



Creativity and Entrepreneurship in the Global Environment

- Moderator: **Teresa M. Amabile**, *Edsel Bryant Ford Professor of Business Administration*
- Panelists: **Mark W. Addicks**, *Senior Vice President, Chief Marketing Officer, General Mills Inc.*
Scott D. Cook, *Chairman, Executive Committee, Intuit*
Frans E. Johansson, *Hedge Fund Managing Director*
Dipchand Nishar, *Director, Product Management for Asia-Pacific, Google*

Overview

While the notion of entrepreneurship applies to both those who create new startups and those in larger firms who bring new ideas, innovations, and businesses to market, the challenges are very different.

Entrepreneurs who start a business from scratch must do whatever it takes to make their venture succeed, performing all tasks, working all hours, and showing creativity and resourcefulness, passion and humility.

In larger organizations, the challenge is fostering an environment and a culture where people have the time, resources, opportunity, and incentive to innovate. Failing early and often must be rewarded, with innovation and entrepreneurship encouraged at all levels and functions.

Context

This panel of entrepreneurs engaged in an active discussion with session attendees about creativity and entrepreneurship both at startups and in a corporate setting.

Professor Amabile set the stage for the discussion by defining the following terms:

- *Creativity*. Coming up with something new that works.
- *Innovation*. Successful implementation of a creative idea.
- *Entrepreneurship*. The pursuit of opportunity beyond the resources currently controlled.

“Entrepreneurship is opportunity-focused management. It is seeing opportunities that others don’t see, and most entrepreneurship requires creativity.”
— Teresa M. Amabile

Key Takeaways

- **Entrepreneurs who start businesses from scratch must have a unique mindset and set of skills.**

The panel agreed that those entrepreneurs who start a business from nothing must possess creativity and must have a unique idea. But far more than creativity is required to launch a new venture. Among the attributes that are necessary are passion, humility, a willingness to take calculated risks, an ability to sell and persuade in order to raise capital, attract employees, and secure customers, a tremendous work ethic, a willingness to do whatever it takes to succeed, and an ability to execute the idea, modifying the original idea as necessary.

- **Entrepreneurship in a corporation has a different set of challenges requiring different solutions.**

All companies today want innovation and entrepreneurial thinking; the question is how to achieve it. Mr. Addicks commented that large organizations often stifle and inhibit innovation. Mr. Cook pondered whether top management within corporations actually helps or hurts innovation. He offered as an example Hewlett-Packard. In HP’s history it has experienced seven major innovation-driven transformations. Of these, none were “top down”; all originated at the bottom of the company and six of them were originally opposed by senior management.

The panelists and audience members identified certain characteristics that are necessary for companies to be creative, innovative, and entrepreneurial. Among them:

- *Innovate throughout the organization*. For entire companies to be innovative, they must understand that the best innovations come from the lowest levels of the organization and that innovation can and should take place in every functional area.
- *Create a culture of innovation*. Innovative organizations instill an organization-wide culture of innovation. This culture encourages ideas, creativity, and even failure. Repeated frequently in the session were different versions of “fail early, fail often, and fail inexpensively.”

Companies with such cultures think and behave as angel investors and venture capitalists. They seek to explore as many ideas as possible, separating marginal ideas from those seen as having the greatest potential to be big winners. The companies then invest a little capital in the potential winners to determine their viability. Losers are quickly and inexpensively pruned and additional capital is invested in the winners.

“My job as a manager is being a VC. I tell people, ‘I want to see ideas.’ I fund them with money and resources. My role is to decrease the friction in the ideation process, to get lots of ideas and encourage failure.”

— Dipchand Nishar

- *Allocate time for innovation*. Just wanting innovation and entrepreneurial thinking to occur isn’t good enough. Organizations need to give employees adequate time to innovate. Google has become renowned for allowing employees to spend 20% of their time working on whatever they want. Many of the company’s most significant products and services have come from ideas generated by employees during this 20% of employee time. In fact, a review of the company’s innovations showed that the results generated by employees during their



self-directed time exceed the value of innovations that went through the company's formal review and funding process.

"Some organizations are stopping trying to control their most creative talent. Management is letting them loose."

— Scott D. Cook

- **Establish organization structures and goals that support innovation.** General Mills strives to grow three times faster than the categories in which it competes. To achieve this goal the company has created structures and processes that encourage entrepreneurialism and innovation.

The first step is to hire creative people, which includes people with nontraditional profiles and from different hiring sources. Interview processes have changed to include creativity exercises. In addition, multifunctional entrepreneurial teams have been established. People switch teams, share best practices, and collaborate. Throughout the organization "bold new experiments" are encouraged.

Mr. Addicks doesn't view his role as General Mills's chief marketing officer as being the most creative person in the company, but sees it as creating an environment where creativity and entrepreneurialism flourishes.

"My job is to maintain a level of creativity and entrepreneurialism."

— Mark W. Addicks

- **Diversity is critical to driving innovation.**

In Mr. Johansson's view, cultivating diversity that is used to drive innovation is the single most important management skill of the next decade.

