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## Leading Creatively: The art of making sense

By Charles J. Palus and David M. Horth

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# Leading Creatively: The art of making sense

*Relying on formulas and the tried and true is not an unreasonable approach for a leader to solving a problem. But solving many of today's complex problems - and ultimately, outflanking the competition -- requires creative leadership. Specifically, today's leaders need to develop a new set of competencies that include paying attention, personalizing, imaging, serious play, collaborative inquiry, and crafting.*

By Charles J. Palus and David M. Horth

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With increasing frequency, the important work of organizations is their ability to respond to complex challenges creatively. Complex challenges are those that defy existing approaches or solutions. They are central in importance and demand decisive action. And yet because the organization, team, or individual does not know how to act - or is prone to act as if the problem is a familiar one - there is also a need to slow down and reflect. Here's how you know it's complex:

- You feel "stuck," and the challenge is a source of real pain. Prior attempts at resolution have misfired.
- The challenge seems outside current or proposed approaches. Existing formulas don't fit. You may not even be sure exactly how to talk about the challenge.
- The challenge involves a clash of basic assumptions, worldviews, or communities. People disagree about the nature of the challenge and what should be done.

In the case of complex challenges, a sense of direction, the alignment of energies and resources, and a shared commitment to the work come in part from what we call creative leadership. From our research with over 700 leaders facing complex challenges, we have come to understand creative leadership as making shared sense out of complexity and chaos, and the crafting of meaningful action.

In facing and resolving complex challenges, we have found that two sets of competencies are necessary. The better-known set consists of rational skills such as planning, analyzing, and decision making. Most leaders are aware that they have to develop these in themselves and in their organizations. Indeed, excellence in these skills is typically what people are hired and rewarded for.

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The themes of this article are expanded in our book *The Leader's Edge: Six Creative Competencies for Navigating Complex Challenges*. (Jossey Bass, 2002)

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The second set, creative leadership competencies, is less well known in organizational settings but no less important.

## Creative leadership competencies

Everyone possesses at least the rudiments of the following interrelated but distinct competencies: paying attention, personalizing, imaging, serious play, collaborative inquiry, and crafting. Below, we describe these competencies and their successful application.

### 1. Paying attention

The new currency of leadership is attention. Yet living in the wired world too often leaves us in an impoverished state that Microsoft researcher Linda Stone calls "continuous partial attention"-a flood of information and interactions that divides our concentration into diminishing fragments. "If being fulfilled is about committing yourself to someone else, or some experience, that requires a level of sustained attention," said Ms. Stone. "And that is what we are losing the skills for, because we are constantly scanning the world for opportunities and we are constantly in fear of missing something better. That has become incredibly spiritually depleting" (Thomas Friedman, *New York Times*, January 30, 2001).

Managers typically spend roughly 80 per cent of their time solving a problem and only 20 per cent actually examining the problem and its context. For situations of high complexity or novelty, another approach is required such that 80 per cent of one's time is spent exploring the challenge and its context. This approach is grounded in what we call *paying attention* and what Harvard Project Zero co-founder David Perkins describes as "slowing looking down"-taking the time to observe, from a variety of perspectives, in depth, breadth, and detail. Paradoxically this results in "slowing down to speed up"-time up front reduces the time needed to find a robust set of creative (rather than cookie cutter)

solutions.

Paying attention is the disciplined art of slowing looking down in order to discern the unfamiliar in the familiar, as well as the familiar in the unfamiliar.

One technique for doing this is to ask powerful questions. *Powerful questions* are those that change perspectives and unearth assumptions. A powerful question can be as simple as "What's missing?" Asking "why?" five times is a well-known tool for root-cause analysis that also serves to direct attention to underlying assumptions. One team we worked with spent some time at the very outset of their project on the question "If we eventually fail at this, what will we look back and see as the reasons for our failure?" As a leader, the key is to create contexts in which both asking and responding to powerful questions is invited and supported. One leader we know keeps a short public list of the best, most provocative questions facing his team, and then refers to these questions when he thinks things are stuck. It has become a point of honor on his team to be the first to pose a question that makes this list. Another tool for paying attention is what we call the "Pizza Man Method," based on the insight by the design firm IDEO, that sometimes the guy delivering the pizza can bring an outsider's perspective to a team stuck in a limited view of the challenge. You need somebody who is not afraid to ask naïve questions and make unbiased observations from the outside in. In fact in our work we often put action learning teams together with the requirement that nobody on the team is a subject matter expert. A leader on one such project team concluded, "If you want a fresh look you need fresh eyes."

