

# CREATIVITY AND INNOVATION IN HEALTHCARE

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## Learning Objectives

After completing this chapter, the reader should be able to

- describe the process of developing creativity and innovation in employees,
- discuss the role played by leaders in creating a climate of creativity and innovation,
- explain the differences between intrinsic motivation and extrinsic motivation, and
- summarize the process of innovation.

## Key Terms and Concepts

- Continuous quality improvement
- Creativity
- Dual operating system
- Flow
- Human capital
- Innovation
- Network structure
- Reinvention
- Intrinsic motivation
- Six Sigma

## Introduction

To deal with the dual problems of unsustainable cost increases and poor quality of care, US healthcare organizations are attempting to reinvent the way healthcare is delivered. This is no small task, and many who work in healthcare believe it is impossible to achieve. Reinventing the healthcare delivery system is certainly the greatest challenge to confront the largest industry in the United States since World War II.

The most feasible and effective solution may be the development of **creativity** and **innovation** in every aspect of the healthcare delivery system. This type of change is difficult to effect in a bureaucratic organizational structure run by managers who may block any such shift.

Despite the fact that the healthcare industry is riddled with problems associated with cost escalation and low-quality services, an enormous amount of venture capital remains available to the many businesses and organizations that operate in this field. That availability of money, combined with an industry in the midst of disruption, is encouraging many nontraditional companies to enter a variety of sectors in the healthcare services delivery market. These companies believe they can deliver healthcare services to an increasingly knowledgeable consumer using a new business model. In response, current, traditional healthcare providers should first look at how other markets were disrupted, such as the camera, music, and book markets, to prepare their organization for disruption. At the same time, these incumbents should begin the process of reinventing their particular segment of healthcare delivery.

This type of **reinvention** can only become reality through the emergence of strong leadership supplemented by empowered followers who are not afraid to fail as they innovate. The healthcare leader must spend time and energy encouraging followers to think creatively and pursue innovation, as will be required to reinvent healthcare services in new and redesigned forms, reduce costs, and improve the quality of services.

Stevenson and Kaafarani (2011) argue that for creativity and innovation to bring change for the organization, the leader must understand both concepts as well as the value of each.

Creativity is the ability to look at the world, in particular its processes, services, and products, differently than others do. The authors define innovation in terms of three components: “it has to be unique, it has to be valuable, and it has to be worthy of exchange” (Stevenson and Kaafarani 2011, 9).

Furthermore, the innovation, once discovered, must be implemented. Therefore, creative people give us new ways of looking at things, and innovators implement the new ideas.

Individuals tend to be afraid of failure and see no personal value in change; thus, they are not motivated to change. In a way, staff constantly

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### Creativity

The ability to create something new and valuable.

### Innovation

The creation of improved products or services.

### Reinvention

The activity of making major changes and improvements.

calculate their own cost–benefit analysis of the activities they perform. If in a given movement they are inspired to accomplish a specific goal and the value to them seems greater than the cost, most individuals work in that direction. With that understanding, the leader must create a business environment in which creative thinking can emerge and grow. Before looking at the leader’s role in the development of creativity and innovation in the organization, we discuss both concepts in more depth.

## **Creativity**

As mentioned earlier, virtually anyone has the ability for innovative and creative thinking (Dyer, Gregersen, and Christensen 2011). To elicit that type of thinking in healthcare today, workers must be empowered to use their creativity to find innovative ways to deliver quality services while reducing the enormous waste occurring in the healthcare delivery system. The leader needs to spend time listening to followers and customers to find out what goes wrong and then discover how to fix the problems as a team.

### ***The Misfit Economy***

Clay and Phillips (2015) refer to the presence of a distinct group of misfits in the US economy who are capable of creativity. These individuals have the ability to perform what others may see as miracles in identifying new processes or products and bringing them to fruition. According to Clay and Phillips, these misfits are driven by the opportunity to win their self-designed war with those who have been in the market for a substantial period—an example of intrinsic motivation (discussed later in the chapter)—and are set up to succeed because of an informality mind-set that allows them to avoid the constraints of rules and regulations.

