

The Creative Dividend

How Creativity Impacts Business Results

Table Of Contents

Executive Summary	1
Creativity Drives Business Success.....	2
Companies Now Pursue Creativity As A Genuine Business Objective	4
Key Recommendations	6
Appendix A: Methodology	7
Appendix B: Demographics/Data.....	7
Appendix C: Endnotes.....	8

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Executive Summary

Creativity is an intangible characteristic that most every company aims to cultivate. So much of what makes a company succeed — the ability to foster innovation, exceptional talent and leadership, and a high degree of brand recognition — is influenced by its creative perspective, practices, and culture. But does creativity also impact the bottom line, and do companies experience more business success because they foster creativity?

In May 2014, Adobe commissioned Forrester Consulting to investigate how creativity influences business outcomes. The study surveyed senior managers from corporations across a diverse set of industries to quantify and qualify how creativity impacts business results. We wanted to see if companies that cultivate creativity experience, what is termed in this study, a “creative dividend.”¹

This study found that companies that embrace creativity outperform peers and competitors on key business performance indicators, including revenue growth, market share, and talent acquisition. They enjoy a high-performance working environment, driven by progressive leaders and managers who provide processes, methods, and funding to back creative initiatives.

KEY FINDINGS

- › **Despite the perceived benefits of creativity, 61% of companies do not see their companies as creative.** In our survey of business decision-makers who influence creative software purchases, only 11% said their practices were perfectly aligned with firms readily recognized as creative. The majority (51%) said they were neutral or not aligned with creative firms, and 10% felt their practices were, in fact, the opposite of what creative companies do.
- › **More companies that foster creativity achieve exceptional revenue growth than peers.** Fifty-eight percent of survey respondents that said their firms foster creativity had 2013 revenues exceeding their 2012 revenues by 10% or more. In contrast, only 20% of less creative companies performed similarly.
- › **More creative companies enjoy greater market share and competitive leadership.** Our survey showed that creative companies are also more likely to report a commanding market leadership position with a higher market share than their competitors. Of those reporting

market share leadership, creative companies outnumber their less creative counterparts by a factor of 1.5.

- › **More creative companies win recognition as a best place to work.** A positive employee work environment is a fertile breeding ground for creativity. Our survey showed that 69% of creative firms also reported winning awards and national recognition for being a “best place to work.” Just 27% of less creative companies achieved similar accolades. Creative companies in our survey create a high-performance work environment, since 83 creative firms reported winning national attention while only 26 less creative firms did the same: a difference of 3 to 1.
- › **Companies put creativity on the business agenda.** When we asked respondents to identify how they pursue creativity, the majority said they set goals around creative outcomes (58%) and collaborate with customers to achieve them (58%), with their executives prioritizing (55%) and funding new ideas (48%) that come out of creative brainstorming and ideation.
- › **Creativity thrives with leadership support.** Regardless of type of business or industry, survey results found that executives and business leaders should nurture, fund, and promote programs to increase creative capability, including early technology adoption, and encourage the creation of novel customer experiences that build bonds and increase brand loyalty.

Creativity Drives Business Success

Essential to building brands, attracting buyers, and forging unique bonds with customers, creativity is also a key ingredient to business innovation and success. In her study “Creativity and Innovation in Organizations,” Harvard Business School Professor Teresa Amabile stated, “Creativity is the production of novel and useful ideas in any domain.” She goes on to say that “innovation is the successful implementation of creative ideas within an organization.”²

To understand how businesses view creativity, Forrester Consulting interviewed executives at large enterprises and agencies and asked them which qualities and characteristics define the essence of a creative organization. Many described creative companies as more willing to pursue the unconventional, push limits, and try new things — and that people who work at these firms are never satisfied with the first attempt. They see creative companies as more collaborative and involved with their customers. Leadership at creative firms, they believe, invests resources specifically in creativity and accepts failure as a byproduct of any business pursuit.

“Creative companies create products that give their customers new experiences or add value to their life. They have incredible focus on the customer — they constantly worry about how to delight and inspire customers in new and different ways. This directly impacts the bottom line.”

