HOW TO SOLVE ANY PROBLEM,

MAKE THE BEST DECISIONS,

AND BUILD A SUCCESSFUL BUSINESS
BY SHIFTING CREATIVE MINDSETS

UNLOCKING Creativity

Michael A. Roberto

WILEY

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—JD Schramm – MBA Class of 1978 Lecturer in Organizational Behavior, Stanford University Graduate School of Business

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To all my teachers from childhood, who stimulated my curiosity and creativity, and most especially to Kristin, the most caring and dedicated elementary school teacher from whom a child could learn.

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PREFACE

Tuesday, September 11, 1979. My family and I sat down in our living room, in front of our Sylvania console television set, at eight o'clock in the evening. We had purchased the *TV Guide* at the supermarket several days earlier to learn about the new fall broadcast network television schedule. Our family had three options that evening. CBS offered a new show, *California Fever,* a rather forgettable teen drama that was canceled after just 10 episodes. NBC televised the debut of *The Misadventures of Sheriff Lobo*, starring Claude Akins.[1] Years later, *TV Guide* ranked that program among the 50 worst television shows of all time.[2] We didn't even give these two programs a second thought. Tuesday evenings served as appointment television in our home. As a nine-year-old boy, I loved watching Arthur Fonzarelli, Richie Cunningham, and the rest of the *Happy Days* crew. Of course, we didn't have much choice. Who in their right mind would watch those other two programs?

Shortly thereafter, my parents signed up for a new service called cable television. I remember the installer bringing a set-top box to our living room. Instead of turning the knob on the front of the television set, we now pushed down one of the box's 12 buttons to change the channel. Imagine that! We now had 12 options instead of just 3! Of course, we still had to get up from the couch each time we wanted to change the channel. The 12th button, the Entertainment and Sports Programming Network (ESPN), proved particularly intriguing to me. No one in my neighborhood had heard of this channel. It promised 24 hours of sports coverage. Mostly, that meant a healthy dose of rodeo, billiards, and Australian-rules football along with college sports (often televised on tape delay!). ESPN did not have the rights to air the major

professional sports in those early days. My friends and I mostly loved watching SportsCenter each morning, a show featuring the highlights from the previous day's sporting events, hosted by anchors Bob Ley, George Grande, Tom Mees, and Chris Berman.

Fast-forward 18 years. Cable television had grown considerably, and we had many channels from which to choose. Disney now owned ESPN, and the network aired in over 70 million homes across the country.[3] But in 1997, three important events began to reshape the television landscape. HBO aired its first hour-long original drama (*Oz*), soon to be followed by other groundbreaking and critically acclaimed programs such as *The Sopranos.*[4] Meanwhile, Reed Hastings and Marc Randolph founded Netflix in Scotts Valley, California. The new company offered DVD rentals by mail.[5] Fellow Silicon Valley entrepreneurs Jim Barton and Mike Ramsay founded TiVo in that same year. Their digital video recorder enabled people to record programs, pause live television, and skip commercials easily.[6]

Today the television industry has changed dramatically. Broadcast television viewership has declined substantially over the past two decades. Netflix and Hulu have roughly 75 million subscribers combined in the United States.[7] Cord cutting has become quite prevalent, meaning that more and more consumers choose to go without a cable television subscription. As a result, ESPN has shed 16 million subscribers over the past seven years, which amounts to over $1 billion annually in lost revenue.[8]

Today, my family has an incredible array of high-quality programming options from which to choose. We can select from nearly 500 original scripted programs, up from 182 shows just 15 years ago.[9] On any given day, my children might be binge-watching the new season of a Netflix or Amazon original show in a matter of days, or plowing through every season of old favorites such as *Friends* or *The Office.* My spouse and I could be binge-watching our favorite new program, *The Crown*, while DVRing something that we simply don't have time to view at the moment. Despite the radical change in consumer viewing habits, the broadcast television networks continue to premiere most series in September, air episodes once per week, and televise a season finale in May. Talk about sticking with the status quo.

The past year's Emmy nominations demonstrate how new players dominate the production of high-quality, creative programming. In the best-comedy category, ABC received two nominations, but the rest went to shows airing on HBO, Netflix, and FX. In the best-drama category, only one broadcast network show received a nomination (NBC's *This is Us*). Netflix, Hulu, HBO, and AMC received the other six nods.[10] The last broadcast network program to win this Emmy award was Fox's *24*—and that was 12 years ago.[11]

The transformation of television during my lifetime raises some interesting questions for me. First, how are new companies producing so much highly creative content, and how have they developed new business models? Second, what has prevented traditional players from adapting successfully? Surely, the traditional television players do not lack creative talent. What, then, are the obstacles that prevent them from adopting new business models or generating high-quality, creative content to compete successfully with the likes of Netflix and HBO?