Much insight may be gained from an analysis of how misfits obtain success in existing markets. The misfit mentality frees individuals to think differently. These are the type of entrepreneurs needed to redesign healthcare delivery.

### ***Concepts in Organizational Creativity***

Creativity is all around us, as are creative people who advocate radical, or simply different, ideas or ways of viewing activities, opportunities, obstacles, products, and so on. To think creatively is to use one’s imagination to discover deficiencies or gaps in current knowledge. The creative individual is usually defined as someone who can expand her thinking by ignoring rules and regulations in her quest to envision a different future. The end of the creative process typically entails the development of something new and

valuable. Creativity in employees has become mandatory for any organization facing the many challenges that healthcare continues to confront in the twenty-first century.

According to Florida and Goodnight (2005), creative employees accomplish the greatest results when they are challenged during the process of work. Creativity can be stimulated by the leader who serves as a role model of creativity for his staff. In addition, all employees must listen to customers and make them part of the creative process.

Csikszentmihaly (2009) points to the development of **flow** in employees' work, which triggers an enjoyable feeling when their work is challenging and the related activities require focus and concentration. Notably, this period of flow also involves a struggle to solve a challenging problem, with individuals expending much energy simply because it is a challenge.

The concept of flow at work is an important revelation for leaders in healthcare organizations because it represents a way to engage employees that is necessary to meet the challenges facing the industry. Csikszentmihaly (2009) points out that the optimal human experience can occur when one's consciousness is characterized as in order. This state can only occur when energy and attention are focused on goals that are realistic and achievable. The leader's responsibility, then, is to help followers achieve their flow, which should ultimately improve healthcare delivery while satisfying the needs of his followers.

To do so, however, the leader must understand and appreciate the importance of flow and its complementary state, **intrinsic motivation**. Such motivation arises from within, as seen with misfit creatives. Money and status are not always the greatest—and certainly not the only—motivators for healthcare employees. Intrinsic motivation is often the very reason healthcare staff come to work every day. The question becomes how to supply intrinsic motivation to healthcare employees who are undergoing massive change in the way they do their work. The answer is to involve all the employees in the change process from the beginning. The leader needs to tap their expertise in the redesign of the healthcare system where they do their work. The process of change in healthcare is discussed in more detail in chapter 8.

Jim Goodnight, cofounder and CEO of SAS Institute in Cary, North Carolina, has learned how to unleash the creativity of all his company's stakeholders. His research and implementation of certain policies have resulted in unprecedented creativity success or flow among SAS employees. He credits his success to the following three principles:

- Keep employees actively engaged by removing distractions.
- Make managers responsible for instilling creativity in employees.
- Engage the customer as a partner in creativity.

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### Flow

A mental state in which work is enjoyable, challenging, and ultimately productive.

### Intrinsic motivation

Impetus to act found within the individual and driven by internal rewards.

Leaders at SAS bring their employees together to facilitate the exchange of ideas and then work to turn the new ideas into innovations. The most important factor is the frequency with which they interact meaningfully with their customers to secure their ideas of how to create better software. SAS refers to this procedure as managing creative capital.

As demonstrated by SAS, stimulating creativity is not necessarily difficult. It does involve empowering employees to view situations, processes, or products in new lights and bringing them together to exchange ideas toward innovation.

Importantly, an idea that is not acted on remains as a thought only. It may even be thought of as a waste of mental energy.

### ***Creativity in Healthcare: Geisinger Health System***

Geisinger Health System, located in central and northeastern Pennsylvania, has been an example of innovative care and payment models for years (Paulus, Davis, and Steele 2008). Geisinger is structured as an open yet integrated delivery system, a type of structure that allows for collaboration. Creativity at Geisinger is fostered through a highly collaborative style of work that incorporates multiple approaches to innovation, including **continuous quality improvement**, **Six Sigma**, and Lean reengineering. Examples of innovations pursued by the Geisinger system are presented in the following paragraphs.

