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Responsible Creativity: Turning Ideas into Business Reality

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Without the guardrails of marketing capabilities and disciplined execution, unbridled creativity can bring financial and strategic losses, a study of international ventures showed.

Creative achievements, such as Ferdinand Magellan's epic circumnavigation, are often celebrated as "eureka moments." Yet people often overlook the crucial years of information gathering, planning, and preparation that made them possible. Without this meticulous groundwork - where passion is tempered with discipline - such a voyage into the unknown would have been sheer recklessness. This is especially important for companies seeking creative ways to enter new and unknown global markets.

Creative thinking helps businesses solve problems and stay ahead of the competition. However, unbridled creativity can result in financial and market losses. LEGO's story illustrates the dangers of unmanaged creativity and serves as a stark reminder that passion without discipline can fuel chaos. Between 2003 and 2004, LEGO experienced a sharp decline in sales and profitability, bringing the company to an existential crisis and putting its independence at risk. To revive the business, LEGO pursued a strategy of relentlessly launching new products. This approach led designers to overlook costs, while production facilities operated at only 70% capacity. Ultimately, this unmanaged creativity, detached from market realities and disciplined execution, pushed LEGO into crisis and threatened its very survival.

Creativity and Discipline

Today's global marketplace places a strong emphasis on creativity as key to success. Organizations worldwide rely on their employees' creative potential to stay competitive, and in international business, creativity is often seen as a vital resource for global operations. Senior managers are naturally eager for their firms to be more creative and innovative.

Nevertheless, Professor Theodore Levitt, in a famous article[1] in *Harvard Business Review,* warns that creativity is not enough, and that it can possess a "dark side" for business organizations. Levitt argues that there is a difference between generating ideas (creativity) and implementing ideas and turning them into reality (innovation). He even explains that creativity can sometimes be destructive, because organizations are fundamentally structured to foster order and routine. Therefore, a relentless pursuit of novelty might lead to superfluous initiatives that are irrelevant to a firm's actual needs. An excessive focus on abstract creative endeavors risks disrupting existing projects and crucial relationships with partners, suppliers, and distributors. Levitt concludes that novelty is often overvalued, and it is disciplined execution that gives an idea its true worth. Thus, the real challenge for firms is not generating new ideas but ensuring that ideas are effectively translated into productive outcomes.

The Paradox of Creativity and Marketing Capabilities

My own research with Kalanit Efrat, which was published in the *European Journal of International Management,* tested Levitt's perspective. Using a survey-based approach analyzed with structural equation modeling, we examined whether creativity capabilities (which emphasize generation of new ideas) and marketing capabilities (which reflect order, analysis and planning thinking) interact and influence diverse performance outcomes, including financial results, strategic achievements, and managers' satisfaction.

After studying 179 international ventures, we found that marketing capabilities are powerful drivers of international performance across financial, satisfaction,

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and strategic dimensions. While creativity capabilities did improve satisfaction and strategic performance, their impact on financial performance was not statistically significant. Moreover, marketing capabilities delivered consistent results, providing firms with steady and reliable benefits. While creativity also enhanced performance, its impact was comparatively smaller across all outcomes. This confirms that in business, creativity and originality are not enough -- the idea must be appropriate and mainly actionable and useful. Marketing capabilities provide the necessary discipline to help firms made decisions based on market data, enhance organizational order, and improve the ability to comprehend and anticipate customer needs, thereby facilitating superior performance.

Interestingly, we found a surprising paradox: while both creativity capabilities and marketing capabilities positively influence international performance, their interaction is negative. This means that when the two capabilities are pursued together it reduces rather than enhances the positive impact of both capabilities on performance. In other words, firms pushing hard on both at once can create a tension that reduces rather than enhances performance. The interaction had a significant negative impact on performance across financial and satisfaction outcomes, and a marginal negative impact on strategic outcomes. This negative interaction implies that, much like certain pharmaceutical drugs with harmful interactions, creativity and marketing capabilities can be “contraindicated” in international business.