Consider the case of a manufacturing company that we will call XYZ with a long-standing quality problem in the manufacture of a chemical analyzer. The symptoms indicated a problem with the chemistry of one of the components, but for several years it resisted the best efforts of the company. The device is complex, and there were many views about the true nature of the difficulty. The classic response

at XYZ to such problems was to invent new molecules and replace existing ones in the formula. The "invent a new molecule" approach was costing them dearly-millions of dollars in re-work and unusable analyzer but no sustainable solution.

A cross-functional team was formed to take a fresh look at the problem. The team went on three two-day retreats with the purpose of stepping back and paying attention to the complexities of the problem. Team members slowed down and took the time to share stories about the situation, to create visual representations of it, to play with the images, and to engage their imaginations. Through this process they began to understand the problem to be a complex mixture of technical as well as social factors. First and most important, they identified a pervasive pattern of fear in the workplace: employees at all levels were afraid that if the problem was fundamentally solved it would require major changes and the loss of jobs. The fear even pervaded the cross-functional team and, for a while, hampered its ability to entertain new possibilities about the true nature of the problem. Second, they saw that the problem had roots that crossed many boundaries in the organization-previouslly no one had been able to see the problem in its entirety. Third, they saw how their own propensity for inventing new molecules was adding to both the technical and the organizational complexity of the problem. These insights helped the team focus on the design of the entire production chain rather than only on the chemistry of the analyzer. It was finally successful because it was able to openly and constructively engage the employees about the fears, while at the same time planning an overhaul of operations which dramatically improved quality.

## 2. Personalizing

In our research we have seen the extraordinary range of talents that leaders exercise *outside* the workplace: the medical research executive who modestly calls himself a gardener, but who others consider a gifted landscape architect; the marketer

who is a lauded poet; the systems architect who plays jazz piano; the software designer who throws pots. All too often, however, there is a gap between these huge personal resources and how people use them to enhance their leadership effectiveness at work.

The competency of personalizing is about tapping into and using your unique life-experiences as resources for making sense of complex challenges. The totality of who we are and what experiences we have had is like a catalyst, such that increasing the surface area available increases the ability to have fresh insights. Successfully mobilizing these crossover resources in ourselves and others is a key shift in moving from a mind-set of management to one of creative leadership.

The Wright brothers leveraged their love of bicycles into the challenge of building a flying machine. A prominent lawyer we know writes novels; she finds that composing fictional characters helps her understand the nature of the people she serves in her family-oriented practice. A marketing VP told us that crafting strategy has deep similarities to the poetry writing she has done since childhood-both involve making connections, playing with ideas, conveying emotion, and composing language. She finds that her grasp of strategy has become more powerful since she decided to link the two formerly separate realms of her life.

One leader explained it this way: "The rules tell us separate work from personal life. But I couldn't do it. I began to look for ways to bring my lifelong passion for dance and choreography to my work. Choreography tells me what it is like for twenty people to relate on stage-or in a conference room-and what it means to dance solo as well. I still see things best as paisley, circles, and rhythms rather than as lines."

Leaders can personalize in two ways. They can create a climate in which people can make creative connections between their personal passions and their work, and they can make these same

connections for themselves. Indeed, modeling such connections encourages and facilitates the same behavior in others.

### 3. Imaging

The world is in the midst of an image revolution. Pictures, stories, metaphors, and visual arts animate the economy and, increasingly, the workplace. For creative leadership, a new kind of literacy is required: a literacy of images.

*Imaging* is the ability to make sense of information, construct ideas, and communicate effectively through the use of images. Images run the gamut from pictures to poetry, scenarios of the future, sketches by hand, video, and digital graphics. Images help us connect with ways of knowing that go beyond the intellectual and verbal. They reach into our imagination, our intuition, and our emotions—all of which are vital resources when facing and solving complex challenges.

Old-style imaging used to be a top-down affair in which visions and symbols were used to control behaviors. New-style imaging is a participatory affair that leaders and communities can encourage in a number of ways.