#### **Personal Health Navigator Program**

Geisinger's Personal Health Navigator (PHN) program is a patient-centered medical home designed to provide value for patients through care coordination. Innovators at Geisinger created the concept from an existing process with the goal of ensuring the availability of primary and specialty care 24 hours a day, seven days a week to Geisinger patients. Patients are assigned a dedicated health navigator, who attempts to empower patients to learn more about their health issues and how to navigate the healthcare system and then make educated decisions about appropriate health services. This relatively new health initiative was seen as a way to transition a patient from expensive episodic healthcare to a primary care approach. The PHN, designed to target the elderly Medicare population, was launched in 2006 and has focused on disease management and preventive care (Maeng et al. 2015). This program has achieved savings in total healthcare costs and reduced acute inpatient care. Maeng and colleagues (2015) attribute their success to improved data, enhanced leadership focused on the entire care process, and improved quality of care.

In addition, the program resulted in enhanced patient satisfaction and care accessibility, reduced hospitalization rates, increased use of home-based health monitoring, and improved focus on the proactive management of

#### **Continuous quality improvement**

An approach to quality in which managers and workers continually strive for improved performance.

#### **Six Sigma**

A data-driven approach to eliminating defects that sets as a standard no more than six errors per 1 million opportunities (the statistical threshold of  $6\sigma$ ).

chronic diseases. As the US healthcare delivery system moves to bundled payments and outcomes-based reimbursements, this model is already reducing costs while improving healthcare quality (Maeng et al. 2015).

### **Chronic Disease Care Optimization**

Geisinger's efforts to optimize chronic disease care for patients with high-prevalence chronic diseases include a program on preventive care. The initiative works toward prevention of the long-term complications that can result from having a chronic disease and not making lifestyle changes.-

### **ProvenCare Model**

Geisinger created a model for treating coronary artery bypass graft (CABG) patients using best practices, developing risk-based pricing, and encouraging patient engagement. Called ProvenCare, this model is based on 40 discrete care process steps for patients undergoing CABG procedures and involves several multidisciplinary teams consisting of Geisinger staff, who developed and implemented the process steps. The workflow includes the delegation of clinical responsibilities to nurses, pharmacists, and medical assistants while ensuring that clerical work is performed by clerks and not clinicians. The steps were hardwired into both human and electronic workflows related to CABG care. In recent years, the ProvenCare program has been expanded to other medical procedures.

As Paulus, Davis, and Steele (2008, 1243) note:

Geisinger redesign efforts are focused on developing and refining an innovation infrastructure that can adapt to new evidence, efficiently and rapidly translate that evidence into care delivery, and focus on patient benefit in a setting where many or [most] patients would be excluded from randomized trials because of age, comorbidities, and other limiting factors.

## **Innovation**

Stevenson and Kaafarani (2011) argue that although innovation may be hard to define in the twenty-first century, the US healthcare industry cannot exist as a competitive business without it. McDonald (2013) goes further, saying that innovation is the only real answer to solving the many pervasive problems inherent in the healthcare delivery system. For example, the use of innovative technologies can bring the healthcare sector to begin operating a coordinated system of care at a reduced cost to payers.

Innovation not only involves the envisioning of solutions to problems but also includes the implementation or commercialization of the new idea.

Innovation does not just happen; it usually results from the collective action of team members in the organization.

The starting point for innovation is a creative idea, which can originate anywhere, whether in the organization, often by those who work directly with the current product or service, or from outside the company, coming forth from the user—the customer—of the existing product or service. The innovation process then moves to development of an improved product or service.

### ***The Innovation Process***

Mckeown (2012) points out that to win or sometimes even survive in an age of uncertainty, a business must constantly experiment, learn, fail, and adapt to changing circumstances. He argues that success means adapting to a changing environment and then moving past the constraints of the current situation. Innovations can play a large role in this successful adaptation. Thus, Mckeown (2012) suggests leaders must create a company culture of super-adaptability.

The process of installing an innovation process in a formerly bureaucratic, top-down, management-driven organization is a difficult feat for any leader. But this is exactly the task facing the healthcare leader responsible for improving quality and reducing costs.

The process of innovation usually involves multiple steps, and the effectiveness and value of each step depends on the type of industry in which innovation is being practiced. The most common steps in an innovation process are the following:

- Idea generation
- Idea screening
- Experimentation
- Commercialization

### **Idea Generation**

The first step, generating ideas, is the most critical because, without creativity, few if any new ideas would come from the organization. As mentioned elsewhere in the chapter, the lack of new ideas is a limitation of the bureaucratic structure found in many businesses, especially many healthcare systems.

