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Length of recording: 38 minutes

Transcription notes

N:	Narrator
GB:	Gautam Basu
OVL:	Oana Velcu-Laitinen
wo-	an unfinished word
(word)	an uncertain passage in speech or an unrecognised speaker
(-)	an unrecognisable word
(--)	unrecognisable words
[pause 10 s]	a pause in speech of at least 10 seconds
, . ? :	a grammatically correct punctuation mark or a pause in speech of less than 10 seconds

[intro music]

N: Operations Leadership podcast with Gautam Basu provides insides for today's business leaders on creating value through operations improvement, process excellence, digital innovation and organisational leadership.

GB: Our guest for this episode of the Operations Leadership podcast is Oana Velcu-Laitinen. Oana is an author and is subject matter expert in the field of creativity. She recently published a book on the subject and in this interview she discusses how companies and leaders leverage their creativity in times of uncertainty. And also has some interesting details on a metric she has come up with called the operational creativity capacity. So we hope you enjoy this interview and if you like what you are hearing in this podcast series, we ask you to subscribe. Enjoy.

[intro music ends]

GB: Hello Oana and welcome to the operations leadership podcast.

OVL: Hello Gautam, it's an honour to be here.

GB: Great. So all right, I understand that you are creativity expert and that you have written a book on the subject.

OVL: That's right. The book was published last year in October.

GB: Congratulations, excellent. So maybe I can start with maybe a difficult question right off the bat cause I know you've done your research and everything around creativity. So, what are the tangible benefits for creativity for business and

operational leaders so things like any metrics whether they'd be financial, non-financial, what are some of the metrics that you typically use or find within creativity?

OVL: That's a very difficult question and I'm happy you asked it. In general, businesses and the management consulting companies agree that we need creativity to manage change and to innovate. COs also agree that creative experts are helping with customer acquisition, with retention and fatality. However, showing the straight forward impact of creativity on the bottom line, is a cumbersome task. And of course, this doesn't mean that it is impossible. The way that I would suggest is to start by asking ourselves what exactly do we measure when we say creativity. And I'd like to introduce the perspective of organisational psychology studies, where they study the different components that foster creativity in business. And the first component is the good level of technical expertise of the inhouse experts. The second component of creativity is the creative thinking skills, because creativity is actually an umbrella term for a set of thinking skills. The third component of creativity is the inner motivation that experts have to perform a particular task and these three components, the experts, the creative thinking skills and the inner motivation they need to be imbedded in a work culture which is conducive to creativity. So this is the first thing that we want to be clear. What exactly do we measure. When you talk about the business impact of creativity. And then the second question is for what purpose do we want to encourage creativity, and I think that conversations around this topic is very important, and I think it's important to start from the board meetings. To discuss okay, we want to encourage creativity by aligning the strategies of the company with the inhouse creativity capabilities and with a performance measurement systems that we have. And in this kind of conversation that can happen starting from board members to leadership teams. One key assumption to keep in mind, is to think okay how will this company survive in high uncertainty situations like for instance war, and then one thing to keep in mind is that a great percentage of the revenue of a company in let's say five years during a high uncertainty situation comes from sources that today don't exist. So, this, here, this is the point where operations management and leadership have a very important role. To identify this unexpected sources of revenue in high uncertainty situations. And even if I am not an expert in operations management, but I believe one key aspect is sustainability related issues. This is the place for creativity to encourage it. In sustainability relationship issues like for instance in new initiatives about how the business can safeguard the environment, the business can manage the relationship to its appliers. So, at this point we can narrow down the question what is the business impact of creativity in operations leadership and operations management and what are tangible benefits of the new initiatives in the supply chain. And we can start with thinking okay who are the people, who are the experts who are the teams who are responsible to come up with new initiatives from the supply chain. How much time do they need to experiment with this initiatives. How much did they invest in persuading the key decision makers in company. Then when did the initiative come live, what happened afterwards, how much new investment did the company attract in the following quarter. And how many organic sales do we have, because now this