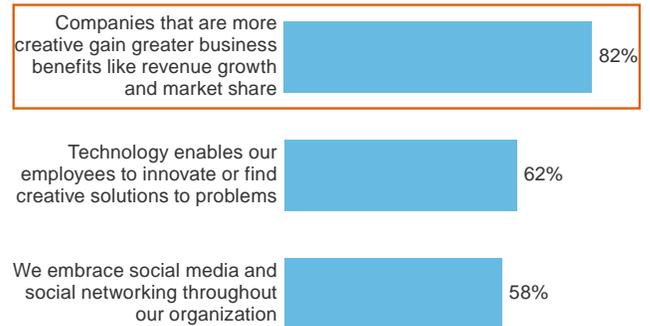
-SVP customer experience, global technology company

Informed by these conversations, we developed a quantitative survey and administered it to creative professionals and business decision-makers at large enterprises worldwide (see Appendix B). We asked respondents to identify what makes creative companies succeed and to assess how well their firms compare.

Upon completing the survey of 324 decision-makers from large enterprises in the US, UK, France, Australia/New Zealand, Korea, Japan, and Germany who influence creative software purchases, we found the vast majority of companies (82%) believe in a strong connection between creativity and desired business results — a creative dividend exists in the market today (see Figure 1).

FIGURE 1
Most Agree Businesses Benefit From Creativity

“To what extent do you agree or disagree with the following statements?”
 (“Agree” and “Strongly agree”)



Base: 324 creative software decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

Despite this high degree of agreement, we were surprised to find:

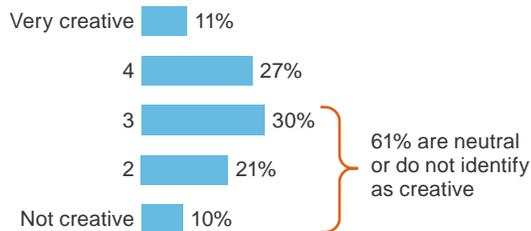
- › **Few companies believe they are highly creative.** Only 11% of respondents said their current practices — from leadership and customer insight, to risk propensity and collaborative working environments — align perfectly with the factors companies widely recognized for their creativity (see Figure 2).
- › **Most companies (61%) do not rate themselves favorably when it comes to judging creative capacity.** In contrast, the majority of respondents (51%) said they were neutral or not comparable with creative firms, and 10% felt their practices were, in fact, the opposite of companies that promote creativity within the organization.

Eighty-two percent of surveyed companies believe a strong connection between creativity and desired business results exists in the market today.

FIGURE 2

Sixty-One Percent Of Surveyed Companies Do Not Believe They Compare Well With Creative Counterparts

“How does your company compare with firms recognized for their creativity?”



Base: 324 creative software decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

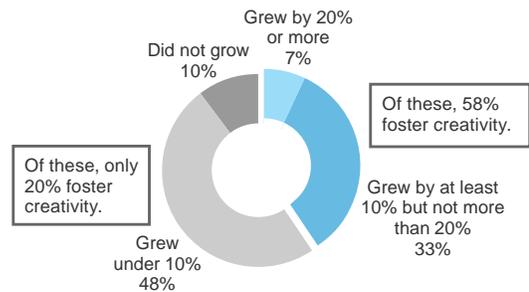
Many executives and business decision-makers view creativity as qualitative and intangible, or marginalized to a department centered on graphic design. With “design-led innovation” gaining more momentum with corporations, however, this study’s findings show that companies cultivating creativity inside their organizations are more likely to outperform their less-creatively-inclined counterparts on significant business measures.