As indicated by Hill and colleagues (2014), before innovative ideas can flow, leaders need to create an environment in which staff are free to tap their imaginations. Thus, two important roles for the leader in the process of innovation are facilitating employee willingness to do the hard work required for innovation and setting individuals up to succeed at innovation. In short,

idea generation requires followers to generate ideas and leaders to create and maintain a location for those ideas to be generated.

### **Idea Screening**

Innovators also need help from their leader in screening all the ideas that are generated by a motivated team. Screening ideas involves assessing the pros and cons of potential innovations through a selected team of followers led by the manager in a transparent process. By making the screening of ideas a committee-based process, the leader involves multiple people in the process and makes clear to followers that all ideas are valued. Rewards can be attached to ideas that are turned into successful innovations—often, a simple, sincere thank you and acknowledgment of the success story suffice.

### **Experimentation**

Numerous experiments must be conducted before the approved innovations move into the commercialization phase of the innovation process. At this point, the leader invites support staff and potential customers to become involved with determining the feasibility of an innovation being adopted by the company. In many instances, a prototype of the new product or service is offered to a small group of employees and potential customers for evaluation. Once all the evaluators and team members are satisfied with the new offering, it can be released for commercialization.

### **Commercialization**

The commercialization stage is where creative ideas become a work in progress. The leader must make every effort to ensure that the innovation solves a problem or fills a need before the commercialization button is pushed. Once the go-ahead is given in this phase of the innovation process, designated implementers move to make the new product or service available to the market. Commercialization is usually the final stage in the new product process and entails many decisions, including timing of the launch, initial market size, and promotion strategies.

Many businesses have begun to heed the lessons from industries that have shifted due to disruptive innovation, such as the demise of Kodak and Circuit City, to spur creativity among their employees. Examples such as these provide stark and compelling stories to help employees understand how and why their organization might be disrupted and how to deal with it as it arrives in healthcare.

### ***Bureaucracy and Innovation***

As discussed earlier in the book, bureaucratic organizations with a top-down organizational chart, such as hospitals and health systems, do not usually



foster creativity and innovation among their employees. The primary reasons among many are a lack of trust of managers by employees and limiting job descriptions—stated responsibilities typically do not include “produce new ideas” or “develop new ways of working.” As organizations grow, they tend to become rigid in their processes and no longer seek change because the current business structure seems adequate for continued viability. Leaders in static bureaucratic organizations often do not understand the importance of continuous improvement of products or services.

A new business that succeeds soon after beginning operations exhibits all the qualities required for rapid growth, including the following:

- The new owner caters to her customers and employees, recognizing that happy employees tend to remain with the company and satisfied customers tend to return to the company for additional purchases.
- The organizational structure is flat, and the employees are empowered to act on emerging situations, so decisions are made rapidly.
- Customer service is superb.
- Change is viewed as a friend, not an enemy.

As the business grows further, managers are hired and rules and regulations replace common sense. A bureaucracy is created to ensure efficiency and control. The many qualities of a start-up that led to the initial success are lost, and the very growth that perpetuated early success leads to an ultimate decline and, in some cases, bankruptcy.

Most important, the creativity and innovation that gave this company its initial growth and success die. This is the spiral currently seen in the growth of large healthcare systems.

Two possible resolutions capable of reversing this spiral, collaboration and the dual operating system, are discussed next.

### **Collaboration**

Hill and colleagues (2014) suggest that when problems get complicated or unmanageable, individuals seek collaboration with people from other disciplines to develop innovative solutions. In this effort, the role of the leader is to look inside and outside the organization for advice on the problems. By including the viewpoints of other disciplines, one may see possible solutions to healthcare delivery that would not otherwise be discovered. For example, a surgical unit may view the safety checklist used by aviation crews as a potential solution to medical errors and hospital-acquired infections. Although this tool comes from another industry, its implementation still requires collaboration among different disciplines in the healthcare industry.

**Dual operating system**

A structure for running a business under parallel schemes that feature the creativity of a start-up and the efficiencies of a mature business.

