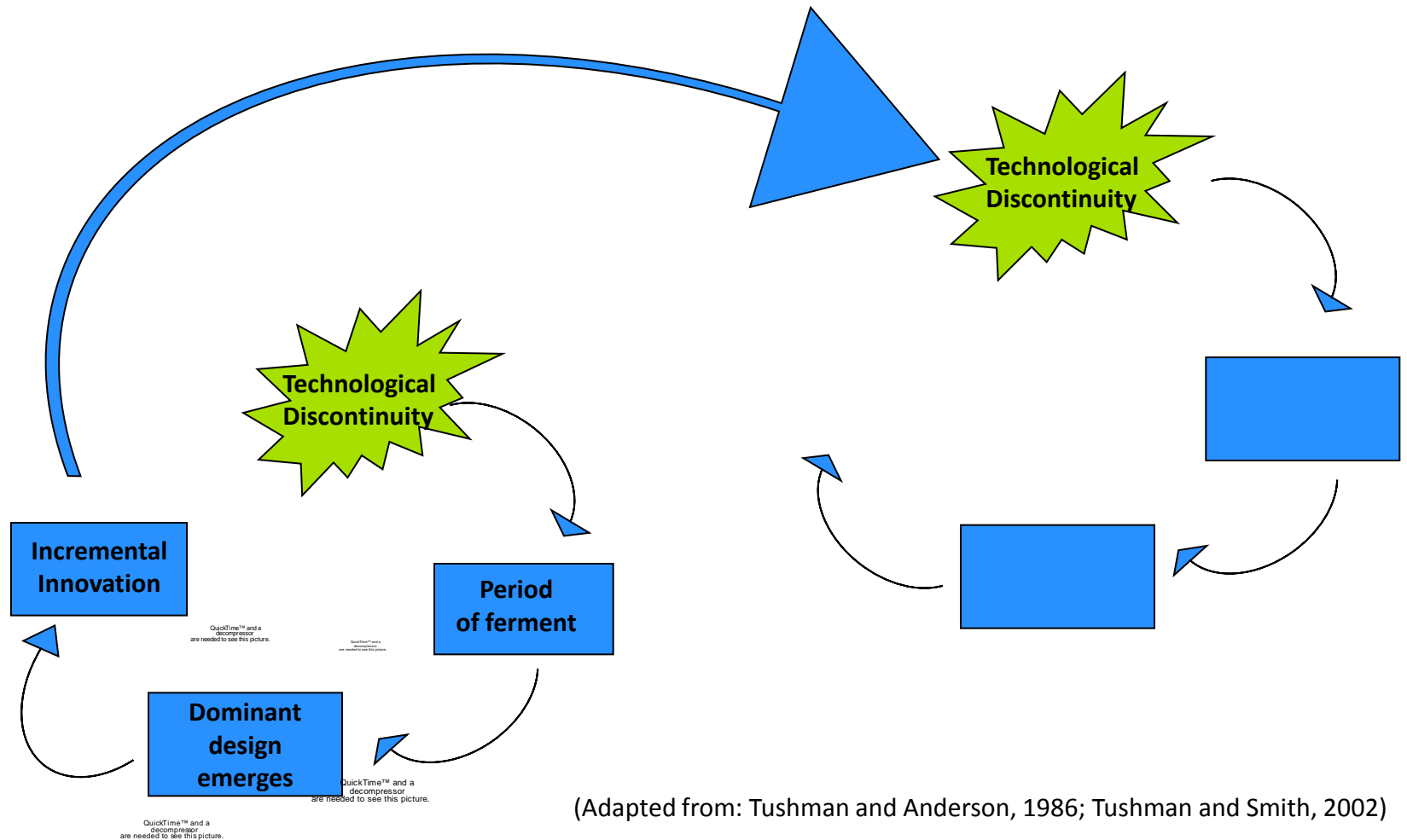


**Increasingly hard to get content to stand out**  
**Increasing work load, more complexity (traditional services and new ones)**  
**Big strategic change agendas**  
**Financial pressure (low growth, flat revenues, rising costs)**