These questions can be generalized and applied across a range of industries and situations. The desire for more creative solutions to pressing problems extends well beyond the television business, of course. When surveyed, CEOs across a variety of industries have identified creativity as one of the most desired leadership qualities for the future.[12] Many companies face a growth crisis, or they find their industries are being disrupted by entrants with different business models featuring original products and services that address unmet consumer needs. These established firms desperately need creative solutions. They must adapt or die.

Seven years ago, with this challenge in mind, my colleagues and I concluded that we needed to enhance the creative capabilities of our students. We had to prepare them better for a changing workplace and turbulent environment. Our team did not believe that creative capacity was a fixed trait. Instead, we embraced the notion that creative capabilities could be nurtured. Our team developed the IDEA program at Bryant University. Every first-year student takes part in this immersive, three-day experience that provides hands-on experience with the design thinking process, a creative problem-solving methodology used by many enterprises. The students' ability to generate breakthrough solutions to

perplexing problems in a matter of days always amazes us. We find the experience both exhilarating and inspirational.

As we developed and delivered this unique program over the past seven years, I also spent time researching creativity in organizations around the world. Unfortunately, I have witnessed many impediments to creativity in these enterprises. Senior leaders routinely speak about the need and desire for more creative ideas, but their employees seem frustrated and discouraged when they pose original concepts and solutions. This observation motivated me to write this book. I wanted to understand the barriers to creativity in more depth.

Numerous explanations exist for why organizations fail to generate a sufficient number of creative ideas. One theory focuses on the dearth of talent. In other words, older, established firms simply need to do a better job of attracting and retaining highly creative individuals. Another theory focuses on organizational structure, emphasizing how hierarchy and bureaucracy stifles creativity in many enterprises. Still others attribute the lack of creativity to the pressure to meet Wall Street earnings expectations, or the use of short-term incentive and compensation schemes. These explanations do not lack merit, but they don't tell a complete story.

This book addresses a more fundamental obstacle to creativity in organizations. I examine the organizational mindsets that stifle creativity. By mindsets, I mean the belief systems that shape how people think, decide, and act with regard to the development of original ideas. These mindsets often are quite pervasive, reaching all corners of an organization. They do not reside simply in the heads of a few individuals. The mindsets comprise implicit and explicit beliefs about how the creative process unfolds, what drives creativity, and how creative ideas should be evaluated.

In the chapters that follow, I argue that leaders at all levels need to transform these mindsets to stimulate creativity in their organizations. They should not focus simply on finding "better" people, but instead remove the obstacles that impede the creativity of the talented individuals already in their midst. The best leaders acknowledge that they might not have the creative solutions to their organization's most significant challenges. They seek to marshal the collective intellect of their people

and unleash the creative capabilities of those around them. These leaders embrace the responsibility to create a supportive environment and dismantle the barriers to creativity. This book aims to help leaders in this mission to build more creative enterprises. As you read about the six mindsets described in the pages that follow, consider how they shape and influence thought and action in your organization. No matter your position or authority, you can contribute to the successful transformation of these mindsets. One person cannot do it alone. Leaders at all levels, including those without formal authority, will need to partake in this important work.

Michael A. Roberto
June 2018

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CHAPTER 1

The Resistance to New Ideas

The difficulty lies not so much in developing new ideas as in escaping from old ones.

—John Maynard Keynes, economist

Many critics rendered harsh judgment when 40-year-old Édouard Manet displayed his rather shocking painting *Le Bain* at an exhibition in Paris on May 15, 1863. Critics responded:

- Its garish colouring pierces the eyes like a steel saw; his figures seem to have been cut out with a punch and have a hardness that is capable of no soothing compromise. It has all the unpalatability of green fruits that will never ripen.[1]
- A young man's practical joke, a shameful open sore not worth exhibiting this way.[2]
- An absurd composition.[3]

Manet's controversial work featured a naked woman seated on the ground alongside two men fully clothed in stylish attire. The woman's blue dress and straw hat lay on the ground beside her, adjacent to a picnic basket and a loaf of bread. In the background, another woman bathes in a stream. Manet's work proved scandalous. He had not depicted a nude goddess in a scene from mythology, as many traditional painters

did, but rather an unclothed woman in a modern Parisian scene. Some suggested that the painting depicted prostitutes working in the Bois de Boulogne, a large public park on the western edge of Paris. The painting elicited derision and ridicule from those who attended the exhibition. One person wrote that Manet's work met with a "veritable clamor of condemnation."[4] Another critic observed that, "Never was such insane laughter better deserved."[5]