For example, an imaging technique for exploring possible future scenarios for an organization is one we call *movie-making*. The "movie" is a wall-sized collage of images and words created by organizational members to tell the story about where an organization might be headed, or how certain challenges might worsen or be resolved. Movies have three parts: "Once upon a time, there was an organization something like us ... Then one day something happened, a catastrophe, an invention, a revolution, or ... And so this is how it all turned out, for better or worse." Subsequent dialogue with the movie in the middle helps the group explore its options.

One group at a large software company created a movie that went like this: "Once upon a time there were four colleagues who worked at a computer software company (which looks like us). One day they commit the perfect crime. They break into the company directory and payroll system and change all the employee titles and salaries. *Boss* becomes *Subordinate*, and all Subordinates become Bosses." This creates an interesting series of situations in which everyone sees issues and problems from a totally different perspective, and they are better able to solve problems because of these new perspectives. The closing frame contains the words "Live the Dream." This movie stimulated a powerful dialogue about the need to see issues from more than one perspective, about the importance of acknowledging the perspective of corporate management, and about the importance of acknowledging our staff's needs and balancing them with what our clients need.

Try banning PowerPoint for just one meeting, and use only paper and colored markers instead. ("Death by PowerPoint" is a popular catch phrase for incompetence in imaging.) By establishing a norm for handcrafted imagery, you will support others' participation in creative leadership. Ask directors to create public displays or posters for their quarterly reports instead of packets of numbers that few others ever look at. Steve, a regional sales manager, had his team create a 20-minute video of a breakthrough project with a key client. The video became a point of pride and was circulated to other sales regions.

### 4. Serious play

In the new workplace, the lines between work and play are often blurred. Organizational learning expert Peter Vaill explains why: in the face of complexity and chaos, the key is a beginner's mind, "the capacity to shelve one's competence in favor of openness to the new." What do beginners do? Good beginners play.

*Serious play* is skill in generating knowledge about the unknown aspects of a challenge through exploration, experimentation, rule bending, limit testing, levity, and sport. It is a way of learning about the complexities and subtleties of an issue or problem by exploring the limits. It involves making or finding a relatively safe space so the bending and testing can be done without catastrophe. In this way you learn to see new patterns in apparent chaos and find a way through turbulent circumstances.

Dispatchers at the Trucking Company (TC) assign hauling jobs to a fleet of interstate trucks. The old method called for the dispatcher to refer to a decision tree that was optimized on such variables as seniority of the driver, client priority, type of cargo, and so on. But the optimization algorithms broke down frequently. The new method incorporates serious play and allows for disciplined improvisation. Everyone in the company is trained to recognize three modes of operation, which they use depending on the level of turbulence in operating conditions. They named these modes *classical*, *jazz*, and *jamming*, in a metaphor of the styles of music they parallel. In classical mode-predictable and highly structured-the dispatchers follow a traditional set of rules. When conditions are busier, dispatchers turn to jazz mode, which recognizes the increasing need for improvisation. Jamming is used during chaotic conditions, such as severe weather. During jazz and jamming, the structures for formal decision-making are present but as "undertones."

Serious play is for serious challenges, not for comic diversion (although having fun is a positive side effect). Don't denigrate play by making it merely an "icebreaker." Childish play-unlike child-like play-is a step backward.

## 5. Collaborative inquiry

Creative leadership has often been thought of as coming from a highly talented individual standing in front of a group of followers. This is, at best, a half-truth: Creative leadership arises from

communities of people pursuing shared interests and passions. Increasingly it is the people rather than the formal leaders who are playing the essential parts in leading.

*Collaborative inquiry*, or co-inquiry, is the ability to dialogue within and across community boundaries. It involves cycles of action and reflection, and thus promotes learning. Co-inquiry invites loyal skepticism, challenging questions, and a plurality of perspectives.

The most common image of the Wright brothers is the one of them alone with their machine on the windy beach in North Carolina. A more revealing image is of the brothers where they lived and worked, in Dayton, Ohio, among a community of inventors - teachers, artists, and other citizens. The members of this community helped each other create cash registers, washing machines, refrigerators, starters for gasoline engines, no knock gasoline, and, oh yes, airplane wings with a proper design that allowed engine powered flight.