**The real challenge for the  
established media is their  
organizational response to  
technology transitions**

# Most technology transitions follow the same cyclical pattern



# Organizational dynamics are to blame for winners becoming losers during technology transitions

- Strong players seek to maintain industry leadership by building on their competencies and incremental innovation
- As success increases, the competency profile becomes more fixed, and organization becomes more complacent
- Technology transition takes place – technologies and markets shift
- Incumbent is trapped by track record of success and focus on ‘old’ markets and existing competencies
- Incumbent cannot reinvent itself in time



**Syndrome documented in all sectors and all countries**

(Source: Abernathy and Utterback, 1978, Tushman and Anderson, 1986, Christensen, 1997)



**So what is the solution?**



## **Stop looking outside and take action inside:**

- 1. Unleash untapped creativity**
- 2. Provide space for innovation**
- (3. Reduce organizational inertia)**



# Creativity and Innovation: Different Phenomena, Equally Important

## Creativity

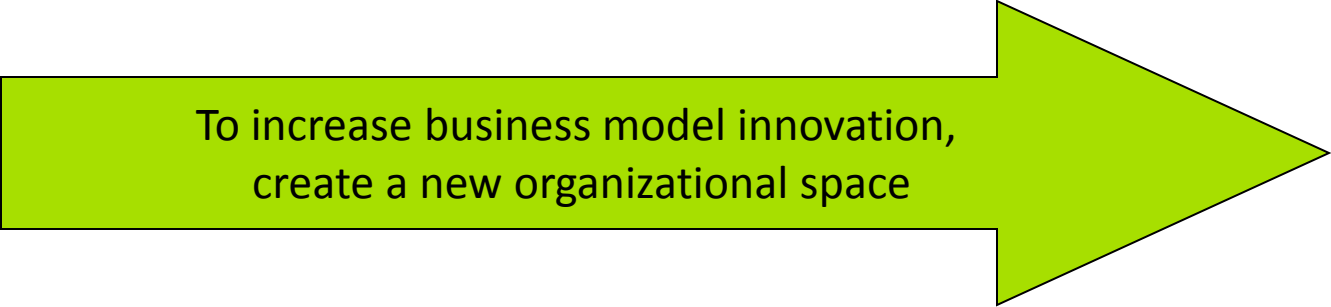
- Necessary to find new, unexpected, exciting concepts that are better than competitors'
- Most creatives want to be more creative
- Most media organizations have untapped reserves of creativity

## Innovation

- Necessary to find new business models
- Requires dual mindset: mastery of content and mastery of business dynamics
- Much rarer commodity



To increase creativity get the micro-climate right



To increase business model innovation,  
create a new organizational space

**Creativity can be increased by getting  
the micro climate right**



# Creativity has three core ingredients



1. Creative-thinking skills (= problem solving skills)

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+ 2. Expertise (= knowledge of field)

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+ 3. Intrinsic motivation (= 'flow')

# 'Flow' (intrinsic motivation) is critical

- In flow state we are really fired up by a task, and enjoy working on it (big clue: if we lose track of time)
- We are thinking far more flexibly and can handle much more complexity
- This reaction is very personal ('intrinsic) and can't be generated on request



# Five elements that influence intrinsic motivation (and levels of creativity)

<b>1. Encouragement</b>
<b>2. Challenge</b>
<b>3. Resources</b> <ul style="list-style-type: none"><li>- money</li><li>- time</li></ul>
<b>4. Team composition</b>
<b>5. Autonomy</b>

(Adapted from Amabile, et al, 1994, 1996)

# How HBO drives creativity

QuickTime™ and a decompressor are needed to see this picture.

<p><b>Encouragement</b></p>	<p><b>Core mandate “to be good and different”</b>  <b>Entire strategy based on “differentness”</b></p>
<p><b>Challenge</b></p>	<p><b>Clear, deliverable and inspiring: ‘series that will gain creative approval and commercial success’</b></p>
<p><b>Resources – money and time</b></p>	<p><b>Funding substantial, but not over-generous</b>  <b>Long term commitment to projects and writers</b></p>
<p><b>Autonomy</b></p>	<p><b>Initially low profile, under-funded</b></p> <p><b>Creative freedom within tightly controlled operation</b>  <b>Distinct identity, fiercely independent from TW</b>  <b>Low bureaucracy “not nibbled to death by ducks”</b></p>