Specifically, we asked respondents to rate their business performance in three critical areas: revenue growth, market share, and employee satisfaction. The survey results show creative firms statistically outperform less creative counterparts against these key business measures since:

- More companies that foster creativity achieve notable revenue growth when compared with peers.** We asked survey respondents to compare their company’s 2013 revenue performance against 2012, and 40% said their revenues grew by 10% or more (see Figure 3-1). The majority of this group (58%) said they foster creativity across their companies. Only 20% of the less creative companies responded similarly. Looking at the numbers directly, 71 creative companies achieved this exceptional business result, while only 19 less creative companies grew revenues to this extent: a factor of more than 3.5 to 1 in comparison.
- Creative companies enjoy greater market share and competitive leadership.** We also asked respondents to evaluate their company’s market share and leadership

FIGURE 3-1 Revenue Growth

“What was your company’s revenue growth in 2013 compared with 2012?”



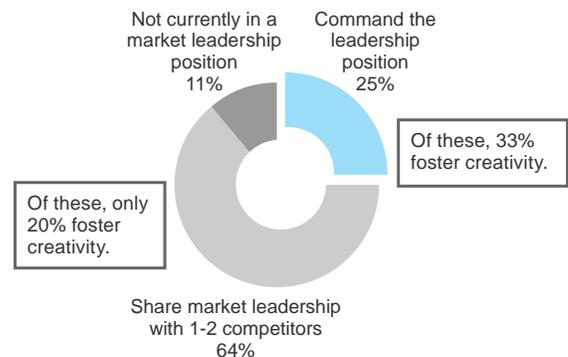
Base: 223 creative software decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

position in their respective markets (see Figure 3-2). We found 25% of our respondent firms enjoy a leading market position compared with competitors. Of this group, one-

FIGURE 3-2 Market Share

“Which statement most closely describes your company’s market share relative to your closest competitors?”



Base: 223 creative software decision-makers

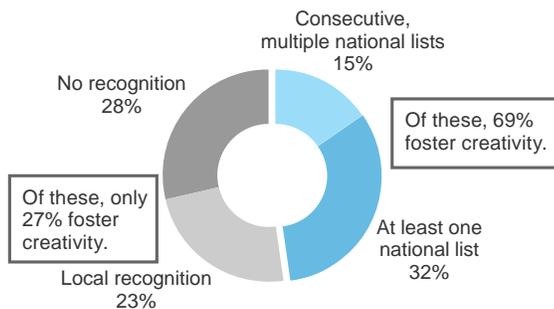
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

third (33%) said they foster creativity. Just 20% of less creative companies achieved similar results. This means companies that encourage creativity enjoy better market shares and positions and outnumber their less creative counterparts by a factor of 1.5 to 1.

- › **More of the creative companies win recognition as a best place to work.** When interviewing creative and business professionals about creativity in the workplace, our interviewees frequently associated a positive employee work environment as a primary condition for inspiring creativity. In our survey, 47% of respondents' companies received awards and recognition for being a "best place to work" (see Figure 3-3). The great majority of these acclaimed companies (69%) also reported enjoying a strong culture that supports creativity. Just

FIGURE 3-3
Employee Experience

"What recognition did you receive for your employee working environment within the past three years?"



Base: 223 creative software decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

27% of less-creatively-inclined companies achieved similar recognition. Further analysis of the data reveals that companies with creative work environments are three times more likely to win these types of awards and recognition compared with their less creative counterparts.

Companies Now Pursue Creativity As A Genuine Business Objective

Most companies establish standard business practices and policies around hardware and software upgrades, employee training programs, and even refreshing interior and exterior facilities. With design-led innovation on the rise, more companies are extending their strategies to include creativity by giving it priority, process, and dedicated funding. When we asked respondents to describe their views on creativity, we found that they genuinely see

creativity as a key ingredient to business success (see Figure 4).