Le Bain (later retitled *Luncheon on the Grass*) elicited criticism not only due to the scandalous nature of the Parisian scene Manet depicted. It also challenged convention and tradition with its style; many considered Manet's approach quite radical and rather crude. He did not try to capture every detail with precision. Author Ross King wrote that, "[Manet] did not concern himself with realistically transcribing nature or ensuring the flesh tones of his subjects correctly matched their outdoor setting."[6] Instead, *Le Bain* appeared "sketch-like" and "roughly-painted."[7] Manet did not apply his paint in layers over the course of many weeks or even months, and he did not apply a glaze to the finished artwork. Instead, he pioneered the *alla prima* (at once) technique, using broad brushstrokes to paint a scene in one sitting. His work featured sharp contrasts of color rather than subtle transitions. The painting lacked proper perspective, too.[8] Many critics rejected this radical new style. Manet lacked the finesse to which they had become accustomed.

In 1863, many people regarded Jean-Louis-Ernest Meissonier as "the most renowned artist of our time."[9] Unlike Manet, Meissonier worked with great precision to depict scenes of 17th- and 18th-century life, as many other artists did at the time. His work evoked nostalgia for the past, depicting chivalrous gentlemen on horseback or men engaged in noble activities such as chess, music, painting, or reading. Meissonier also loved to depict famous scenes from Napoleon's military campaigns. He strove for historical accuracy and authenticity in every detail. Observers needed a magnifying glass to truly appreciate the minute details captured meticulously in each painting. Critics marveled at his physical dexterity. Meissonier amassed a considerable fortune and received great acclaim for his work. While Meissonier received praise, Manet once noted that, "Insults are pouring down on me as thick as hail."[10]

In that era, French artists aspired to display their work at the Exhibition of Living Artists that took place annually in the Grand Palais des Champs-Élysées. Commonly referred to as the Paris Salon, the exhibition attracted as many as one million citizens over a six-week period. Manet submitted *Le Bain* in 1863, hoping it would be chosen by the members of the jury for inclusion in that year's salon. Count Alfred Émilien O'Hara van Nieuwerkerke oversaw the selection process. He strove to preserve the highest possible standards for the salon. He favored the style of Meissonier, with its focus on history and idealism, and rejected the realism movement, with its embrace of ordinary life and people of all social classes. Commenting on these radical new artists, he said, "This is the painting of democrats, of men who don't change their underwear."[11]

Nieuwerkerke ruled that the jury should consist only of men who were members of the Académie des Beaux-Arts, an elite society of traditionalists intent on preserving the status quo. Approximately, 3,000 artists submitted more than 5,000 paintings for consideration in 1863. In mid-April, the jury announced its decisions. They had accepted only 2,217 paintings by 988 artists. The jury rejected *Le Bain* as well as two other paintings submitted by Manet. Other spurned artists included Gustave Courbet, Pierre-Auguste Renoir, Camille Pissarro, Paul Cézanne, and James Abbott McNeill Whistler. Controversy swirled around the widespread rejections. Emperor Napoleon decided to intervene. Concerned about societal unrest and discontent, the emperor chose to embrace the idea of a separate exhibition consisting of the artwork rejected by the establishment. Soon this exhibition came to be known as the Salon des Refuses (exhibition of the rejects). More than 1,000 people per day attended, though many laughed at the rejected works of art. Manet submitted *Le Bain* for display, and mockery and ridicule ensued for him as well.

Amidst the deluge of criticism, a few astute observers noted the stark contrast between those accepted and rejected by the Paris Salon. They sensed that the ground had begun to shift. The famous journalist and art critic Théophile Thoré described it as a contrast between "conservatives and innovators, tradition and originality."[12] Amidst widespread

criticism, younger artists took comfort that others shared their willingness to experiment and break new ground. Manet became a leader among this new generation of painters. He met regularly with other innovators such as Edgar Degas, Claude Monet, Renoir, and Pissarro at Café Guerbois in Paris. They argued and debated, and they shared ideas on Sundays and Thursdays, becoming known as the Batignolles Group.

Ten years after the original salon controversy, Monet, Renoir, Pissarro, Degas, and others created the Société Anonyme Coopérative des Artistes Peintres, Sculpteurs, Graveurs (Cooperative and Anonymous Association of Painters, Sculptors, and Engravers). They chose not to submit their work to the Paris Salon. Instead, they formed an independent exhibition, which opened to mixed reviews. Monet submitted a painting titled, *Impression, Sunrise.* Critic Louis Leroy mocked the painting in an article titled, *The Exhibition of the Impressionists.* He wrote, "Impression—I was certain of it. I was just telling myself that, since I was impressed, there had to be some impression in it . . . and what freedom, what ease of workmanship! Wallpaper in its embryonic state is more finished than that seascape."[13] Others started referring to this group of renegade artists as the *impressionists*, and even the painters themselves adopted the name despite the fact that it had emerged from a scathing criticism of their work. We know how this story ends. Ultimately, Manet became known as the father of modernism, and the impressionist movement stands as one of the most consequential eras in art history.