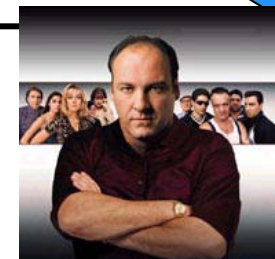
**Under 25% of comparative broadcast networks**

**5-year contracts for key creatives**



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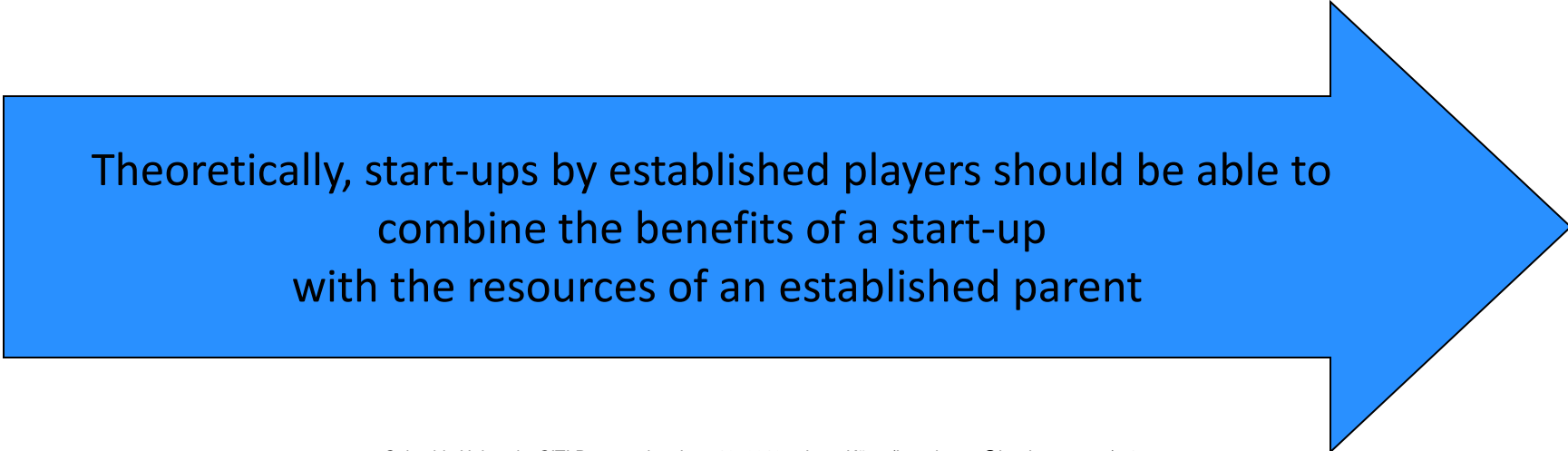
**To increase innovation:  
protect new ventures and give them  
space to experiment**





# Business model innovation needs new organizational 'space'

- To focus on new business fields without worrying how they fit with old ones or fending off resentment from other parts of the organisation
- To ignore processes more appropriate for established business units
- To take risks, get things wrong, to change direction mid-stream
- To allow audiences to build, to let word of mouth take off
- To develop a different mindset, different culture