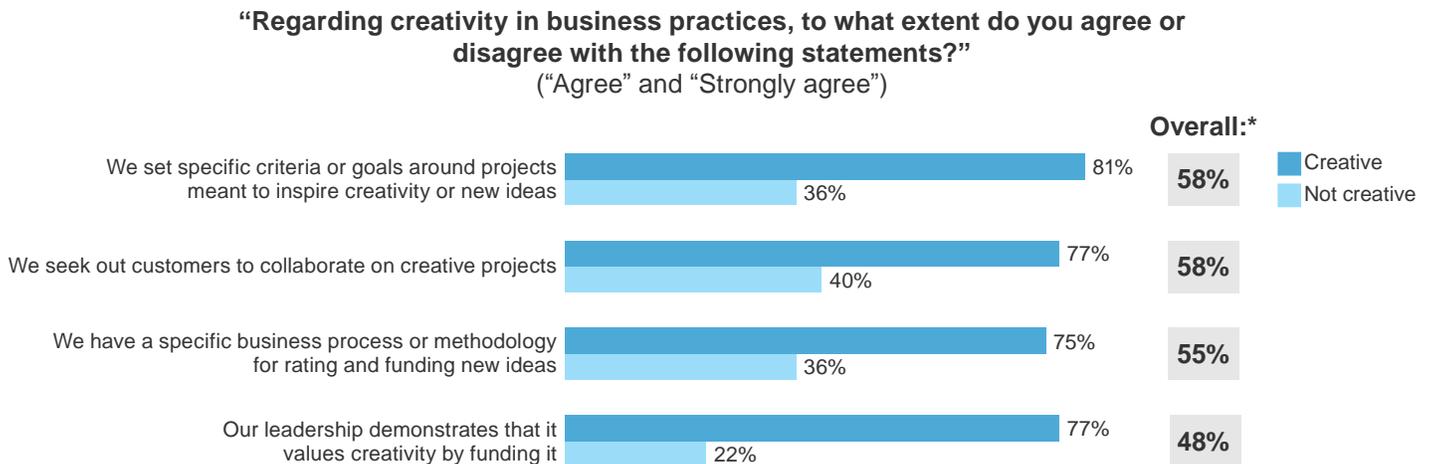
Companies participating in the study stated these investments can be as simple as putting forth goals, methodology, and processes that enable greater creativity. Enabling creativity can also be more advanced and include investment in disruptive technology or early adopter programs.

Looking closely at business practices that foster creativity, we found that creative companies:

- › **Set goals for achieving creative outcomes.** Our findings show that rather than viewing creativity as disconnected from business results, respondents at creative companies treat creativity as a valid business objective and establish corporate goals that include creative objectives. Almost three out of five respondents (58%) said they set specific project goals meant to inspire creativity or new ideas within their firms. Furthermore, creative firms are more than twice as likely to set goals for idea generation and other creative pursuits.
- › **Foster collaboration with customers.** Creative companies are twice as likely to encourage employees to reach out and connect with customers as those with less creative cultures. A healthy majority (58%) said they seek out customers to collaborate on specific creative projects at their firms. This type of collaboration is important to generating the innovative ideas, products, and services that customers want.
- › **Encourage a creative culture through their leadership.** Creativity leads to new ideas that can disrupt markets and displace competitors. Executive management recognizes the strength of this connection, as 55% of respondents said they have instituted business processes and methodologies specifically for rating and funding new ideas. Creative companies lead the way here, composing 81% of this group.
- › **Fund creativity and ideation.** The study found that 48% of respondents believe their company's leadership demonstrates the value it places on creativity by funding the most promising ideas. Leaders at creative companies are three-and-a-half times more likely to fund projects focused on creative pursuits than their less creative counterparts.

FIGURE 4

Companies Set Goals For, Manage, And Fund Creativity As A Part Of Doing Business



Base: 223 creative software decision-makers

*Base: 324 creative software decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

“It starts all the way at the top; the CEO needs to understand value of creativity and innovation and put resources and funding in place to support that throughout the whole company. It’s a whole change of focus when a CEO fosters creativity.”

— *Creative director, multinational food and beverage company*

› **Adopt technology early.** Technology supports rapid innovation, a high-performance working environment, and a visible brand — factors that help creative companies outperform the competition. In our survey, the majority of our survey respondents (62%) believe that technology enables employees to innovate or find creative solutions to problems (see Figure 5). To create a competitive advantage, firms need to adopt new technology early: 53% of our survey respondents agreed.

“Technology disrupts business. It makes ideas into a prototype and gives us new ways to connect to our clients. If you are not competing on this playing field, you’re going to lose.”

