Management Control and Creativity
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Challenges of Managing Innovation Processes

Sophie Bollinger
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We live in a period of rapid change where companies must innovate at an increasingly fast pace to differentiate themselves. However, these clichés no longer fully reflect the realities of today. While it is true that the speed of innovation and exploitation cycles have accelerated, the situation in which organizations find themselves differs from previous periods both structurally and cyclically:

– From a structural perspective, the methods for developing innovations have become more widespread, professionalized and open to others. As a result, organizations have begun to value the creativity of their employees more. New performance criteria are emerged, contrasting with older norms such as the ability to execute and develop innovation with the utmost secrecy. Innovation management, and more broadly change management, has adapted to a more volatile, uncertain, complex and ambiguous world.

– From a cyclic perspective, the COVID-19 pandemic came later than most of the work presented in this book, and it has given greater freedom of action to managers and teams in charge of producing innovations. Indeed, innovation was necessary, and organizations had to react quickly to changes in the environment and sudden shifts in demand. This newfound freedom has made it possible to take initiatives and risks, as the need to do so ignores the old routines.
Faced with this increase in creativity, possibilities and opportunities, some organizations are thinking about implementing new forms of control to limit abuse without curbing the creativity of employees.

The author proposes an exploration of the theories and tools available to managers to achieve this balance between rigor and creativity.

F.1. The environment, a structural and cyclical change

VUCA is a popular term in management that summarizes in one expression the situation a manager is confronted with. This acronym, which stands for “Volatility, Uncertainty, Complexity, Ambiguity”, has become in some companies a synonym for “difficult to manage” or “chaotic”.

The concept was introduced in 1987 in a military context to describe confusing situations, such as the end of the Cold War, which mixed political and military aspects. Since then, the term has spread to other domains that require leadership in challenging situations. The Cynefin model shares similarities with this approach and is discussed in the book Pro en management co-written by the author.

This acronym also captures the situation in which managers of innovative projects find themselves. They find themselves defending a project that needs time to materialize, in a changing environment, against other competing projects, and skeptical managers who question the changing needs of consumers. The work summarized in Chapters 1 and 2 presents innovation process management models that help managers to develop their understanding of these environmental changes.

F.2. Control, an omnipresent need in organizations

Henry Ford pushed the limits of control very far in his factories. In particular, he set up a specific control unit whose activity was to
control the workers not only at work but also outside of it! Ford believed that workers who did not drink, gamble, or fight and led a normal family life worked better and were more productive. Thus, workers who lived an exemplary life received a better salary. This system did not satisfy the workers, who felt constantly watched and pressured. The balance between control and freedom, and between private and professional life, is still an issue. In an organization, control means checking whether everything is done by the adopted plan and the instructions that have been given. Monitoring is necessary to find out whether plans are being carried out according to what has been recommended and whether they are being executed properly. It also allows for the identification of deviations from the plan so that corrective actions can be taken. However, the control must be balanced. Chapter 3 is dedicated to the formal and informal methods of control that need to be combined in a clever way within each organization.

F.3. Being creative in a highly controlled environment?

IBM’s control system has been widely copied by other companies. Most of IBM’s success comes from a fairly rigid system and codes followed by the employees. Yet, when the company developed its first computer, engineers and scientists in the R&D unit were allowed to collaborate with people outside the company to obtain knowledge that was not held in-house. The very tight schedule that the company imposed on them required them to resort to solutions that already existed and had been invented by others. It was also a real reason to look for skills outside the company’s borders in order to move as quickly as possible, but other arguments were often put forward. For example, creativity would not be possible within a very controlled environment, and that is why IBM allowed engineers to contact partners and temporarily leave the corporate environment. This is a way to give a group of employees more freedom without changing the dominant corporate culture or creating jealousy. However, the creative freedom of the engineers, the objectives of the leaders and the vision of the managers in charge of control are not always compatible. This problem is found in all organizations, regardless of the size of the company (SME or multinational), the sector of activity or the control
tools used. In Chapter 4, Sophie Bollinger proposes to explore an often-neglected sector, the social and solidarity economy. In this sector, the notions of control and innovation are at the center of distinct tensions in the study and reveal problems and solutions that can inspire companies in all sectors.

F.4. What is the future for work on control, innovation and creativity?

In her work, Bollinger questions the “meaning” of innovation. In the background, she raises the question of the societal value of innovations. After bullshit jobs, are we seeing the development of bullshit innovations? Can the search for a better combination of creativity methods and control practices reduce the development and dissemination of these innovations, which are more harmful than truly value-creating in the long term? This reflection leads the author to study historical sectors that are far from the notion of an innovation process while being hostile to the concept of control. Thus, she studies non-profit organizations, whose practices she compares to those of more traditional economic activities.

F.5. A word about the author and her background

This book is the result of Bollinger’s thesis work. Her course of study has allowed her to combine a remarkable academic career that has led her to become a teacher-researcher in the Faculty of Economics and Management at the University of Strasbourg. Her research is conducted at the BETA laboratory, UMR CNRS Inrae, in the fields of control applied to innovation and creativity in various organizational contexts.

BETA is a research laboratory that celebrated its 50th anniversary in 2022. The researchers in this laboratory distinguished themselves early on by their research approach, which combines economics and management sciences, theory and applied practice. They were among the first to work on the notions of communities, evolutionary economics and management or routines. In line with the researchers of
this laboratory, Bollinger draws on principles established in several disciplines related to management, including economics, and more broadly the disciplines that have examined the notion of creativity, in order to provide rigorous work that is at the cutting edge of knowledge in the field and that is interested in the real practices of companies.

She teaches the results obtained from her work as well as innovation management and control in the Faculty of Economics and Management at the undergraduate and graduate levels, and to seasoned professionals in Master of Business Administration.

Thierry BURGER-HELMCHEN
University of Strasbourg
University of Lorraine
CNRS, BETA
Preface

This book is the result of my doctoral work. My thesis, entitled “Conjuguer contrôle de gestion et créativité, une question de pratiques et de contextes organisationnels” (Combining management control and creativity, a question of practices and organizational contexts), was defended on 18 November 2019. It was prepared under the supervision of Thierry Burger-Helmchen at the BETA laboratory of the University of Strasbourg.

This research work was awarded the Honoris Causa – Special Edition “Promotion of Research in Innovation Studies” by the Innovation Research Network with ISTE Editions, “Smart Innovation”. I sincerely thank the network for their interest in my work and their help in disseminating it.

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I.1. Innovation, a way to remain competitive

In the current economic context, innovation has become a significant element in the strategies of companies and in many cases has enabled them to maintain their competitiveness, market share and growth (Porter and Ketels 2003). Thus, the development of a competitive advantage and the maintenance of performance are increasingly linked to innovation (Drucker 1985; Cohendet 1997; Bouchard and Bos 2006; Hamel and Pavil 2012).

Innovation represents a stimulating process that pushes firms to surpass themselves and launch new products or services as quickly as possible (Chanal and Mothe 2005; Meyssonnier 2015). For Dumoulin and Simon (2005), innovation is a means of prospering by avoiding direct confrontation with dominant market players by developing a competitive advantage that represents a factor of firm survival (Schumpeter 1942; Amabile et al. 1996; Christensen 1997; Shalley et al. 2004; Anderson et al. 2014). Christensen went further by considering innovation as a factor in the survival of companies:

Why do the smartest companies fail? Because they don’t innovate enough, or badly. (Christensen 1997, p. 265)