**Network structure**

A type of operational framework in which employees are empowered to pursue new products or ways of delivering services.

**Dual Operating System**

According to Kotter (2014), organizations need to exploit available opportunities through the creation of a **dual operating system**. This type of operating system provides a means to run parallel business models in the same organization with the creativity, energy, and freedom of a start-up alongside the efficiency and security of a mature business.

Specifically, in a dual operating system, the organization is divided into two sections: a traditional hierarchy and a **network structure** that mimics a start-up in the introductory or entrepreneurial phase of development. This structure offers the organization the best of both worlds in that the hierarchy can concentrate on efficiency and control while the network is empowered to deal with the rapid adjustment required of such change agents (Kotter 2014).

The network structure is entrepreneurial in every sense. It is small in scale, and the limited number of employees operate as a team. Everyone in this network is empowered to use creative methods for finding new ways to perform business activities and discovering new ventures to exploit. Risky ventures that may be avoided in the bureaucratic structure of the organization are tolerated in the network structure, and the concept of failure is non-existent, as each employee is involved in experimentation to allow the venture to succeed. The excitement of a new venture is ever present, building intrinsic motivation in staff.

Kotter (2014) argues that this dual organization ushers in the opportunity to exploit the most important duties of managers and leaders. In a dual structure, the managers are expected to do what they do best: guaranteeing efficiency and stability for the traditional side of the organization. Their role in shoring up efficiencies allows network leaders to concentrate on building a creative team to facilitate required change in a rapidly evolving environment such as that faced by healthcare organizations that are being disrupted by innovation.

**Disruptive Innovation**

Dyer, Gregersen, and Christensen (2011) share five skills evident in individuals who are successful at accomplishing disruptive innovation. Among the most important of these is the ability to think differently than others by “connecting the unconnected” in their thought processes. These special innovators support their ability to expand their thinking by gathering information through questioning others. They use this information to network further, expanding their thought horizons. This network both depends on and is enhanced by communication skills, which are a major part of the personal power usually found in successful leaders and empowered followers.

With the healthcare industry now ripe for major changes, creative destruction and disruptive innovation have been unleashed. The concept of

creative destruction was outlined by economist Joseph Schumpeter (1936), who posited that old products and services are usually destroyed to create better products and services as replacements.

According to Christensen, Grossman, and Hwang (2009), disruptive innovation has worked well to lower costs and improve quality in many sectors of the business world and is now hard at work doing the same in healthcare. These two forces are producing enormous opportunities—and risk—for anyone working in the current healthcare industry. The word *current* emphasizes the fact that change is under way, and survival usually depends on leaders and empowered followers using creativity and innovation in their collective response to a change in the environment.

Topol (2009), for example, points out that many components of the current healthcare delivery system are on the brink of creative destruction to make room for an improved system that will cost less and enhance the quality of services offered. Hwang and Christensen (2008) argue that disruptive innovation explains why start-up companies, in their attempts to reduce costs and offer more accessible solutions than the incumbent organizations, can consistently out-compete firms that have dominated the market for years. The US healthcare system has been protected by third-party payers and government policy, but that protection is rapidly eroding, making healthcare fair game for disruption by a whole host of start-ups looking for profitable ventures. This erosion in protection has occurred because evaluations completed by government and third-party payers have discovered waste in many parts of the healthcare delivery process.

Many businesses outside of healthcare have accepted disruptive innovation as a challenge that must be met sooner rather than later. The key to disruptive innovation is in challenging knowledgeable employees to think differently, use their creativity to generate new ways of doing things, and make innovation of products and services a daily occurrence. Most organizations have the capability to improve quality consistently while eliminating waste. Once they take these performance improvement measures, they are poised to handle the fluctuations that accompany disruption. Interesting to note is that every part of the healthcare sector, including hospitals, care providers, insurance providers, drug companies, and medical device suppliers, is making attempts to lower costs.

## Development and Motivation of Human Capital

Most bureaucratic organizations worry little about how to motivate their lower-level staff. They tend to place total faith in the traditional model of success whereby all power comes from the top of the organizational structure.

