



Creative Capital: A Strategic Asset for Growth

June 2022



Creative

Capital

Does your organisation have the Creative Capital it needs to achieve its growth ambitions?

There is a fundamental disconnect at the heart of the marketing industry.

Creativity, in the broadest and biggest sense of applying new perspectives and ideas to solve significant problems for a business or its customers, has never been more vital.

But the vast majority of organisations still aren't investing sufficiently in creating the conditions required for Creativity to occur on a regular, repeatable basis.

The contradiction explored

In today's hyper-competitive markets, where brands are struggling to achieve distinctiveness and trust is declining, Creativity is the most effective way to forge closer connections with customers, secure category advantage and maximise long-term profitability.

Most organisations recognise this.

Research we've recently conducted shows that **74%** of senior marketers are confident their company sees Creativity as fundamental to driving growth.

The benefits run deep. To pick out some illustrative quotes from our study:



Creativity leads to more transformational thinking that has much greater impact overall;

It helps us do fewer things brilliantly rather than waste money on the mediocre;

It's increasingly being thought of as our super-power and route to competitive distinctiveness.

Given its importance, you'd think companies wouldn't leave Creativity to chance. But that's precisely what most businesses do.

Just **20%** of our panel said their organisation was highly focused on engineering the right conditions for Creativity to flourish.

A much higher number of **33%** said the subject was rarely or never debated. ▶

Creative Capital: A critical strategic asset

Everyone can get lucky now and again. But our work with hundreds of marketing organisations and their external partners has shown us that Creativity isn't about luck. It's a direct function of how much Creative Capital a business possesses.

What do we mean by Creative Capital? Quite simply: the extent to which the ecosystem is fine-tuned to deliver more Creative outcomes more frequently. This isn't something that can be wished into place. Building up Creative Capital demands a clear strategy and rigorous

design. It also requires diligent management; there needs to be a systematic plan as to how it will be nurtured, optimised and measured over time.

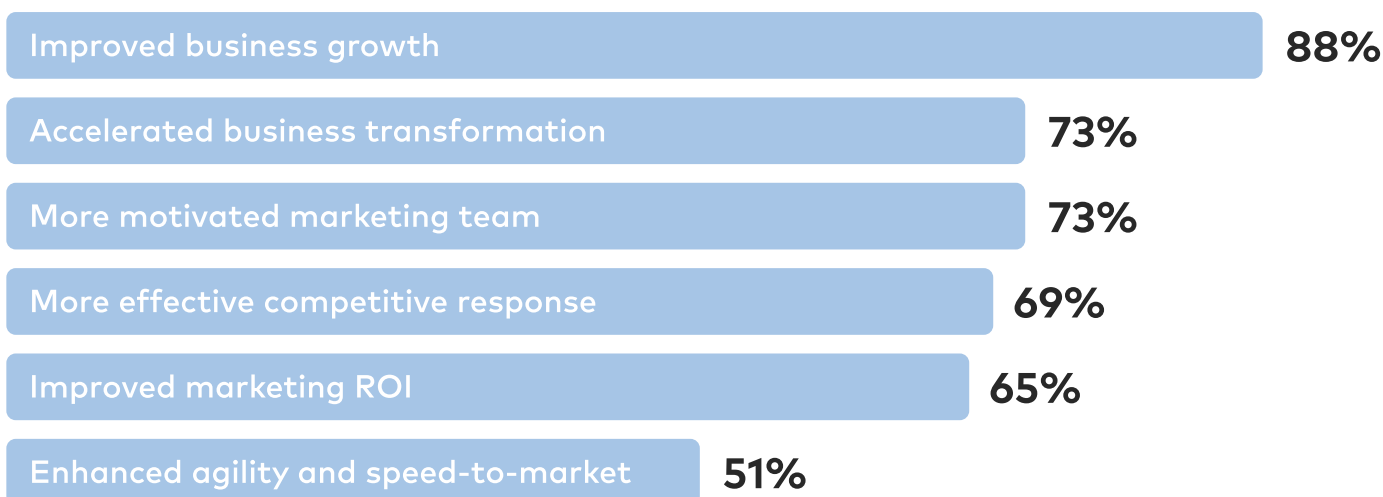
In a world where Creativity often means the difference between success and failure, Creative Capital is a crucial strategic asset. We believe it should be viewed in the same light and given the same priority as Financial or Intellectual Capital.

Organisations who neglect it will be leaving money on the table and imposing their own ceiling on growth.

Opportunities and barriers

In our research, we asked marketers to identify what benefits would result from their organisation possessing greater Creative Capital and, therefore, being able to address business challenges more creatively.

Their responses show the size and breadth of the opportunity:



These are prizes that every organisation wants and needs. So what's holding them back?

By far the biggest challenge was time. As one respondent put it: "We're just too busy doing". Given the speed at which businesses need to operate these days, this may be understandable, but it's not necessarily forgivable. ▶

After all, you wouldn't find many CFOs saying they didn't have time to attend to their company's financial capital requirements.

