

# CREATIVE SUPPLY MANAGEMENT SOLUTIONS FOR THE SERVICES SECTOR



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# PRESENTATION OBJECTIVES



- To show how supply units in service firms in transition can benefit from creative problem solving
- To show how supply managers can attain their vision through embracing creative techniques
- To focus on the connection between innovation and supply management performance
- To connect world-class supply status in service firms with creative effort

# CREATIVITY AND WORLD-CLASS SUPPLY MANAGEMENT



- World class status embraces a decisive, macro-oriented vision of the supply management process and its value-adding potential
- World class is an evolving state shaped by astute and creative management of critical resources.
- On a world class scale of 1-10, how would you rate your supply management unit? Why? How can you close the performance gap?

# THE CREATIVITY SKILL SET - IMPLICATIONS FOR SUPPLY MANAGEMENT LEADERSHIP



- A dynamic process of recording, retrieving, and reassociating information to form a new idea.
- Creativity is kaleidoscopic thinking. It involves taking an existing array of data, phenomena, or assumptions and twisting, shaking, or looking at them from another angle, thus creating a new pattern or process.

# OTHER PERSPECTIVES ON CREATIVITY



- A system for introducing change
- A way of thinking about problems
- The process of developing original ideas
- Targeted effort toward innovative results
- The capacity to use non-traditional means to solve problems

# HOW CAN CREATIVITY CONTRIBUTE TO SUPPLY MANAGEMENT SUCCESS?



- Increase the number of alternative solutions
- Increase competitive advantage
- Encourage more efficient use of resources
- Forces a different perspective on problem identification and solution

# Return on Investment



- A two-year in-house creativity course at GE resulted in a 60% increase in patentable ideas.
- Participants in PPG's creativity course showed a 300% increase in viable ideas compared to those not participating in the training.
- At Sylvania, several thousand people took a 40 hour course in creativity. ROI: \$20 for \$1 spent.
- HP invested over \$2B in R&D in 1999 and generated 1,300 patent applications.

■ (Linda Naiman, [www.creativityatwork.com](http://www.creativityatwork.com), 2000)


# THOUGHTS TO CONSIDER



- Identify the most urgent leadership challenges confronting your supply organizations.
- What are the obstacles to overcoming those challenges in your service organization?
- Can creative problem-solving assist in crafting and implementing solutions?
- Will current supply leadership, attitudes, practices and processes propel your firm to the next level of performance?



# SOME CRITICISMS OF PURCHASING - CAN CREATIVE PROBLEM SOLVING HELP?



- Too structured
- Not receptive to different ideas and approaches
- Lack of vision
- Purchasers don't add as much value as they say
- Purchasing is a 'play-it-safe' activity and should take more risks to achieve goals
- Purchasing is not in the 'mainstream' of things

# CHARACTERISTICS OF CREATIVE SUPPLY PARTNERS



- Flexible / Adaptive
- Perceptive
- Fast learners
- Less judgmental
- More accepting
- Less risk averse
- Who are the most creative people in your supply chain? Why? Can you learn from them?

# CREATIVITY QUOTIENT



- Does your supply unit respond to change quickly?
- Is your firm a 'learning organization'?
- Is 'knowledge management' part of your organization's core fabric?
- Are there incentives for people to be innovative?
- How does your supply unit handle risk?
- Is creativity considered a 'survival' necessity?

# APPLICATIONS OF CREATIVE PROBLEM SOLVING TO SUPPLY ISSUES



- Strategic Sourcing
- Business Redesign and Restructuring
- Supplier Management
- Value Creation
- Supply Policies, Procedures, and Processes
- Negotiating and Supply Chain Communications
- Quality Assurance
- Human Resources Management

# SELECTED CREATIVE TECHNIQUES



- Brainstorming / Reverse Brainstorming  
(Purpose: To generate quantity of ideas / To generate quality ideas)
- Why? Why? Method (Purpose: To determine the underlying or root causes of a problem or challenge.)

# CREATIVE TECHNIQUES



- How? How? Method (Purpose: To provide an approach or method for systematically collecting data associated with identifying or solving a problem)
- Morphological [Matrix] Analysis (Purpose: To focus on all possible combinations of variables in solving problems (using a matrix).

# IMPEDIMENTS TO CREATIVITY



- Tradition
- Being too judgmental
- Indifference and complacency
- Insecurity and uncertainty
- Environment or situational factors
- Structured orientation
- What are the key impediments to creativity in your organization?

# DEVELOPING A CREATIVE CULTURE



- Innovation must be mission-based
- Reward system must reinforce creativity
- Creativity must be a treasured resource
- Effective communication system for new ideas (both vertically and horizontally)
- Greater latitudes of risk must be allowed
- Creativity must have strong champions within and outside of supply management



# ENTREPRENEURSHIP AS A CREATIVE STRATEGIC SUPPLY SKILL SET



- ENTREPRENEURSHIP IS A VISION-BASED, MARKET-ORIENTED, RISK-TAKING PERSPECTIVE THAT FOCUSES RESOURCES AND ENERGY TOWARD SOME END RESULT.
- ENTREPRENEURSHIP AND CREATIVITY ARE COMPANION PERSPECTIVES AIMED AT ENHANCING SHAREHOLDER VALUE AND WORTH.

# CYCLES OF CREATIVITY



- Inertia
- Imitation
- Intuition
- Imagination
- Inspiration
- Which cycle(s) reflect your firm?

■ (Linda Naiman, "Creativity and the Meaning of Work," Perspectives on Business and Global Change, 1998)

# DIMENSIONS OF ENTREPRENEURSHIP



- INNOVATIVENESS
- RISK-TAKING (willingness to pursue opportunities having a reasonable chance of costly failure)
- PROACTIVENESS
- PERCEPTUAL ACUMEN

# USING CREATIVITY TO CREATE VALUE IN A SUPPLY CONTEXT




- DELINEATING OPPORTUNITIES
- DEVELOPING THE BUSINESS CONCEPT
- RESOURCE ACQUISITION
- ADROIT IMPLEMENTATION OF THE CONCEPT
- MANAGING AND HARVESTING THE VENTURE

# CREATIVITY AUDITS - CLOSING THE GAP



- COMPREHENSIVE REVIEW OF OPPORTUNITIES TO USE CREATIVITY TO HEIGHTEN PERFORMANCE
- STRUCTURE OF CREATIVITY AUDITS
- EXAMPLES OF SPECIFIC APPLICATIONS OF AUDITS

# SUPPLY LEADERSHIP AND CREATIVITY: WHERE DO WE GO FROM HERE?



- RETHINK PRODUCTS, PEOPLE, AND PROCESSES (ARE THERE BETTER COMBINATIONS OF THESE RESOURCES?)
- THINK AND ACT CREATIVELY, MARKETINGLIKE AND ENTREPRENEURIALY
- RECONSIDER RISK TOLERANCES IN SUPPLY
- INTEGRATE BOTH LEARNING- AND MARKETING-BASED ORIENTATIONS INTO THE SUPPLY CULTURE

# Hewlett-Packard's Philosophy on Fostering Creativity



- Rules of the Garage:
- Believe you can change the world.
- Work quickly, keep the tools unlocked, work whenever.
- Know when to work alone and when to work together.
- Share - tools, ideas. Trust your colleagues.
- No politics. No bureaucracy. (These are ridiculous in a garage.)

# HP's Philosophy Continued



- The customer defines a job well done.
- Radical ideas are not bad ideas.
- Invent different ways of working.
- Make a contribution every day. If it doesn't contribute, it doesn't leave the garage.
- Believe that together we can do anything.
- Invent
- (1999 HP Annual Report)



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