we are also not only managing with high uncertainty situations but also with consumer trends. Consumers want to be more aware where do the products come from, where do the materials have been and what farms they have been harvested under what situations. So we need to keep a focus on all these questions, starting from who are the people responsible to generate the initiatives and ending with how many organic sales do we have when the initiative goes on the market. So all these answers help us to find new financial and operational indicators for instance I would see more suitable to start from the operating margin once a new initiative is implemented in the supply chain. Then I would dare to suggest a new metric, which I call operational creativity capacity, for new sustainability initiatives in the supply chain, and what would this metric, how would we calibrate it. For instance we can look at how many circular product ideas have been generated versus how many new products actually have been successful. We can look at how many new supply chain transparency ideas versus how many new customers we attract. We can look at new traceability ideas versus how many (-) [07:49] increase in sales of old customers. So, this is just an idea, which actually this idea about the operational creativity capacity it shows that at the moment I do not think we have the right operational metrics to realise what is the impact of creativity on the supply chain innovation. And then there is this other aspect, which is investing in the learning and development of the new competencies of skills for the inhouse operational experts. So, in this case, when the companies invest in for instance for the operational team to learn how to use a new technology for instance, a trace and track technology, then, in this case, of course the return on investment of the particular training, is one way to measure it. But then again, it can be coupled with new measures under this operational creativity capacity, which should refer to productivity. We can look at the (rejection) of the product before and after the training. Or we can look at how the traceability of the materials have improved after the people have gotten the new training. So, all in all, I believe that it's daunting, but it's possible to find better measures to see what is the impact of the business value of creativity. I am a bit hesitant that we can be with 100% certainty that yes, this is the value of creativity. And I'll give you three reasons if it's okay.

GB: Sure, yeah.

OVL: So, the first, is because at the end of the day creativity is a mental process, that we go through when we have to perform a task. So, it's like a process which refers to our psyche, like our self-awareness, self-image and confidence in thinking out of the box when we have challenging tasks. And when it comes to every day work interactions, the creative brain can pick up some threats which can inhibit you from thinking out of the box when you handle an unusual situation. For instance, I would like to refer to some studies on Asian-American schoolgirls who are asked to perform a maths test in the lab, and then the researchers did two interventions, once the first time, they hinted some ethnic biases for the girls, and what do you think that happened? The girl performed better in the maths test. When being reminded of their Asian roots. But then, when they were reminded of gender stereotypes being

women doing maths test, their performance decreased. So the brain is picking up all the subtle cues from the environment. And you can self-sabotage your performance. And in the same, we can think about we can extrapolate these findings to organisational life you know. And we can ask ourselves how can I actually pinpoint the benefits of creativity in individual and group level. By this entangling all this environmental threats that can mediate how we can perform a task. So that's why I say it's a bit more difficult to actually measure the full impact of creativity. And then other reason, for I don't think there's a perfect way to measure creativity, is that creativity does not have clear boundaries of time. It's not a command and react action. If somebody tells me okay I wanna be creative now and invent a new design for a house, it's not so, the idea is not going to be so productive. So original idea don't like to be rushed. The best what we can offer a bigger timeframe. Let's say you give a team of people one week time to come up with an original initiative and during this time also people need to have some reinforcements others through external rewards, some with financial boosts. But not necessary can be something tangible. But something that makes sense for every individual who needs to come up with these original ideas. So, and the third reason. There can be spill over effects of creativity. Like we can work, a team can work on experimenting with an initiative and they conclude okay it's a failure, we are not going to invest more time and money in this. But what if some idea, some seeds plant during this failed experimentation, which the team is going to use one year later for a successful innovative idea. How can we then measure the financial benefits of this second successful experimentation because in a way it was rooted in the first failed experiment. So, this is why I'm a bit hesitated but it's very interesting and it's useful to attempt to measure the benefits of creativity to keep as I said in the beginning, to keep a focus on the alignment between the business strategy in uncertainty situations and what is the organisational creativity capacity we have in the company, and then what are the data management platforms that we have in order to help us come up with a new way to measure the impact of creativity. And that I find very interesting, I'm going to leave you with that to this question. That actually, we can be more innovative in designing new dashboards for KPIs focus on creativity. And we can invite a team of why not have a finance manager there, and operations leader, a marketing leader. All the business functions to figure out this new way to measure and what key performance indicators do you want to have on a dashboard. So that would be very interesting.

GB: There's a lot of stuff to unpack there and I like the concept of this operational creativity capability. It's very interesting. It's the first time I've ever heard of something like that, that's great. Do you have any actual cases of maybe from your research that you've come across regarding maybe these benefits of creativity. Has it been done before anywhere. Any company or organisation whether it's private or public?