The story of Manet and the impressionists should not surprise us. We have heard this type of story on many occasions. Today's experts reject tomorrow's creative geniuses. Conventional wisdom, preconceived notions, and cognitive biases blind the experts from recognizing the merits of bold new ideas. We trust experts and look to them for wise judgment, prescient forecasts, and sound leadership. Turn on the television, and you see a steady stream of pundits being called upon to weigh in on a variety of economic, political, and social issues. However, expertise may not translate into an ability to see the future, or to evaluate original, out-of-the-box ideas more effectively than you and I can. Experts should be flying aircraft, performing heart surgeries,

and designing bridges. We don't want a novice fixing our car or our broken hip. However, when it comes to creativity and innovation, expertise may be a liability at times. As Zen teacher Shunryu Suzuki once said, "In the beginner's mind there are many possibilities, in the expert's mind there are few."[14]

Closed-Minded Experts

Alfred Wegener brought a beginner's mindset to the field of geology over a century ago. Like Manet, his fresh ideas did not earn acceptance readily. Wegener earned a doctorate in astronomy in 1904 and later became immersed in meteorological research. He became fascinated by the discovery of similar animal and plant organisms on different continents, as well as complementary geological features on landmasses separated by oceans. He proposed his theory of continental drift in the early 1900s. Geologists forcefully rejected his ideas. Rollin T. Chamberlin of the University of Chicago commented, "Wegener's hypothesis in general is of the footloose type, in that it takes considerable liberty with our globe, and is less bound by restrictions or tied down by awkward, ugly facts than most of its rival theories."[15] Wegener's concept only became widely accepted by scientists decades after his death.

Chester Carlson invented the process of electrophotography in the 1930s, but many companies rejected his requests for funding. Writing years later, Harold Clark noted that:

> Xerography had practically no foundation in previous scientific work. Chet put together a rather odd lot of phenomena, each of which was obscure in itself and none of which had previously been related in anyone's thinking. The result was the biggest thing in imaging since the coming of photography itself.[16]

Finally, in the mid-1940s, the company later known as Xerox decided to support Carlson. By 1965, the Xerox 914 copier accounted for over $240 million in revenue, over 60 percent of the company's total revenue. The word *Xerox* became a verb, much like *Google* is today.

In the 1980s, Barry Marshall and Robin Warren argued that bacterial infections, rather than stress, caused ulcers. Marshall explained the initial reception when he began presenting his work at medical conferences:

> To gastroenterologists, the concept of a germ causing ulcers was like saying that the Earth is flat. After that I realized my paper was going to have difficulty being accepted. You think, "It's science; it's got to be accepted." But it's not an absolute given. The idea was too weird.[17]

Frustrated by the mainstream medical community's reaction to his work, Marshall took some *Helicobacter pylori* bacteria from the stomach of an ailing patient, ingested it himself, and became quite ill. Within days, Marshall experienced vomiting, halitosis, and gastritis (an inflammation of the stomach lining). He treated himself with antibiotics and he recovered fully. Still, experts did not accept Marshall and Warren's theory for years. Finally, in 2005, they received the Nobel Prize in Medicine for their groundbreaking work.

We always hear the stories of venture capitalists striking it rich by investing at the ground level in startups that go on to achieve remarkable success. For instance, Peter Thiel invested $500,000 in Facebook in 2004. Eight years later, he sold his stake in the social media giant for more than $1 billion. However, many entrepreneurs face multiple rounds of rejection by industry experts. For example, Joe Gebbia, Brian Chesky, and Nathan Blecharczyk sought funding for their startup in 2008. They wanted to raise $150,000 in return for a 10 percent stake in their company. The co-founders approached seven accomplished and well-known investors in Silicon Valley. Five investors sent them rejection letters, while two never even replied.[18] Nine years later, their company, Airbnb, had achieved a $31 billion valuation. If one of these investors had invested back in 2008, their $150,000 investment would have been worth $3.1 billion nine years later. The Airbnb story does not prove to be unique. Even the most accomplished venture capitalists invest in many startups that do not succeed and pass on a number of deals that could have been highly lucrative. Every investor has at least one great regret.

Erin Scott, Pian Shu, and Roman Lubynsky examined data on 652 startups from MIT's Venture Mentoring Service. The service attempts to