Fostering co-inquiry within your organization means setting up an environment that feeds creative exchange and collaborative learning. For example, Wallenius Wilhelmsen Lines, a global ocean-shipping company, found that, although its organizational members had lots of meetings to exchange information, they were not digging underneath the information to solve complex challenges. So WWL began mandating what it calls "coaching groups" consisting of peers and their boss. These groups convene regularly in special meetings dedicated to the purpose of giving each other feedback, coaching each other, and asking powerful questions about their shared work. They entertain what-if scenarios around difficult issues. They are trained to confront and resolve interpersonal issues. All this culminates in allowing the group to make sense of their business at the level of service delivery to the customer, to create new products and services, and to spread this knowledge throughout the organization.

## 6. Crafting: Using competencies in concert

Crafting refers to synthesizing the issues, objects, events, ideas, and actions into meaningful wholes. Crafting is making something new or well-adapted come into being, without simply resorting to formula and repeats. This means daring to make it elegant, beautiful, or well-composed, with an individual or collective stamp of a particular style and aesthetic edge. Much depends on tacit intimacy and experience with the materials, lots of repetitions of the creative actions, and a dynamic shaping response to emergent possibilities and constraints. This is the same motion as scientific induction-going from the raw particulars to a non-reductive pattern or dynamic. In organizational life it is the crafting of shared meaning in times of change: Crafting thus becomes the capstone competency of putting it all together-integrating, shaping, forming, and finishing-thereby completing a work of art initiated way back in the first moments of paying attention.

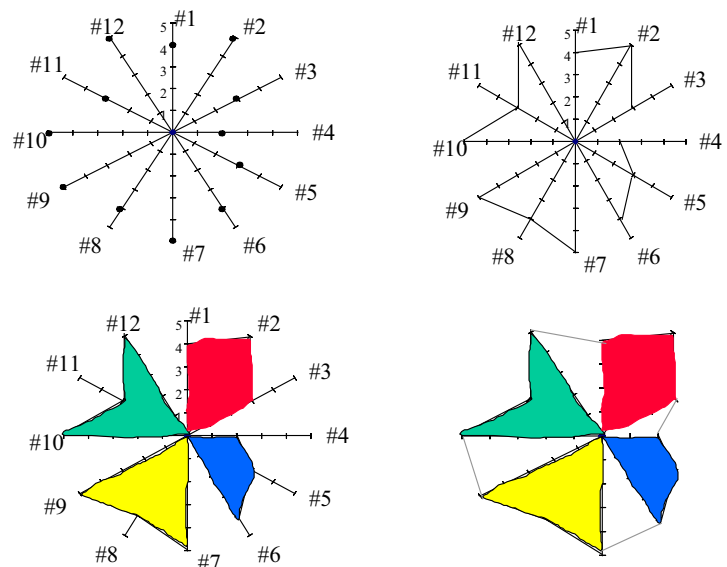
Let's see how one organization does this.

The Orion Research Center (we have disguised the name) is the research function of a *Fortune* 500 company specializing in self-adhesive base materials, self-adhesive consumer and office products, and specialized label systems. ORC had been conducting strategic project planning with a small group of senior managers. In response to the increasing pace and quality of innovation in the market, it began doing this planning with a twenty-person team of managers, scientists, and technologists. The purpose was to read the waters of market and technological change more deliberately and to make better decisions. The team was selected for diverse experience and perspectives and for leadership potential. It had open access to relevant information on internal operations, technology, patents,

customers, and competitors.

This improved the results of project selection-but the team soon ran into a wall: There was simply too much information, too many unknowns, and too many perspectives to take in and synthesize. Computer-aided techniques of analysis went far but still proved inadequate. The team began to look for new ways to create useful order out of the complexity it faced.

It explored the competencies described in this article and used them to select projects in alignment with corporate strategy. For example, one technique involves making a "star map" for each proposed project. Each leg on a star plot shows a rating of the project from 1 to 5 on a particular scale. The rating points on adjacent legs are connected with a straight line and the resultant polygon is cut out. In one key part of this process, the diagrams are turned over, and the strategic quadrants are differently colored. Thus no numbers are visible-only colored shapes.