Why does this happen?

- Creativity often introduces randomness and uncertainty into the rational planning process. Developing new ideas and products drives up short-term costs due to investments in new projects and can disrupt existing value chains by affecting relationships with partners, suppliers, and distributors. This risk of over-investing in new, perhaps superfluous, ideas can directly harm financial performance.
- Simultaneously developing novel ideas and initiating new projects (without exploiting ongoing projects – the new projects of yesterday) can create significant stress for managers. This tension can lead to frustration due to uncertainty, ultimately reducing their satisfaction with performance.

Because different industries may value creativity differently, we examined the effect in high-tech versus low-tech industries. The results show that marketing capabilities are superior to creativity capabilities in both samples and across all performance outcomes. However, we found that the negative interaction is more pronounced in low-tech industries than in high-tech ones. High-tech firms are inherently in a constant state of innovation, where creativity is essential to remain competitive in a fast-paced environment. In contrast, low-tech firms, which experience slower rates of change, may find the disruptive nature of creativity more difficult to reconcile with marketing discipline.

In summary, the findings reveal that merely embracing creativity without a disciplined approach can, in fact, be counterproductive, particularly in the complex arena of international business where organizations operate in diverse geographies and contend with unique customers and competitors in each market.

Takeaways for Entrepreneurs and Managers

Our research offers vital guidance for managers navigating the complexities of global expansion:

- Acknowledge that idea implementation is the important thing. Chasing too many ideas at once can be just as harmful as having too few.
- Instead of chasing creative breakthroughs, entrepreneurs and managers should begin by thoroughly understanding their intended market, using external resources to gain a macro perspective. Reduce market uncertainty as much as possible before incorporating a more creative perspective.
- While creativity has its place, entrepreneurs must recognize that over-reliance on it, especially in conjunction with marketing efforts, can harm performance, particularly financial outcomes. Creativity should be pursued cautiously, within clear boundaries.
- To mitigate risks, entrepreneurs should provide explicit guidelines and constraints for creative workers, such as aligning with existing marketing capabilities. This provides purposeful direction for imaginative efforts, ensuring they deliver practical value rather than abstract novelty.
- Implement simple guidelines

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(https://eiexchange.com/content/simple-rules-can-power-up-your-global-strategy) for managers to ensure global consistency in researching new markets while still allowing for flexibility. For example, include a simple decision-making rule like “While we encourage creativity, we need to remember that we should focus mainly on consumer needs.”
- Recognize that when firms push both creativity and marketing at the same time, their short-term financial results will likely suffer. But over the long-term entrepreneurs and managers focused on strategic outcomes may have more room to encourage creativity safely, as innovation takes time to develop.

The Bottom Line

Don’t be tempted to prioritize and idolize creativity. Steve Jobs called it a serious disease - the belief that having a great idea is 90% of the work. (https://www.youtube.com/watch?v=ErnS5mzo_8Q) In real business life, if you want to make an idea happen, you need to have a process for doing so. In the complex arena of international business, preparation and deep market understanding are paramount. In essence, much like the human brain, which requires both its creative “right side” and its analytical “left side,” firms in international business need both marketing and creativity capabilities. However, our study empirically demonstrates that for international success, the “left brain” - the planned, analytical marketing capabilities - should be the fundamental starting point. Hence, creativity should be used responsibly, with a focus on turning ideas into business reality rather than chasing too many at once.

Explore the Research

Why is creativity not enough for international business? (https://www.researchgate.net/publication/385892674_Why_is_creativity_not_enough_for_international_business) By Yoel Asseraf and Kalanit Efrat. European Journal of International Management, August 2023.

Learn More

Simple Rules Can Power Up Your Global Strategy (https://eiexchange.com/content/simple-rules-can-power-up-your-global-strategy)

[1] Levitt, T. (2002). Creativity Is Not Enough. *Harvard Business Review*, 80(8), 137-145

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