

Leadership and Imagination: The Creative Act of Imagining Novel Strategy

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A leader's world is one of constant motion – and change is, of course, the only constant. “You can fight change and lose, accept change and survive, or lead change and prosper.”ⁱ

The art of leading change can require a series of creative acts that may result in producing something new or novel. The word “new” is defined as not existing before, made, introduced, or discovered for the first time; different from anything seen or known before. Leaders in a changing world often discover new paths toward a successful future, improvising to solve real problems, and innovating to create new value.

Developing a novel idea is often associated with what goes on in the mind of an entrepreneur. But according to Jeff McMullen and Alex Kier, “You don't have to be an entrepreneur to be entrepreneurial.”ⁱⁱ An entrepreneurial mindset is obviously a key characteristic for both entrepreneurs and successful organizational leaders.

The importance of entrepreneurial activity – or creating new value – within an existing organization cannot be overstated. In fact, the older the company, the more important (and difficult) leading change and innovation becomes. Perhaps the most important type of entrepreneurial activity for a company's leadership team is creating new strategic value. So what skills can we learn from successful entrepreneurs about creating new strategic value? And why are some leaders better than others in creating new ideas that unlock value? How are these new ideas born?

In this installment of “Linking Theory to Practice,” we draw upon new research (in press) that explores the antecedent creative skills used by entrepreneurs to generate and select ideas for new value creation. Alex Kier and Jeff McMullen, respectively of Washington State University and Indiana University, have conducted a terrific new study highlighting the process by which successful entrepreneurs actually create novel ideas. Their research article is entitled, “Entrepreneurial Imaginativeness in New Venture Ideation.”ⁱⁱⁱ The article has been accepted and their findings will soon be published in the *Academy of Management Journal*.

A deeper understanding of what goes into the creative act of imagining new ideas and unlocking new value is critical for senior leaders who need to innovate in order to move their companies in new strategic directions. According to our researchers, “Imaginativeness enables just about anyone to generate and select new venture ideas with the proficiency of a habitual entrepreneur.”^{iv}

New Value Creation & the Serial Idea Generator

“Coming up with a million-dollar idea is difficult, much less several of them. That is why we stand in awe of people like Joy Mangano, inventor of the Miracle Mop, founder of Ingenious Designs, and inspiration for the movie *Joy* starring Jennifer Lawrence.”^v Mangano sold her first company when it was selling more than \$10 million worth of product per year. Even more impressive is the fact that she now has over 100 patents in her name. “When asked to explain her secret for generating so many successful new product ideas, Mangano simply states, ‘I think my products have been successful because they have mass appeal...I'm just like everybody else out there. I'm a mom, I work, I have a house to clean, things to organize. We all have certain needs, and I address them.’ It is hard to look at individuals like Joy Mangano and not believe that they have something the rest of us do not. Successful entrepreneurs, like Mangano, simply appear to possess an entrepreneurial imagination that eludes most. Yet, anyone who leads a business – regardless of whether they

founded it, helped build it, or have just begun to assume responsibility for it – knows that new ideas are essential to its continued relevance in an ever-changing, competitive landscape.”^{vi}

Leaders certainly know that innovation and new value creation is the currency of business – especially when the new ideas have mass appeal and address customer needs. New ideas “constitute the lifeblood for firms in generating new products or services, new business models, new processes, and bringing about general organizational or strategic change.”^{vii}

Past research has shown that four attributes are helpful when a person is engaged in creative problem solving: motivation (attitude and effort), knowledge (general human capital), experience (judgement and evaluation informed by experience), and imagination.

Four Pillars of Creative Problem-Solving

Motivation

Knowledge

Experience

Imagination

We hire people hoping they will bring fresh perspectives and continue to add value. We form work groups based on the premise that together they can solve organizational problems and find creative solutions to customer needs. We contribute to the work of leadership teams and focus on accelerating our competitive advantages. Yet at times the innovation and value creation we had anticipated is not easily produced. Interestingly, research has shown that before an idea is born, imagination must be evoked. Often the problem may be occurring at the front end of innovation, during the imagination phase.

Before the Grand Idea: The Elegant Imagination

What is the genesis of entrepreneurial activity? What happens in the early stages of creating a new venture opportunity? What is the starting point of innovation and strategic change? We know a lot about opportunity evaluation and opportunity exploitation, but we want to know more about how new ideas are formed and how they result in the discovery of these opportunities. What happens in the mind of successful entrepreneurs that leads to new value creation? As it turns out, the source of generating new ideas is imagination.

This research takes a close look at new venture ideation, defined as “the capability to generate and select new venture ideas. The creation of new ventures is a process by which entrepreneurs come to imagine the opportunity for novel approaches to existing problems or nuanced ways of creating opportunity and developing something we did not know we needed. They use their imaginations to create new ideas that either proves to be opportunities for new ventures or dead ends. Because all great ventures begin with imagination and opportunities are ultimately determined through creative imagination and social skill of the entrepreneur, imagination is critical to new venture ideation.”^{viii}

But what is imagination? The purpose of this study was to unpack how imagination works.