He said that people instinctively believe that diversity drives innovation. But when innovation is urgently needed, most people believe that ability trumps all and a team is assembled based on ability. Essentially, diversity is seen as "nice to have" but ability is seen as critical. This isn't the right thought process. In reality, diversity usually trumps ability and teams assembled based on diversity will outperform those based on ability.

"In large organizations, diversity trumps ability [in generating innovative products/solutions]."

— Mark W. Addicks

- **True entrepreneurialism can't be taught, but entrepreneurial thinking and frameworks can be shared.**

These experienced entrepreneurs saw their most significant and relevant entrepreneurial learning occurring not in a classroom but through real-world experiences. Taking an idea from inception to execution is hard to teach, as are the pressures of meeting payroll and raising financing.

But much can be learned about entrepreneurship that can improve the chances of entrepreneurial success and that can help large organizations create a scalable entrepreneurial culture. This includes learnings on why certain ventures succeed or fail, best practices, and refinement of analytical skills (such as those honed at HBS) for developing a venture's strategy and determining the key success factors. Thus, an education does have value for entrepreneurs and entrepreneurial organizations.

Other Important Points

- **Openness fuels entrepreneurialism.** Mr. Nishar said that the open environment of the Internet has been a catalyst for entrepreneurs. Communication is free and open, with no barriers, which has created an unprecedented flow of information, connectivity, and collaboration.
- **Managers' perspective.** Managers typically say creativity is most desired in marketing and R&D, and is least desired in accounting. In the wake of Enron, no one wants "creative accounting." However, it is important to keep in mind that activity-based costing is an accounting innovation that has had tremendous value for large corporations.



Speaker Biographies

Teresa M. Amabile (Moderator)

Edsel Bryant Ford Professor of Business Administration

Teresa Amabile is the Edsel Bryant Ford Professor of Business Administration at HBS. Originally educated and employed as a chemist, Amabile received her Ph.D. in psychology from Stanford University in 1977. At first focused on individual creativity, Amabile's research has expanded to encompass team creativity and organizational innovation. This 30-year program of research on how the work environment can influence creativity and motivation has yielded a theory of creativity and innovation; methods for assessing creativity, motivation, and the work environment; and a set of prescriptions for maintaining and stimulating innovation. Her current research program focuses on how events in the work environment influence subjective experience and performance.

Amabile has held several research grants, including Creativity and Motivation, from the National Institute of Mental Health, and Downsizing Industrial R&D, from the Center for Innovation Management Studies. She was awarded the E. Paul Torrance Award by the Creativity Division of the National Association for Gifted Children in 1998.

Amabile has presented her theory, her research results, and her methods for stimulating innovation to various groups in business, government, and education, including Lucent Technologies, Procter & Gamble Company, Novartis International AG, and Motorola. Besides participating in various executive programs, her main teaching assignment at HBS is the MBA elective Managing for Creativity. Amabile was the host/instructor of *Against All Odds: Inside Statistics*, a 26-part instructional series originally produced for broadcast on PBS. She serves as a director of Seaman Corporation.

Amabile is the author of *Creativity in Context* and *Growing Up Creative* as well as over 100 scholarly papers, chapters, and presentations. She serves on the editorial boards of the *Creativity Research Journal*, *Creativity and Innovation Management*, and the *Journal of Creative Behavior*. Her recent papers include "Assessing the Work Environment for Creativity" (*Academy of Management Journal*); "Changes in the Work Environment for Creativity during Downsizing" (*Academy of Management Journal*); "Leader Behaviors and the Work Environment for Creativity: Perceived Leader Support" (*Leadership Quarterly*; named the best paper for 2004); and "Affect and Creativity at Work" (*Administrative Science Quarterly*).

Mark W. Addicks, MBA 1988

Senior Vice President, Chief Marketing Officer, General Mills

As senior vice president, chief marketing officer, of General Mills Inc., Mark Addicks has overall responsibility for the company's marketing function and its marketing services organization, G-Com. In this role, he has oversight

responsibilities for the company's global brand-building strategy, including its advertising, promotions, PR, design, packaging, online, licensing, and multicultural initiatives. He also oversees some of the industry's most recognized equity platforms, including Box Tops for Education and the Pillsbury Bake-Off, and has pioneered several cutting-edge proprietary marketing ventures.

Since joining General Mills in 1988, Addicks has held marketing positions with increasing responsibility in both the Yoplait and the Big G cereal divisions. As vice president of Big G New Enterprises, he led successful new-product development efforts, including Frosted Cheerios, one of the most heralded product launches in category history. He also produced groundbreaking results as leader of the venerable Cheerios franchise.

Addicks was named vice president of marketing communications in January 2000 and led the integration of the General Mills and Pillsbury marketing functions in 2001. He was named chief marketing officer in January 2004 and was promoted to senior vice president, chief marketing officer, in June 2007.

Before joining General Mills, Addicks led marketing communication programs for Anderson, Clayton & Company, a diversified foods company based in Houston. During the same period, he started and managed three entrepreneurial businesses in Houston.