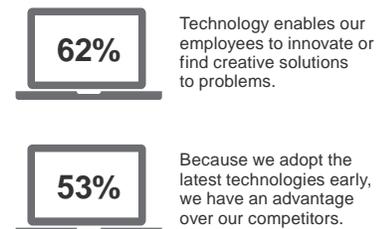
— *Creative director, creative services enterprise*

› **Create novel customer interactions.** To deliver remarkable and delightful customer experiences, organizations must excel at design, develop concepts that

stand out in the market, pursue the highest quality, and execute with high efficiency. In our survey, 37% of respondents selected this characteristic as a key differentiator between creative and less-creatively-inclined companies. Top leaders at creative companies also adopt agile marketing practices and push their brand to new places through digital, web, mobile, and social channels.

FIGURE 5

Technology, Creativity, And Success



Base: 324 creative software decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

Key Recommendations

Forrester's in-depth interviews with creative directors and business executives — supported by global survey results with 324 of their peers — show how innovation, talent, goal setting, funding, and brand experiences foster the creative dividend and allow companies that emphasize creativity to perform strongly and deliver better business results. To develop the practices and culture required to nurture a firm's untapped creative potential, business executives and creative leads should:

- › **Embrace a creative mindset.** Asking employees to “be more creative” won't change anything without incorporating creative tasks, tools, and techniques into business strategy and execution. Those we interviewed believe this emphasis must start at the top. “When a CEO fosters creativity and puts the resources and funding in place to support it throughout the company, it can change the whole focus,” said the creative director at a multinational food and beverage company. Organizations that fully embrace creativity in the workplace often reserve budget, or hire a dedicated creative design officer (CDO) or chief creative officer (CCO) onto the executive staff to signal to employees that creativity is as important to the business as engineering, HR, finance, and sales. Leadership should encourage employees to go beyond the obvious solutions by creating a culture that asks “what else?” or “what next?” They should highlight creative accomplishments at the company meeting, shoot an executive video on the subject, or include creative achievements in internal communications like emails, blog posts, or comments on internal social networks.
- › **Put creativity on the business agenda.** Top executives make a commitment to creativity by including goals related to creativity in the company's business strategy. They back this up by measuring teams against not only the number of new ideas generated, for example, but how well teams prioritize those ideas, incorporate needed changes into business processes, and bring the ideas to market. They actively help teams prioritize creatively inspired projects, celebrate key creative breakthroughs, and personally recognize creative results. They also shake things up and add diversity to the mix. As the digital creative director at a global advertising and marketing enterprise suggested, “You have to change their physical environment, allow people to mingle, and get different disciplines together to share perspectives.”
- › **Reward creative gambles regardless of payoff.** When a creative director at a global advertising and marketing firm said, “You need to be willing to take risks, willing to fail, willing to not follow in line with everyone else,” he summarized what several others noted — how embracing risk and trying novel approaches is critical to fostering creativity. Besides obvious approaches, like setting aside budget and resources to experiment with new approaches, product ideas, or technologies, executives should be transparent about how the business takes certain risks and share which ones worked out, which did not, and the role creativity played in each. To avoid the downside of risk, they should set specific criteria, like limiting the scope or setting up cross-functional reviews, when undertaking more risky creative projects.
- › **Embrace creativity to make your brand experience stand apart.** Interviewees tell us they see creative brands get products to market faster, enjoy a price premium from buyers, have more people who speak on their behalf, and disrupt their traditional markets with new ideas and approaches. To make creativity pay off in results like these, business and creative leaders get to know their audience, understand what's important to them, and describe their pain points in intimate detail. They should use this knowledge to create smart, provocative experiences that make both prospects and existing customers think or see things differently.
- › **Invest in technology to support both creative experimentation and collaboration with customers.** It's not enough to simply adopt technology early. To earn creative dividends, companies use technology to better serve their customers and business goals. They don't look for off-the-shelf solutions, but bend and adapt technical capabilities to create bold new ways of running the business or engaging with buyers. The director of technology at a global advertising and marketing enterprise expressed this well by sharing how he sees creative companies as particularly adept at “. . . making the intangible tangible by using technology to turn ideas into prototypes or simulations that clients can actually see and play around with.” Business leaders should increase their team's technical fluency and sophistication by investing in tools that help them collaborate, share ideas, and get the creative juices to flow.