OVL: Yes I have come across on some cases, first of all, not related to operational creativity, related to marketing creativity for instance. One thing that comes to my

mind is a report that was done by the world economic forum and McKenzie, it was done between 2019 and 2020 on the Northern American and European countries. And they focused in this report on the chief marketing officers who they combined creativity with customer analytics and they realised that they got better returns on personalised experiences, personalised content creations and ads. What I find interesting in this study, is they highlighted the importance of the chief marketing officers as agents of growth for the company. But I would say that studies like this should be done at all the business functions, operations leaders, finance leaders, because every C-level role is a growth agent for the business. So world economic forum, we are waiting for the follow-ups. And then another example that I find very interesting when it comes about actual cases of benefits of creativity comes from the engineering world, from the Sisco company which in 2007 they did a crowd sourcing initiative. They wanted to invite people from all over the world to come up with new ideas about technology for renewable energy. And it's very interesting because they opened up to 100 countries. People from 100 countries and they received 1000 ideas but what is very interesting here, is what they learnt when managing this initiative. And the first thing that they learnt, it's not enough to just put the website there and say hey guys we want to have new ideas drop the ideas here. Once they collected the 1000 ideas, then they spent more than one year to filter the winning idea, to hone it, and then to transfer it to a business model. So, to me, this example shows that when we want to measure the actual benefits of creativity we have to decide also what is the time frame that we have into consideration. And then what I found very interesting also about the Sisco case, is that in the beginning when they collected the ideas that people from around the world sent, they had their inhouse experts who evaluated which is the winning innovative idea. But then they realised there was a problem, that there was an expert bias which consisted in fact that the Sisco judges, they had a tendency to select the most familiar ideas which they already discussed in house. So they said okay, we need to have a different way to judge what is the most innovative idea. So, what they did, they again opened up to the public and they had two other rankings of the winning idea. The first ranking is they asked people to vote, okay vote out of this 1000 ideas, which one do you think is the most innovative. And they also looked at another way to measure the appeal of the idea. The comment that certain ideas which were the most active comments around which of the most ideas. And then they triangulated. The opinions of the inhouse judges with the opinions of the voters and with opinions of the comments. And then that's how they found the winning idea which was, a technology which was very important for the functioning of an electrical grid. So, this was very, I find this case very interesting when we think about not only measuring the impact of creativity but also when you think about what it takes to have an innovative culture and as we can see sometimes, the internal expertise is not enough to see what is an innovative idea. And as proved, that Sisco found that crowd-searching initiative back in 2007 they found it useful is that last year they invested 100 million dollars for imaginative climate solutions, where they invite again external opinions like come up with new ideas about the renewable energy.

K3: That's quite interesting and thinking just that you mentioned that creativity, let's say as far as function could be implemented or imbedded in newer type of problem areas, i.e. sustainability, renewable energy. And maybe just to switch a little, you talked a bit about this regarding the supply chain. Because in supply chain operations there's a lot of patterns that are there and managing the (-) [20:22] managing the uncertainty. Even approaching wicked problems where there's no kind of optimal solution. So how can we actually leverage creativity in approaching these wicked problems specifically within supply chain. I think you mentioned a couple things, but maybe just to reiterate what is your view on this approach?

OVL: Wicked problems are very close to my heart and if I am to start from defining how I see wicked problems I see them characterised by the type of problem you have never faced before. It's new to you, then there's many entangled causes in this problem. Then there's many stake holders with diverging or conflicting priorities and then the problem keeps on changing, the more we try to work on it, and then the last thing is that there can be more than one correct solution. So, to me, this is what wicked problems are and I could give an example of it, which happened in IBM in November 2017, when they lost very high value cargo of mainframe computers, and they really tried to locate the cargo, but they couldn't find it and they concluded that the shipment must be safe inside some airport warehouse. So, this is an example of a wicked problem. You lost the container, it has a high value you haven't faced this situation before and then you conclude it must be somewhere there we will find it. Well, in this kind of situation, my opinion is that we cannot keep relying on the methods we used before to track the flow of the materials and in this case we need to appeal to our creative thinking by to be more specific, divergent thinking skills, by asking ourselves three types of questions. First of all, what is the problem that we face. Is it a problem in the flow of the materials, is it a problem in the flow of information. Is it a problem of human communication, what is the problem that we have here. And of course you cannot know because it's a wicked problem. But then you can start playing with assumptions, you know, why do you assume the cargo was stored in some warehouse. Why do I assume that. And then if I believe that's the truth, how can I experiment that you know, this must be the reality. So these are the three questions to ask ourselves together in a team. What is the problem we are facing, what are the fundamental assumptions we have, and how can we experiment to find out the truth. As it happens with the IBM case, the cargo was found one month later. But the problem is it was found on a tarmac dipped in four inches of water. So, the contents were the cargo couldn't be used anymore, and do you know what was the problem or what was the cause of the loss of the shipment. There was a strike in the German cargo workers. So you know, back to what I said earlier, what is the problem, we can ask ourselves you know, is it some problem in the information we have. Maybe let's look are there some societal disruptions in the countries through which the cargo travels. Of course it's easier for me to say now, but these are exercises we can have, like preparing ourself to face disaster and crisis to ask this questions as a team. What's our problem, what are our assumptions, what can we experiment to find what is the real problem. And as it happens with the