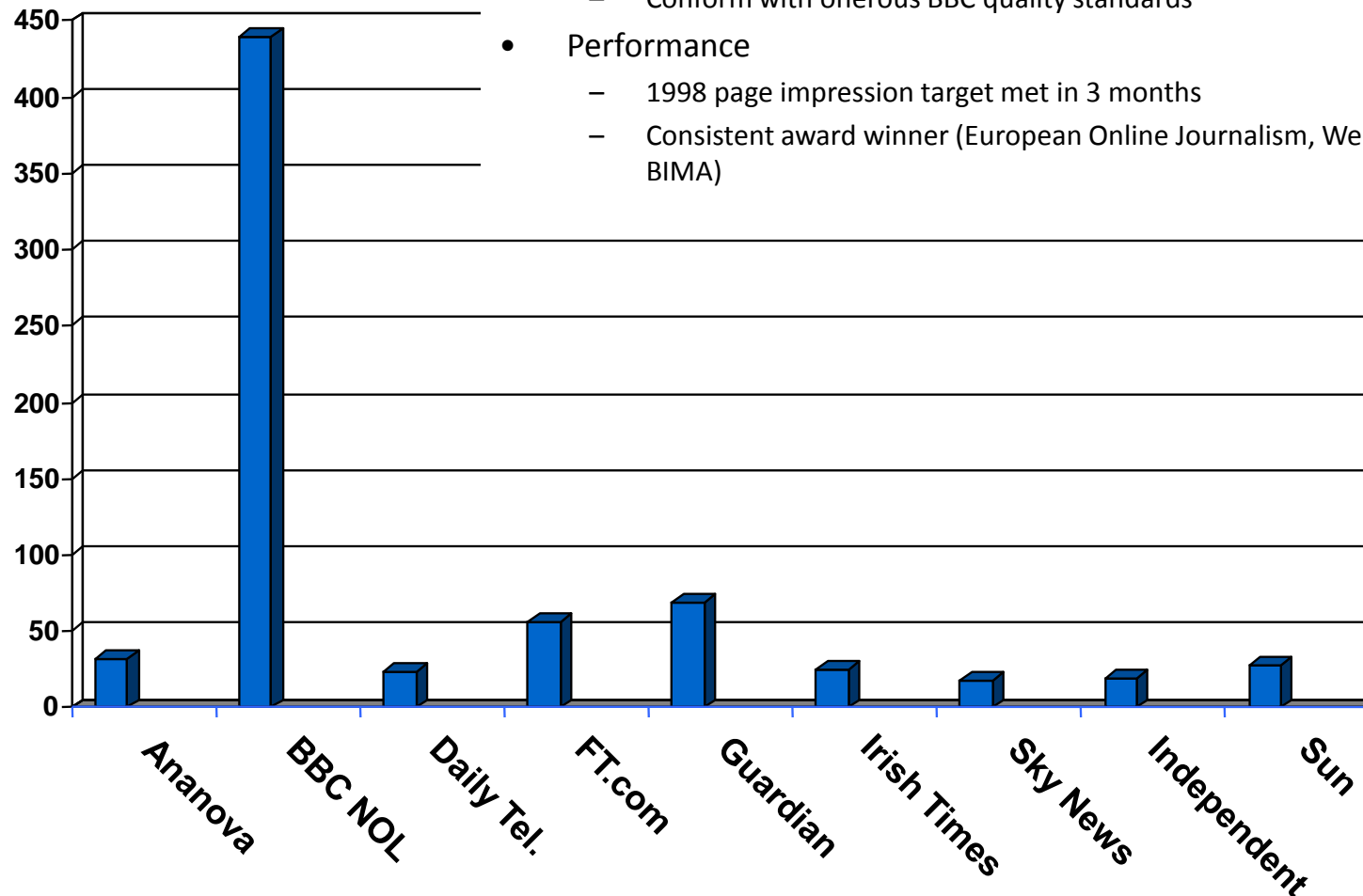


Theoretically, start-ups by established players should be able to combine the benefits of a start-up with the resources of an established parent