**Human capital**

The collective skills and knowledge of the workforce, including creativity brought by employees to the organization to create value.

As discussed earlier in the book, the sole purpose of this type of structure is to produce efficiency for the organization so that it can make the largest amount of profit possible.

In this view, little consideration is given to the **human capital** of the business. The commonly held belief is that employees are lucky to have a job in this turbulent business climate. Bureaucratic healthcare managers tend to forget that lower-level employees are the very individuals who deliver healthcare services to their patients.

Many of these providers are, in fact, highly educated, and most began their careers motivated to offer excellent service to their patients.

However, this motivation may be diminishing for a majority of healthcare staff as the industry has become disrupted and increasingly competitive. Adding to this dissatisfaction for some is that the healthcare technology revolution has replaced some of the human capital and threatens to replace more humans as time goes on.

Considering these developments, an important point, as argued by Hunter (2013), is that future success in healthcare is not found in capital equipment or infrastructure but rather in the creativity and innovative potential of its employees. These attributes can be seen in anyone at any time but usually become evident only when the climate is right. The right climate can be created by the leader when the employees are empowered and believe that they are an important part of the success of the healthcare organization. Therefore, creating healthcare organizations that support creativity is mandatory for survival and future success, and this task is the responsibility of organizational leaders who have the ability to empower a creative workforce.

For leaders to foster the right climate in the organization to foster creativity, they must have a comprehensive understanding of the concept of motivation: What are the primary motivators for healthcare workers? Thaler (2015) suggests the theory of gift exchange, whereby if workers are treated well by their employer, with good wages and good working conditions, the gift will be reciprocated in the form of increased productivity and employee retention. This contingent reward concept aligns with the transactional style of leadership, discussed earlier in the book. It is a workable concept because both the leader and the followers can get what they want through mutual giving.

Pink (2009) argues that individuals are motivated both by extrinsic factors (conditions outside themselves) and intrinsic factors (conditions originating within themselves), and both types of factors must be considered in the workplace. Extrinsic motivation usually comes from salary and benefits. According to Pink (2009), these extrinsic rewards are among the main reasons individuals show up to work, but they only have short-term

motivational effects. A pay raise, for example, is only motivational until the worker becomes accustomed to it as her rate of pay.

Intrinsic motivators, on the other hand, come from inside the individual and involves conditions that can improve an individual's self-concept. Pink (2009) believes that intrinsic factors, such as working on projects that are creative, interesting, and self-directed, may be more motivating for many people than are extrinsic factors. Pink's research strongly supports paying greater attention to intrinsic motivators when dealing with individuals working in service organizations, such as hospitals or health systems, especially concerning professional workers who already receive adequate pay and benefits.

This research also supports the belief by more and more leaders that the best way to engage employees in organizational improvement and redesign is to empower them to help form the change process.

According to Nohria, Groysberg, and Lee (2008), individuals are guided in life by four basic drives or motivators:

- The drive to acquire
- The drive to bond
- The drive to comprehend
- The drive to defend

The drive to acquire consists of our need to acquire scarce goods and explains why we often compare our compensation package with that of others. The drive to bond is demonstrated by feeling proud to be a member of the organization. This drive explains how a culture develops in an organization or a business. The drive to comprehend the world around us shows why challenges in the job are such important motivators for many talented people. Finally, the drive to defend explains why people resist change when they cannot comprehend how it will improve them or their organization.

The fulfillment of these drives in the workplace is vitally important to secure the engagement of employees and, if not met, will pressure the employees to look for work elsewhere. Nohria, Groysberg, and Lee (2008) suggest that organizations can fulfill these drives through various actions or levers. For example, the drive to acquire can be achieved through a reward system that differentiates good performers from average or poor performers.

Nohria, Groysberg, and Lee (2008) also point out that the key to unlocking motivation is realized when the leader understands his responsibility for satisfying all four drives. This understanding is only acquired when he has more than a superficial knowledge of his employees and learns how best to satisfy these important drives in their workplace. Furthermore, the leader must acknowledge that a motivated workforce has the ability to improve the

company's performance. To reach this level of understanding in healthcare facilities requires much communication between the leader and staff on how to improve the organization's performance.