IBM, they decided to have a track and trace service one month later, where they could have a better monitoring of the materials from the suppliers to the factories. I would still argue, that's not enough, and now they encourage people who are operations management supply chain. Just try to remind yourself that you are problem solvers. And for instance this problem solving actually boils down to improving each one of us, our sensitivity to risk signals. What are the risk signals that we see around. And yeah, this is the question, I'm really curious, are people experts in operations manages, do they see themselves as problem solvers. This is a very important to give to empower us to solve this unforeseen crisis. And I'd like to give an example, a woman whose name is Kelly Bankson. The name doesn't tell much to us, but she's the chief procurement officer at Starbucks and last year she was nominated top six of the top 100 women in procurement who left the biggest impact on employees, clients, and the world. And for the Starbucks fans out there, if you like the quality of the coffee and you are happy with the price, we owe it to Kelly Bankson. And one I was reading some more information about her and I found an interview where she said that, something like she wishes that people would see the procurement staff, the procurement personnel more like problem solvers. So this is I think you know when we deal with wicked problems the question is am I seeing myself, do I allow myself to come with out of the box thinking, asking what if what I assumed is not true. And then the other thing, I keep coming back to these cultures of creativity, also Kelly mentions that her success is due to her ability to create flexible and creative teams that work cross functionally across the business functions. And that they have autonomy in managing their tasks since supply chain management. So first of all, as we see from Kelly, give yourself permission to be a problem solver of wicked problems and then rely on a team. So, that's what I would encourage. And this, if we sum up how we can leverage the wicked problems in the supply chain, broaden our perception of what we saw in the case of IBM. What do we consider to be a problem? What do we consider to be a solution? What do we consider to be a risk? And as we can see from Kelly Bankson's success story, to broaden our perception to what is it that we take for granted about the way we work. And yes, I encourage, please, ask "what if" questions and then allow yourself to do some experiments with the team.

GB: Yeah. I think most operations folks, whether they're leaders or managements or even down on the shop floor, they do have this mindset that they are problem solvers. I think where the challenge comes, is that if there is a new problem that they haven't encountered and they're using the same methods or the techniques to solve these new types of problems.

OVL: Yes.

GB: It could fail, right?

OVL: Yes.

GB: So, then it becomes, because usually people bring their own heuristics to solve problems, but if you're solving a wicked problem or a new problem that has not been introduced before or faced before, then it becomes an issue where I think what you were mentioning around having empowered teams. Perhaps even cross-functional, where you can actually bring in new ideas from different perspectives that could actually help with that.

OVL: Yes.

GB: And that leads to kind of the next question I have. Because you have written a book on creatives, how can we get creatives and non-creatives to work together to come up with novel approaches? Not only to innovation but operational excellence and also just general supply chain management. So, how do you get these creatives and non-creatives to work together?