Time wasn't the only blocker. Three other areas featured prominently.

Approximately a third of our panel cited each of the following:

Shortcomings in ways-of-working that limited the organisation's ability to develop Creative Capital or leverage it fully.

Little or no investment in stimulating Creativity and/or ring-fencing budget for 'braver' test and learn activities.

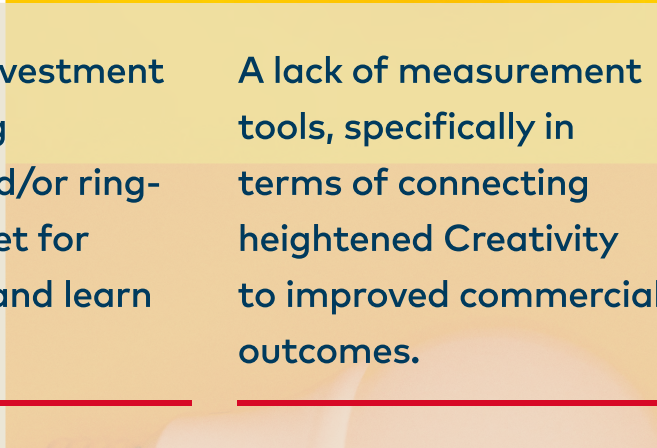
A lack of measurement tools, specifically in terms of connecting heightened Creativity to improved commercial outcomes.

Individually and collectively, these are complex issues. But given the will, they are surmountable. Other companies have tackled them successfully and there is much to be learned from their approaches, the stumbling blocks they encountered and the systems they eventually put into place.

How to accumulate Creative Capital

Ultimately, increasing an organisation's stock of Creative Capital is a whole company endeavour. But the marketing ecosystem is a good place to start.

We define the ecosystem as the sum of all internal and external capabilities, and consider it through four lenses: People, Processes, Platforms and Partners. Overarching these are Culture and Mindset, and how both come to life in the working environment. ▶



In their efforts to build Creative Capital, which of these areas had proved most fruitful for our respondents?

94%

A focus on
culture &
mindset

65%

A focus on
people

63%

A focus on
processes

47%

A focus on
the working
environment

22%

A focus on
platforms

16%

A focus on
partners

The dominance of **Culture and Mindset** isn't surprising. They're simultaneously prerequisites for and accelerants of success. Everything else flows from them.

This shines a bright light on the importance of leadership. As one member of our panel said: "The business case for Creative Capital needs to be supported at the highest levels. It's up to the leadership team to provide the necessary resources and space. That's the only way to fuel a virtuous circle of Creativity".

Superficial and tokenistic devices such as baristas and beanbags are all very well, but the most effective Creative cultures are characterised by more significant attributes. They must be purposefully designed to encourage challenge and risk-taking. In the words of one respondent:



If your goal is Creativity, the first step is to do everything you can to eradicate fear and blame from the system.

Which takes us nicely to **People**.

Recruitment policies need to ensure the business can tap into a true diversity of opinions and perspectives. This applies to everyone you hire or promote, whether they be in-house appointments or third parties. This means you need to think more broadly about the type of candidates who will achieve your creative ambitions, whether that be via linear career paths or non-traditional entry points to the marketing profession.

In parallel, training and incentives must be aligned to the objective. "There's no point stating we need more Creativity, then remunerating people on something else," was how one senior marketer put it.

However talented your people, they can only give of their best when supported by the right structures and ways of working, along with the right training and development opportunities which nurture creativity as a skill and as a mindset. We often talk about the right blend of inform, instruct and inspire in the context of a great brief for our agency partners, but it's equally as relevant for unlocking creativity within our own people and ▶

teams. Entrenched silos and hierarchies may bring some organisational benefits, but they're the enemies of Creativity. If you want to get to better briefs and drive cross-functional problem solving, you need a systematic plan for dismantling both.

The most effective **Processes** are often the leanest. Creativity by committee is ineffective (as well as exhausting). Be bold and empower people to act autonomously. As one of our panel pointed out: "The more people who input, the harder it is to be really innovative".

As companies like Dyson show, the **Working Environment** is a powerful tool. If you sit people somewhere that resembles a call centre, it becomes much harder to engender real Creativity. Go out of your way to inject continual doses of stimuli. Be imaginative, and as generous as possible, in providing forums for inspiration that will drag people out of their comfort zones and unlock a growth mindset. In companies with a truly creative culture the workspace is carefully and deliberately designed to stimulate and facilitate creative thinking, both individually and in teams.

Platforms and **Partners** have proved less fruitful areas for our respondents. The root causes are likely to be identical: a failure to integrate new capabilities fully into the marketing ecosystem, and then laser-focus them on a single goal.