## **Creating a Climate for Creativity and Innovation**

The climate present in an organization is the ultimate responsibility of the senior-most leader of the organization, the CEO. This environment is a direct reflection of his thought processes and is one of the most important aspects of the creative and innovative potential of the business. Stevenson and Kaafarani (2011) suggest that the CEO, as the individual responsible for establishing the big vision, must secure the agreement of the followers to turn that vision into reality. In doing so, the leader creates the climate of confidence among all the staff in their ability to use their creativity to innovate and grow their company.

A key point about creativity and innovation is that neither activity has been an acknowledged part of employee responsibility in a bureaucratic healthcare system. In fact, it has always been the norm in healthcare to separate the leadership and the top managers from other staff, especially in hospitals. Most healthcare facilities house their administration staff in a separate building or a separate floor from the individuals who deliver healthcare services. This siloing may be a major reason problems in healthcare delivery seem to grow as time goes on. In addition, this separation eliminated most of the opportunity for anyone with authority to be heard by those who deal with daily healthcare delivery issues. Finally, it prevented those employees closest to the patients or consumers from viewing creativity and innovation as important to their jobs. Lower-level employees in bureaucracies have been known to avoid offering suggestions to upper-level managers as a way of staying safe by "leaving their brains at home." Nothing was to be gained by exhibiting creativity, and the threat of danger was invited if one's supervisor was insecure.

### ***Tolerance for Failure***

To make the changes that are so necessary to reinvent healthcare delivery systems, administrators and employees must first be willing to take great risks. Furthermore, to ask employees to take a risk, some incentive must be offered. Finally, employees must trust managers that failure is acceptable. Such an environment is imperative for staff to believe they can take good risks and not be punished in any way if a failure occurs. To generate this trust-filled climate, the leader needs to appreciate that failures will occur and can serve as a valuable learning process for both the workers and leaders involved in

a risky venture. This is not to say that repeated failures should be encouraged; instead, employees must understand that they have the leader's support as they work together to respond to the changing healthcare environment through innovation.

In terms of leadership experimentation through disruptive innovation, Burnison (2011) notes the tremendous courage exhibited by leaders in the face of possible failure, and most seem to be able to draw on some inner strength to push forward on change even though the distinct possibility of failure exists. In fact, Burnison suggests that an absolute lack of fear of failure in employees is a prerequisite for strong leadership. Along with self-confidence, an absence of fear of failure is most likely the catalyst spurring constant change.

But how do leaders instill such a tolerance of failure, whether in themselves or their followers? McChrystal (2015) argues that because change is the new normal, now more than ever we must trust employees to take risks in the projects they develop and implement. Employees in turn must trust their leaders to back them up if they make a mistake in their attempt to please their customer.

Leaders must also forgo micromanagement in a climate that tolerates failure. When you empower your staff, you are sharing your power with them; you cannot partially empower your staff. Particularly in the delivery of healthcare services, employees rarely have time to clear every movement with a superior. Your empowerment means they are allowed and trusted to do their job as best they can without interference from above. Managers who are successful at bestowing empowerment have wisely discovered that, because the employees are closest to the customer, they usually know more about the process being implemented than the leader knows.

## Developing Creativity of Employees: The Leader's Role

In addition to the strategies mentioned throughout the chapter, this section discusses specific tactics for developing creativity in employees and the importance of a learning organization to this process. In recognition of the barriers that a bureaucratic organization imposes on creativity, the starting point is to remove rules and regulations, develop a decentralized hierarchy, and support empowerment of and intrinsic motivation in employees. An overarching theme that influences creativity is an environment free of clutter. In this case, clutter is distractions that tend to slow down or eliminate the creative process. Duhigg (2016) reports that several top companies clear 10 to 20 percent of an employee's time each week to work on innovative products or services away from the workplace.



As part of his exemplary leadership in creativity and innovation, Goodnight, CEO of SAS, ensures that the tools employees use at work are up-to-date and that the hassles that can waste the precious time of employees is minimized. If an employee needs to update software to perform his job better, all he needs to do is ask for it. Any obstacles that an employee feels impose a barrier to creativity are typically removed upon request by the employee. The goal is for a creative climate to be the norm at SAS.