The team collaboratively pushes the shapes into clusters along a variety of dimensions. Members try to make sense of the patterns they notice and ask

themselves what is missing from an ideal pattern. They exercise their intuition instead of constantly focusing on the numbers. The language temporarily shifts from one focused on numbers, logical analysis, and ranking of criteria to one concerned with shape, form, proportion, and pattern. The result is the selection of a portfolio of projects crafted according to a strategic big picture rather than as a mere sum of parts.

Of course, intuitions are not uncritically adopted and numerical analysis is still highly regarded, but, in general, ORC perceives distinct benefits, as in the words of one member: "Intuition is legitimate now, where it wasn't before. Emotions are put on the table; different people will try to push the same spider diagram in opposing directions. Everyone on the team gets a chance to handle the diagrams and offer their perspective without always having to prove their point of view. Alternatives get surfaced, and

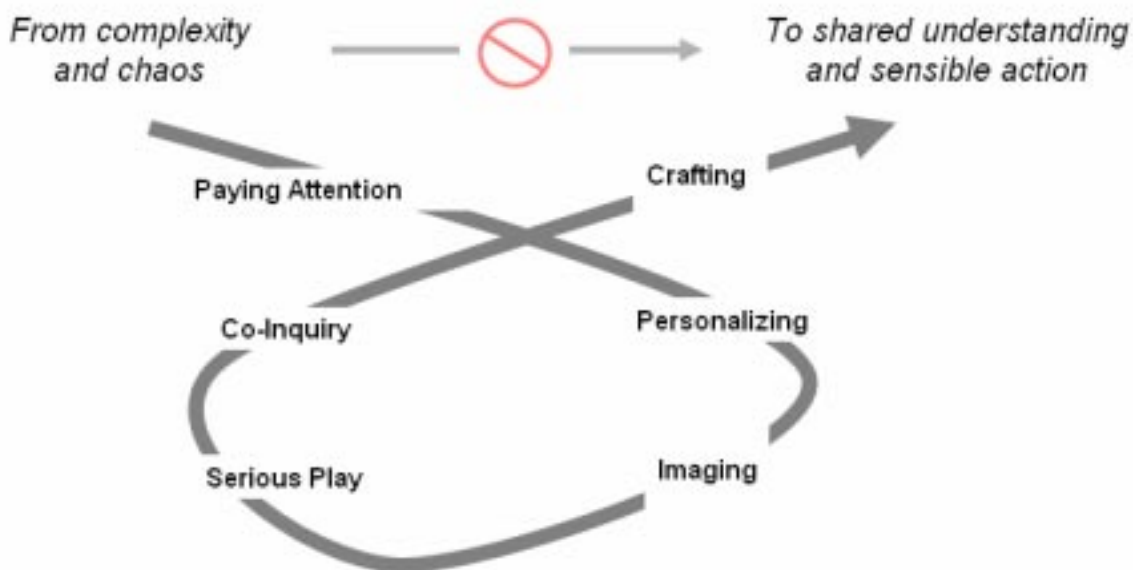
we explore them." The overall effort to improve strategic planning at ORC resulted in a measured increase in the value of completed projects, quicker time from inception to market, and improvement in the climate for creative work.

### The Sensemaking Loop

The application of these competencies in concert often proceeds in repeated cycles, each cycle in the order shown in the *Sensemaking Loop*.

In addressing complex challenges it is tempting, but ill-advised, to attempt to impose a quick straight line from complexity to shared understanding. Such is the instinct of expert management, but it risks repeating old solutions based in obsolete models. Cycles of shared sensemaking replace prescriptive solutions in times of complexity and change. The new organizational reality requires that more people

Figure 1: The Sensemaking Loop



cooperate in composing the work of the organization. The people closest to the work itself thus are emerging as an important creative leadership cadre.

### Artistry and creative leadership

"*Art* [is] the attempt to wrest coherence and meaning out of more reality than we ordinarily try to deal with."

Peter Vaill, *Leadership as a Performing Art*, 1989, p. 39

Creative leadership is, at its heart, about building-building knowledge, building products, and building institutions. Constructing something that has never been built before, and solving complex challenges in the process, requires the two great engines of human creativity: analysis and artistry. The first works by formulas; it depends on generating and coordinating parts. The second works by perception and composition; it strives intuitively for original wholes. It is the thorough integration of the rational-analytical and the aesthetic that enables people to lead creatively, so that they and their organizations can grow and adapt, explore, build, create, and innovate. ■