Addicks's work has been widely recognized for his innovation and marketing expertise. *Advertising Age* named him one of the top 100 marketers in 1999 and one of the top 25 power brokers in 2003 and 2004. He has been invited to guest lecture at some of the nation's leading business schools, including Harvard, Tuck, and the University of Chicago.

Addicks earned a bachelor's degree in government from the University of Texas in 1978 and an MBA from HBS in 1988. He resides in Minneapolis.

Scott D. Cook, MBA 1976

Chairman, Executive Committee, Intuit

Scott Cook is chairman of Intuit's executive committee. He was chairman of the board from 1983 to 1998 and president and CEO from 1983 to 1994.

Cook is the driving force behind Intuit's strategy to revolutionize people's financial lives. After watching his wife painstakingly pay bills by hand, in 1983 he began moonlighting with Intuit cofounder Tom Proulx, then a Stanford student and computer programmer, to develop Quicken. Cook used the marketing techniques he had learned at Procter & Gamble to discover that consumers wanted personal finance software that was easy to use and intuitive. Combining Cook's research with Proulx's computer code, the fledgling company shipped its first version of Quicken in 1984.



Cook is also well known as one of the first to apply techniques from consumer product marketing to software. Among these were usability testing and in-home testing of products; a “follow me home” program in which Intuit product developers observed consumers using Intuit software; product manuals written in plain English; and the first TV direct-response advertising for a consumer software product. Since the launch of Quicken, Cook has been instrumental in guiding Intuit into new businesses such as small-business accounting software and tax-preparation software for home PCs and Internet businesses, including Quicken.com.

Before founding Intuit, Cook managed consulting assignments in banking and technology for Bain & Company and worked in various marketing positions, including brand manager, at Procter & Gamble.

Cook holds a BA in economics and mathematics from the University of Southern California and an MBA from HBS. He is a member of the boards of eBay, the Asia Foundation, Procter & Gamble, and the Intuit Scholarship Foundation. He is also a member of the Young Presidents' Organization, a group of corporate executives worldwide dedicated to learning.

Frans E. Johansson, MBA 2000

Hedge Fund Managing Director

Frans Johansson is a speaker, managing director of a hedge fund, and best-selling author of *The Medici Effect*, which was named one of the top 10 best business books of 2004 by Amazon.com and has been translated into 17 languages.

Johansson earned an MBA from HBS and a BS at Brown University, where he founded a university-wide science magazine that inspires students to this day.

Johansson has lived at the intersection of things most of his life: He was raised in Sweden by his African American and Cherokee mother and Swedish father. He has founded both a software company and a medical-device company.

A dynamic leader and thinker, Johansson has spoken extensively about *The Medici Effect* to companies, organizations, and universities across the country, and organizations worldwide have engaged him to speak on issues of innovation and managing diversity before a wide range of audiences, from C-level executives and human-resource practitioners to investment directors. These organizations include PepsiCo, Nike, Kodak, General Motors, IBM, Motorola, JPMorgan Chase, Pfizer, TeliaSonera, Handelsbanken, Time Warner, EDS, Honeywell, Lockheed Martin, Industri Kapital, Kraft, Arla Foods, and Diversity Best Practice; the cities of Orlando, Baltimore, Karlskrona, among others; and at conferences and universities around the world. Johansson has written articles on health care, IT, the science of sportfishing, and how to save the oceans. He resides in New York City with his wife.

Dipchand Nishar, MBA 2000

Director, Product Management for Asia-Pacific, Google

As Google's director of product management for the Asia-Pacific, Deep Nishar develops product strategy, manages development efforts, and guides key strategic partnerships for Greater China, Japan, Korea, Australia, India, and other countries in the region.

Nishar brings considerable experience to the Asia-Pacific team, having recently served as the director of wireless products at Google, where he oversaw the development of innovative products like Google Maps and Gmail for mobile devices and the formation of partnerships with industry-leading mobile operators, device manufacturers, and software providers. Under his leadership, the Google mobile team developed a strong global presence, particularly in the Asia-Pacific, where Google has established ties with carriers and OEMs in Australia, China, Japan, India, Korea, Malaysia, and Taiwan.

Nishar is also an acknowledged thought leader in the industry and is regularly consulted by media outlets and newswires around the world, including the *Wall Street Journal*, the *New York Times*, the *Korea Times*, the *Digital Times*, the *Economist*, the Associated Press, Reuters, BBC News, the *Economic Times*, the *Financial Times*, the *China Post*, *The Age*, People's Daily Online, Xinhuanet.com, ITmedia, Siliconindia.com, the *Daily Times*, the *Taipei Times*, CNET News.com, Network World Asia, and Nikkei Electronics.

Before joining Google, Nishar worked at Siebel Systems, Patkai Networks (a company he founded), the Boston Consulting Group, and Cummins Engine Company. He has a bachelor's in technology with honors from the Indian Institute of Technology, Kharagpur, where he was a silver medalist; an MS in electrical engineering from the University of Illinois at Urbana-Champaign; and an MBA from HBS, where he graduated with highest honors as a Baker Scholar.