Another key component to developing employees' creativity is making room for inspiration. According to Stevenson and Kaafarani (2011), inspiration can open up the entire organization to discovery and provides staff the opportunity to follow an innovation strategy.

Leadership characteristics seen in creative leaders sometimes involve unlearning behaviors. Dubrin (2016) points out that leaders in creativity usually exhibit the following characteristics:

- Knowledge
- Cognitive abilities
- An outgoing personality
- A passion for the task leading to flow in the work process

Bolden and colleagues (2011) highlight one behavior in particular that must be unlearned for leaders to foster creativity: the way they use emotions in their leadership approach. Scientific management theory (discussed earlier in the book) deemed emotionality as irrational and unnecessary in the workplace. In fact, emotionality can be a source of added value because it helps improve the performance of the entire organization. It shows how much employees really care about the success of their organization and becomes contagious to others.

### ***The Learning Healthcare System***

In the not-too-distant past, creative destruction and disruptive innovation were thought to be impossible in the well-protected world of healthcare delivery. Although that protection for the largest industry in the United States is essentially gone, in many ways, the challenge of disruptive innovation is a positive force for improving the long-term health of our population. The changes that need to be made in healthcare delivery, if executed properly, should benefit both consumers and providers of medical care.

Those changes can be brought about when hospitals, health systems, and other healthcare entities shift to a learning organization model. Bennis and Nanus (2003) point out that leaders have the responsibility to help their organization learn how to innovate. To fulfill this imperative, the organization must become future oriented by assessing threats and opportunities and



preparing the staff for the changes they see looming ahead. Such a learning organization is flexible and participatory, whereby all employees are able to adapt and be involved. Leaders can help the facility or system prepare for innovative learning by bringing their followers to understand the value of taking their creative ideas for change through the process of innovation. They must fully understand that the process of creativity and innovation is a team sport that only improves with the creative genius inherent in an empowered staff.

Mckeown (2012) argues that large organizations, such as those in the healthcare services industry, are ripe for adaptation to a learning organization model. He points out that deliberate adaptation requires three important steps: recognition of the need for adaptation, understanding the adaptation required, and taking the steps required to adapt successfully to the changing environment. In this effort, the leader is responsible for making all followers aware of what successful adaptation looks like in the new world of healthcare services delivery.

An important endeavor for leaders of healthcare organizations is to seek learning opportunities to gain the skills necessary to encourage creativity and innovation among their followers. Reiterating Clay and Phillips' (2015) contention, one can learn a great deal from the misfit economy about the art of creativity and innovation.

## Summary

Creativity and creative people are found in every organization. Creatively is using one's imagination to discover deficiencies or gaps in current knowledge. The creative individual is defined as someone who can expand his thinking beyond the typical connections people make. The current healthcare delivery system is in need of creativity as well as employees who are engaged in the process of innovation.

Innovation involves the envisioning of a new concept that is ultimately implemented. It usually results from the collective action of many individuals in the organization. The starting point for innovation is a creative idea, which can originate anywhere in the organization. The innovation typically includes the development of an improved product or service.

The impending creative destruction of the US healthcare system is expected to result in the building of a better system that will cost less to operate and improve quality. In anticipation of this shift, leaders of healthcare organizations must create an environment in which employees believe they may take risks and not be punished in any way if failure occurs. In turn, employees need to know their creativity is strongly supported by the

organization and that innovation, although necessary, can be a risky course to pursue.

Developing the climate for innovation and creativity is the responsibility of the leader. In the healthcare organization, this climate is among the most important aspects of the creative and innovative efforts because it reflects confidence among all staff in the ability to use their creativity to innovate and grow.

Leaders of medical facilities can help their organizations prepare for adopting innovation by creating a learning organization. In this environment, the leader brings her followers to take their creative ideas through the process of innovation.

## Discussion Questions

1. Explain the process of disruptive innovation in the healthcare industry.
2. Explanation in detail the value of creative employees in the healthcare organization.
3. What is the major difference between intrinsic motivation and extrinsic motivation?
4. What is the role of leadership in the development of creativity and innovation in a healthcare organization?

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