OVL: That's an extremely good question and I'm happy you asked it, because I think that at the end of the day, when we talk about organizational creativity, it happens in conversations. One-to-one conversations and group conversations. And in these conversations I do not think we can say, okay, you're creative, I'm not creative. I think we all can be creative in the sense of we can all apply our most out-of-the-box thinking. But assuming, we feel safe. You know. And valued. That I appreciate your competence, you appreciate my competence and we can tell what are our concerns, from the perspective of our competence. So, I think that we could focus not so much on this dichotomy, creative, non-creative, but we can focus on how can we create a discussion that provides acknowledgement of everybody's expertise. And this empowers people. And then the second thing for a quality conversation is to make sure that we all use more or less the same kind of language. Because I have seen it based on my experience. I talk with different people, different companies, and also even with people working in the same teams. And sometimes we can use certain words and they might be different, but they might refer to the same thing. So, the first thing for a quality conversation, each and every time, even if you may think you know your colleagues, you have known them for years, just agree again. What do we mean by creativity? What do we mean by innovation? What do we mean by the goal of this project? What is the goal of the project? Just make sure that they're on the same page. And then the third thing on how we can approach innovation and supply chain management with novel approaches, still, back to conversation. Let's be humble. That even in these quality discussions, when there is safety. Even when we have a common language, we still have a human brain and we have blind spots and we may have unconscious beliefs and prejudices. And we may walk out of the conversation with some misunderstandings of what was discussed. So, I would suggest to make sure that we can open as much the minds as possible, by giving feedback. You know, writing maybe, if you don't feel good, an anonymous feedback message to the other colleagues and say, hey, Petri or hey, Merja, based on today's conversation I think that it wasn't very clear, this topic. And it would be more important for the progress of the project, if you could dwell more on this topic. You

know, just help one another to deal with these blind spots in understanding what is crucial and what is important to focus for a topic. And the last thing is this exposure to new information, to new disciplines. I would recommend very short cross-disciplinary training sessions, that help us change perspective to look at the problem from a different lens. If you are like a hardcore optimization expert, go take, I don't know, like how to have a quality conversation training. One hour. Not more than that. If you are a softer skills type of person, go have some introduction, you know, like optimization models for dummies. You know, it's very helpful for everyone to have this exposure to new competences.

GB: Yeah. That makes a lot of sense. And that kind of leads logically to the next question, which is: is there an optimal level of creativity for an operations leader? In other words, can one be too creative? Especially within the ops management, you know, supply chain management, because at the end of the day you have to keep the operations running effectively and efficiently. And there are clear metrics. So, what is your view on that? Is there an optimal level of creativity? Especially for operations people?

OVL: Again I would say that is like, why do you want to be creative? And I would say that there are many reasons, but the biggest one is innovation. We want creative operational leaders to facilitate cultures of innovation. And then, the question is not about does it hurt to be too creative, the question is about when and how can an operational leader be creative. And putting the perspective of my expertise, if we think about creativity as a bunch of behaviours, like to be more curious or to have more imaginative thinking or to be more daring, to take more risks for experiments, that's up to each leader to decide, when can they bring more of these creativity behaviours. And I would say that it's certainly worth to be perseverant in taking time, to be curious. I keep on getting back to this idea of the importance of continuous exposure to new information and operational leaders are not an exception. What is happening? What are the trends in the business? What are the trends in other business? What is happening in the consumers' side? Even, like, about science. What's the latest? So, as an operational leader, be perseverant, make a habit out of having a time in your calendar, have a date with your curiosity. Then the second thing of an operational leader, how to be optimally creative, is to be inspired or maybe wise in choosing, in recruiting the experts. What experts do you choose for different experiments? Then the third thing is to be patient, to communicate the results of the experiments to the right decision makers. So, I would say that the optimal level of creativity for an operational leader is more to figure out when and how to be creative.

GB: That's very good advice. Yeah. This has been a really nice conversation, Oana. If people want to get in touch with you, how would they do so? What is the title of your book?

OVL: The best way to find me, I think, is on LinkedIn. If you type my name Oana Velcu-Laitinen, you can find me on LinkedIn. And there you can see, that I have a photo of my book which is called "How to Develop Your Creative Identity at Work" and my book is encouraging readers to understand what is their creativity. And it started from the idea that creativity is not only about the domain of arts. Actually, as we discussed today in this podcast, creativity is a set of skills that we bring with us in whatever field of expertise we have. So, in my book I'm encouraging people to figure out how to do that. So, yeah. If you're curious to talk with me, to have more conversations of creativity, I'll be there on LinkedIn, replying to you.

GB: Great, wonderful. I would like to thank you for this very interesting and insightful interview and thanks for your insights.

OVL: Thank you so very much for your questions. I loved them. Difficult, but very useful questions.

[outro music]

GB: That's it for this episode of the Operations Leadership podcast. I'm your host, Gautam Basu. If you like, what you're listening to, this podcast series, then please, hit subscribe and until next time.

[outro music ends]