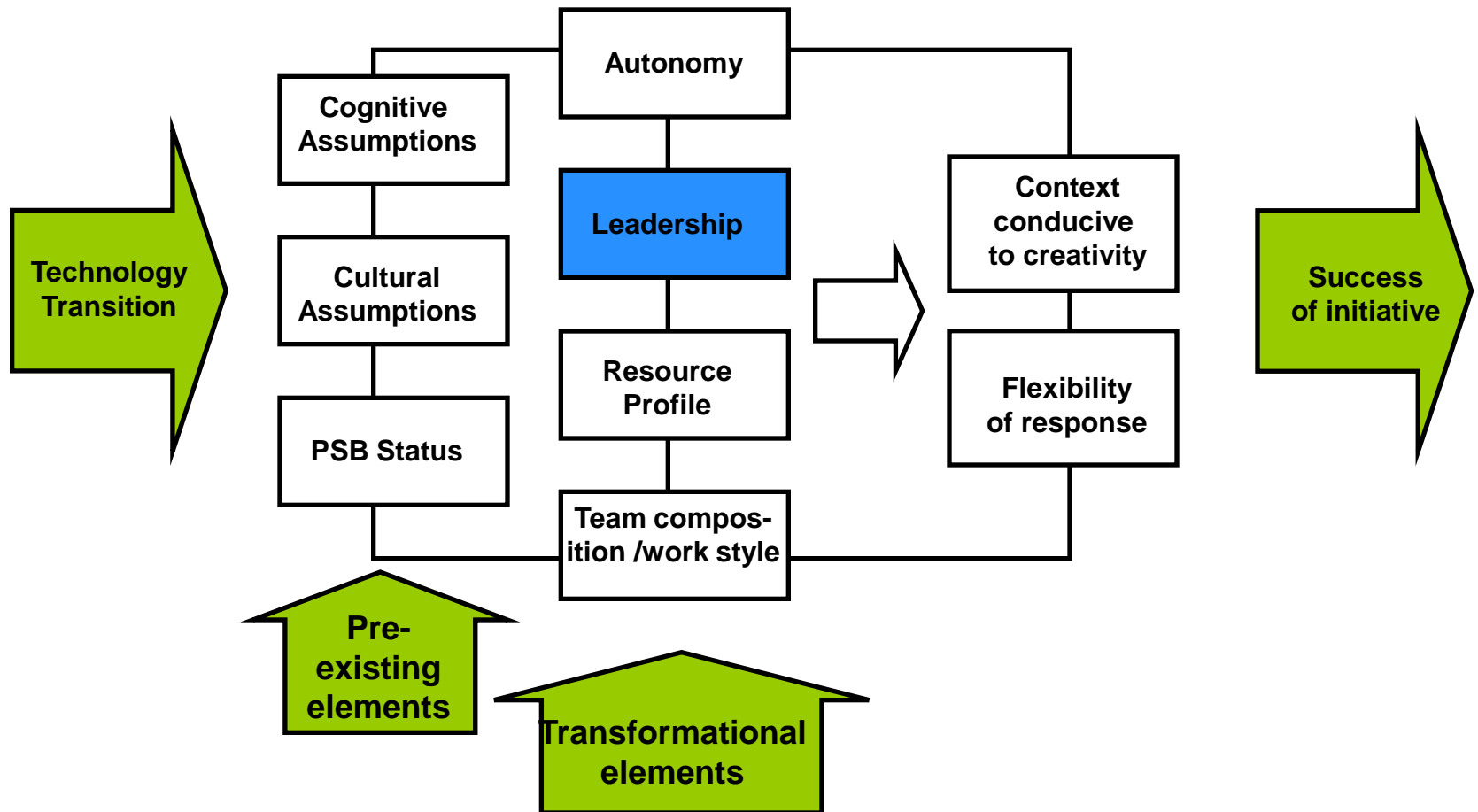
# BBC News Online performance 2002

- Launch requirements in 1997:
  - Reinterpret public service news on Internet
  - Meet diverse needs of all licence fee payers
  - Conform with onerous BBC quality standards
- Performance
  - 1998 page impression target met in 3 months
  - Consistent award winner (European Online Journalism, Webbies, Prix Italia, Bafta, BIMA)

PIs June 2002 (mio)