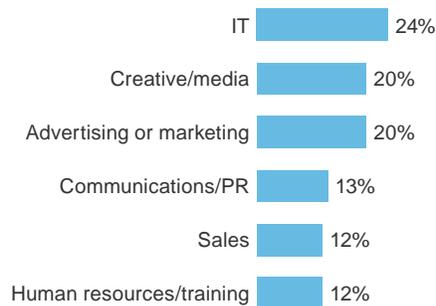
Appendix A: Methodology

In this study, Forrester interviewed 10 creative leaders at US enterprises and conducted an online survey of 324 creative software decision-makers from organizations in the US, UK, France, Australia/New Zealand, Korea, Japan, and Germany to evaluate the impact of creativity on business outcomes. Survey participants included managers and above who influence creative design software decisions. Questions provided to the participants asked about the reasons for, and business benefits of, creativity. The study began in March 2014 and was completed in May 2014.

Appendix B: Demographics/Data

FIGURE 6
Respondent Functional Area

“Which of the following best describes the department or functional area where you work?”

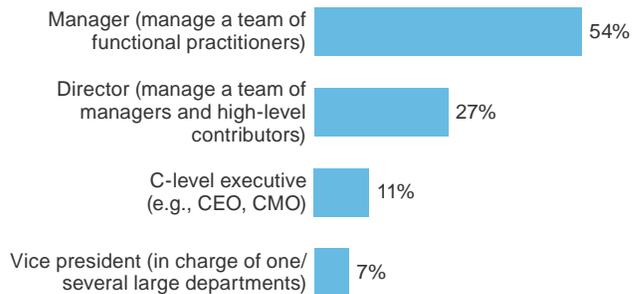


Base: 324 creative software decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

FIGURE 7
Respondent Titles

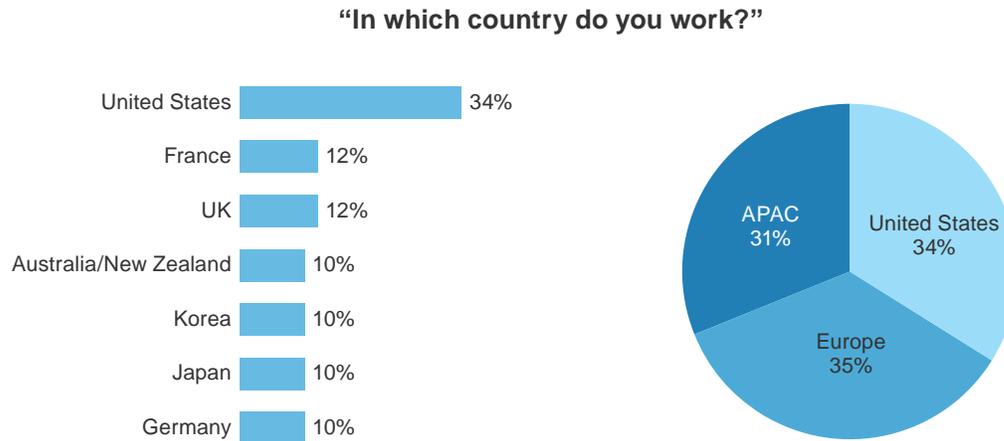
“Which of the following most closely describes your job title?”



Base: 324 creative software decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

FIGURE 8
Respondent/Company Geography



Base: 324 creative software decision-makers (overall percentages of 324 respondents)

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, May 2014

Appendix C: Endnotes

¹ For the purposes of this paper, we refer to companies that cultivate or embrace creativity as “creative companies” and to those that do not as “less creative companies.”

² Source: Teresa Amabile, “Creativity and Innovation in Organizations,” Harvard Business School, January 1996.