Kier and McMullen took a deep dive into the literatures of management, psychology, entrepreneurship, and creativity and interviewed over 500 individuals. They found that entrepreneurs imagine with novelty and creativity being able to connect thoughts that are not normally put together. They also found that entrepreneurs imagine needs of others and “who, how, and what might be impacted by the innovation they are contemplating.”^{ix} Finally, they found that entrepreneurs imagine

the orchestration of what it takes to bring ideas to the market in a practical way. Thus, the entrepreneurial mindset of imagination does not just include a single type of creativity, but rather it is multifaceted.

The Three Key Forms of Imaginativeness

Keir and McMullen's research reveals that there are three key forms of imagination that influence new venture idea quantity and quality. These include creative imagination, social imagination, and practical imagination.

"Creative imaginativeness is a cognitive skill to envision something that cannot be or is not currently being observed for the purposes of novel, original, artistic, or innovative creation. Individuals possessing creative imaginativeness make novel connections to form new means-ends relationships. They are unafraid to take a fresh approach to problems or situations...."

Social imaginativeness is a cognitive skill to envision something that cannot be or is not currently being observed for the purposes of taking the perspective of others, seeing and feeling the world from another's frame of reference, or reading the desires, intentions, beliefs, and emotions of others. It is rooted primarily in the psychological constructs of empathy and perspective taking....

Practical imaginativeness is a cognitive skill to envision something that cannot be or is not currently being observed for the purposes of planning, organizing, analyzing, or managing information, resources, or projects....

(In summary), creative imaginativeness allows individuals to make connections between seemingly unrelated pieces of information to form new means-ends relationships that result in the generation of new venture ideas. Social imaginativeness allows individuals to understand the needs of others, which increases the identification of more problems in need of a solution, and thus more stimuli to trigger ideas quantity. Practical imaginativeness allows individuals to identify problems in need of solutions, prompting a perceived need to generate ideas, and the generation of ideas in response to the salience of this need."^x

Three Key Forms of Imagination

Creative Imagination

Social Imagination

Practical Imagination

The researchers found that these three key forms of imagination predict higher numbers of new venture ideas than the other three pillars of creative problem-solving: knowledge, experience, and motivation. That is, the skills of creative, social, and practical imagining are more important to producing a high quantity of new ideas than knowledge, experience, and motivation. The researchers also found that the quantity of new ideas created affects the quality of new ideas created. Thus, imagination is essential to the initial phase of ideation and the implementation of new value creation.

Insights for Executives and HR Leaders

Based on personal interviews with Alex Kier and Jeff McMullen, top management teams should consider the following:

1. Recognize that the four pillars (motivation, knowledge, experience, and imagination) are all important, but imagination best predicts new value creation. Importantly, new value creation includes the ability to think differently about a problem, let go of how things are currently being done, and approach innovation from an investment perspective.

2. Assess whom in your organization measures high on each of the three forms of imagination—creative, social and practical. A short assessment instrument has been developed by the researchers^{xi}
3. Create cognitively diverse teams that are comprised of individuals with complementary skills, including those with creative, social, and practical imagination skills.
4. Structure entrepreneurial and creative engagement activities into two phases: generating ideas and selecting ideas. Put those who are high in creative and social skills in the room during the idea generation phase and put those who are high in social and practical skills in the room during the idea selection phase.

The importance of creating new value within an existing organization cannot be overstated. Perhaps the most important type of entrepreneurial activity for a company's leadership team is creating new strategic value. Therefore, a highly innovative and creative top management team is critically important for strategy design.

A deeper understanding of what goes into the creative act of imagining new ideas and developing new value is a critical skill for senior leaders who need to innovate in order to create new strategic directions. What is the starting point of innovation and strategic change? Imaginativeness. Leaders should recognize that the act of developing novel strategies is born of creative, social, and practical imagination skills.

ⁱ Leavitt, M.O. (2001). Management's challenge: Leadership for changing times

ⁱⁱ McMullen J.S. & Kier A.S. (2017). You don't have to be an entrepreneur to be entrepreneurial: The unique role of imaginativeness in new venture ideation. *Business Horizons*, 60 (4).

ⁱⁱⁱ Kier, A.S. & McMullen, J.S. (2018). Entrepreneurial Imaginativeness in New Venture Ideation. *Academy of Management Journal*, (in press).

^{iv} McMullen J.S. & Kier A.S. (2017). You don't have to be an entrepreneur to be entrepreneurial: The unique role of imaginativeness in new venture ideation. *Business Horizons*, 60 (4).

^v IBID

^{vi} IBID

^{vii} Van Den Ende, J., Grederiksen, L., & Prencipe, A. (2014). The front end of innovation: Organizing search for ideas. *Journal of Product Innovation Management*, 1-6.

^{viii} Kier, A.S. & McMullen, J.S. (2018). Entrepreneurial Imaginativeness in New Venture Ideation. *Academy of Management Journal*, (in press).

^{ix} IBID

^x IBID

^{xi} IBID