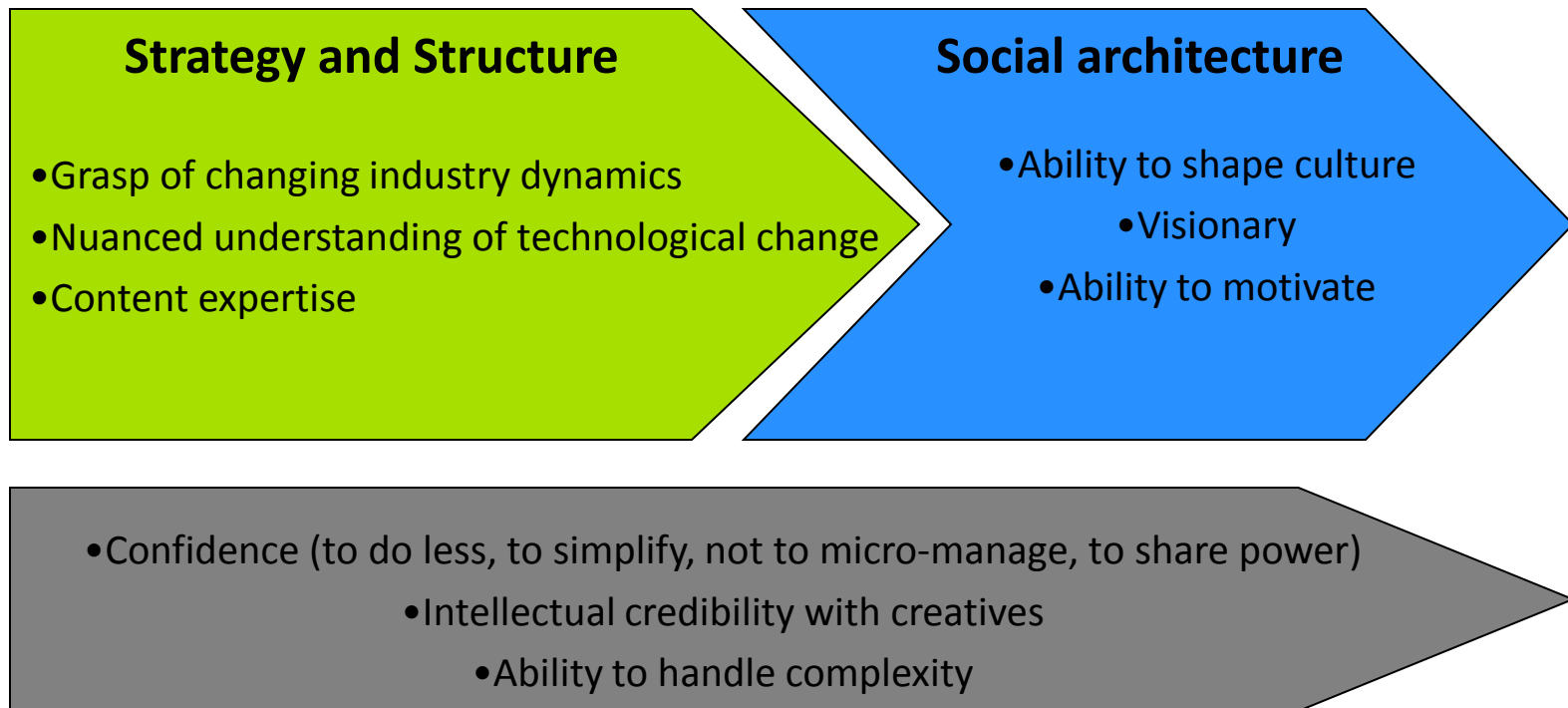


# Organisational factors behind success of BBC News Online



**So what does this mean for leadership?**

# Leader needs mastery of hard and soft aspects of organization, plus specific personal traits



# This frequently involves collaborative leadership

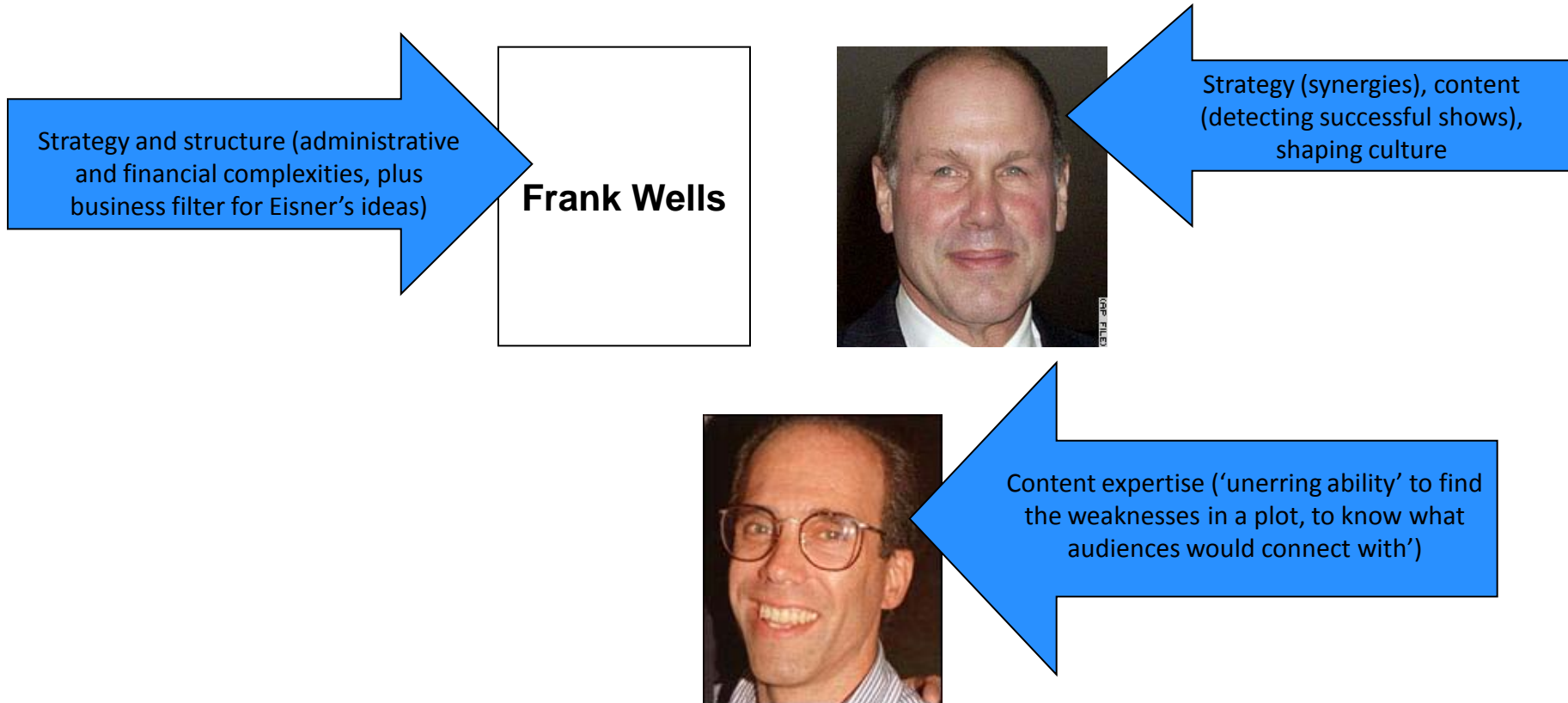


**Brin + Page + Schmidt (Google)**



**Catmull, Lasseter, Jobs (Pixar)**

# Disney, too, flourished under collaborative leadership (1984-94)





# Innovation and creativity in an Age of Disruption: The Leadership Agenda

1. Accept that technology transitions are with us to stay
  - Don't underestimate the organizational challenges they bring
  - Don't put all the energy into developing the strategy and ignore assume the organizational fine tuning
2. Give everyone more breathing space
  - Simplify the bureaucratic burden
  - Check management control systems aren't unwittingly blocking innovation
  - Ensure good creative ideas are not 'nibbled to death by ducks'
3. Autonomy is the fastest, cheapest and most effective 'creativity accelerator'
  - Give mid-level people more scope
  - Create shadowy areas around the fringes where people can experiment, keep it low key
4. Ensure the culture supports trial and error - creativity is a function of sheer productivity
  - Increase the size and speed of the creativity pipeline - more projects
  - Start 'fast prototyping' - invest less, faster feedback
  - Fail more - the most successful creators also have the most failures
5. Remember: media organizations have everything they need to master the Age of Disruption - they just need to access it



# Business model innovation often rests on questioning conventional industry assumptions

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News organizations need to be based in Washington/ New York and belong to broadcast network	News organizations can be based in Atlanta, on cable
News is something that has happened	News is something that is happening
Presentation needs to be polished and professional.	Keep the 'ragged edges on display', use open newsrooms to create sense of immediacy, authenticity and stories evolving
Quality is about analysis, background.	Quality is about speed, immediacy, currency, and can be generated by a one-man band (V-J)
Quality means produce everything ourselves	We are part of a reciprocal network of news organizations so we can cover news as it breaks

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**When confronted with technological discontinuities, we tend to over-invest in analyzing the external changes and under-invest in equipping organizations to respond to them**