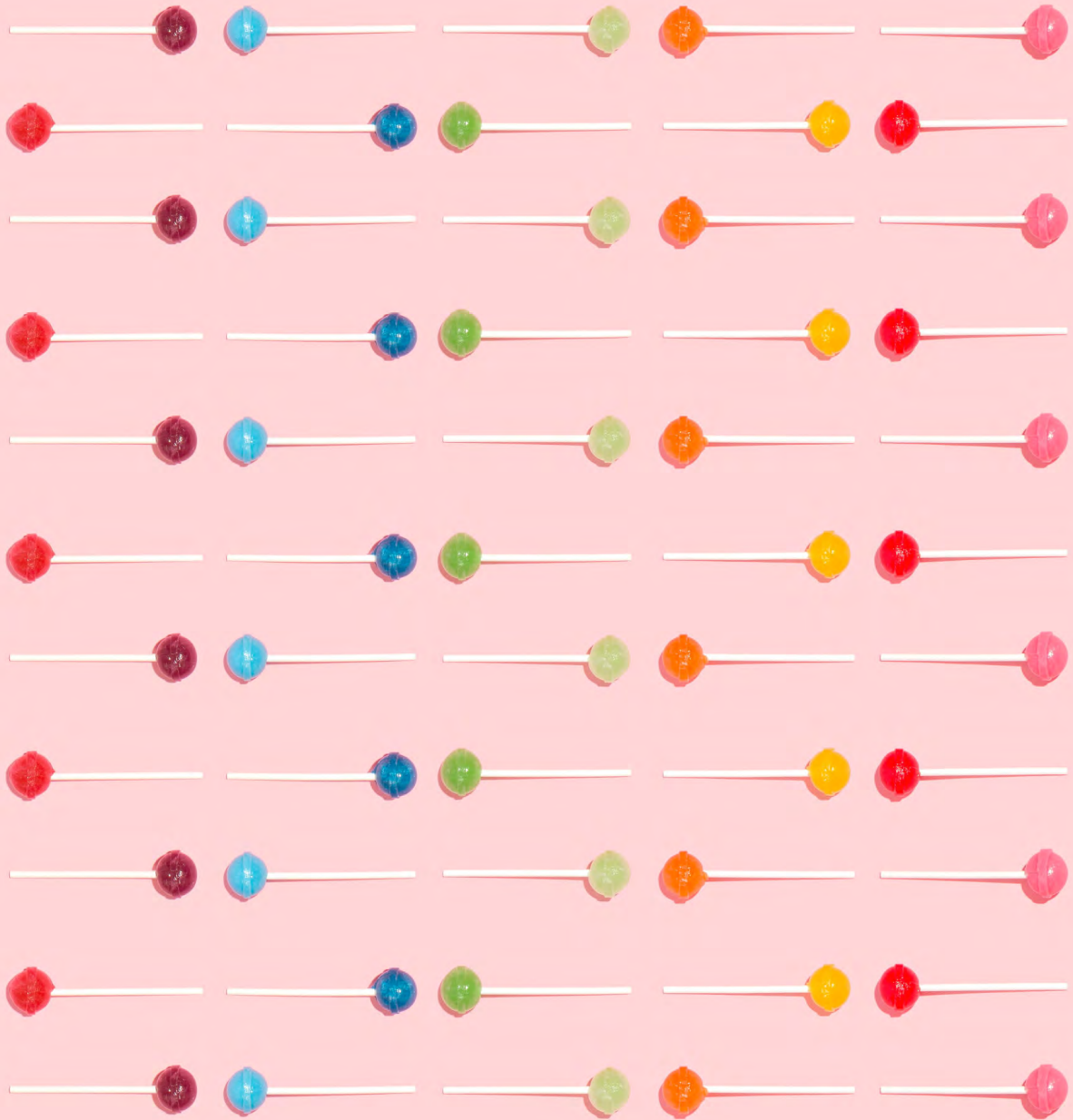
Platforms can be a powerful source of Creative Capital, but too often they become an end in itself. The result is the morass of digital sameness that bedevils many categories. Technology isn't simply about improving efficiency; it must also be used to drive distinctiveness.

A parallel challenge exists with Partners. The reality is that most of the relationships we see remain at arms-length. Yes, there are certain outputs that need to be delivered on time and on budget. But you'll get a far greater return on your investment if you break down the boundaries and find meaningful ways to share knowledge and learnings. It's about getting closer to your agencies, and driving towards shared goals where they are operating as true partners, not just suppliers. Of course, that places a premium on finding Partners who are genuinely motivated to add to your organisation's Creative Capital.

It's time to get engineering.

Creative Capital isn't a nice-to-have. It's foundational to delivering Creativity on a sharper, quicker and more repeatable basis. That means every organisation needs to make it a strategic priority.

AAR has created a set of tools and methodologies to help other businesses accumulate greater Creative Capital. Share your thoughts, experiences and perspectives on Creativity, and continue the conversation on LinkedIn and Twitter with the hashtag #CreativeCapital. ■



AAR: Experts in Marketing Ecosystems

91 Wimpole Street, London, W1G 0EF

T: 020 7612 1200

W: aargroup.co.uk

E: info@aargroup.co.uk

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