

# Welcome to... THE PROFFITTABLE TIMES

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Newsletter

## Boost Performance with Creative Insights

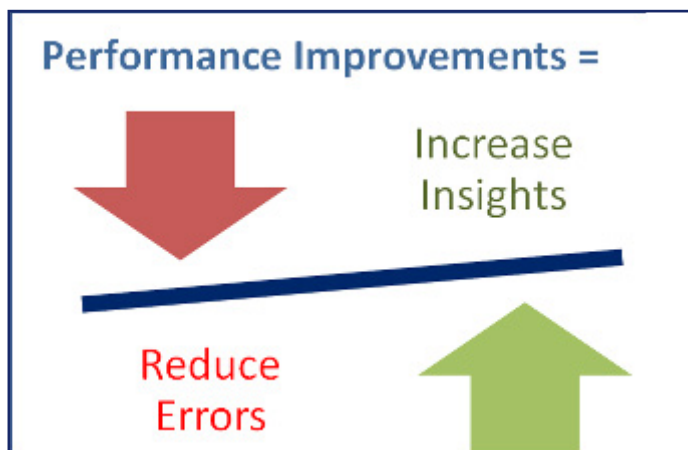
Leaders may inadvertently suppress their people's creative insights. While bragging about their innovative, out-of-the-box thinking, these bosses may fail to notice that company systems discourage creativity. This ingrained, often invisible problem has an adverse side effect: It can diminish profits.

In managers' zeal to encourage efficiency, they strive to minimize uncertainty and errors. But an error-free workplace doesn't guarantee business success. Products and services are too easily commoditized and replicated.

### Performance Improvements

*"Businesspeople stand on the threshold of the knowledge society. In this society, a company's competitive advantage will come from an historically underdeveloped asset: the ability to capture and apply insights from diverse fields."* - Peter Drucker (The Economist, 2001)

Improving performance for long-term success requires a two-pronged managerial approach: Focus on reducing errors while increasing insights. Your business will stagnate without improvements on both fronts.



### A Message from Nancy...

I have a couple of questions to ask you:

1. Is your business as successful as you think it should be?
2. Are you and your team able to pinpoint the solutions necessary to create positive changes to get where you need to go?



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Most managers concentrate on reducing errors: the obvious half of the equation. They know mistakes are visible, costly and embarrassing. They apply their training to spot gaps and errors, and they implement measures to eliminate mistakes.

But many managers forget about the second step. Businesses cannot surge ahead in the marketplace without creating insights. If you're too intent on eradicating uncertainty and accurately predicting workflow/resources/schedules, you may not be receptive to your people's fresh ideas—suggestions that can save your company time and money.

Each of us is guilty of falling into predictability and perfection traps. Upholding the status quo yields the results we know, so why bother risking something new? But problems arise when we quash employees' creative insights.

## 4 Stages of Creative Insights

*“When we put too much energy into eliminating mistakes, we're less likely to gain insights.”* - Gary A. Klein, PhD, *Seeing What Others Don't: The Remarkable Ways We Gain Insights* (Public Affairs, First Trade Paper Edition, 2013)

Research into how the brain solves problems and generates “aha” moments has helped us understand the best ways to create insights.

British psychologist Graham Wallas proposed a four-stage process in his 1926 book, *The Art of Thought*. He asserted that creative solutions appear sequentially:

**Preparation => Incubation => Illumination => Implementation**

Social scientists accepted and promoted this model for more than a century. Psychology professors John Kounios and Mark Beeman tweaked the formula in *The Eureka Factor: Aha Moments, Creative Insight and the Brain* (Random House, 2015):

**Immersion => Impasse => Diversion => Insight**

This is the classic way to think about insight, they maintain, although there are several elaborations and variants. We must step back and painstakingly observe a problem (immersion), examine perspectives and context, reinterpret the familiar, become aware of unfamiliar and unseen relationships, and question assumptions and biases.

If you reach an impasse, stop seeking answers. Seek a change of scenery, and give your brain a rest (diversion). Your subconscious will continue to make remote associations and connect ideas during an incubation period. Insights will materialize, accompanied by feelings of certainty and an emotional thrill.

## How Insights Differ from Intuitions

Intuitive thinking and creative insights can lead to breakthrough ideas, but they're two different animals. Intuition is the use of patterns already learned; insight is the discovery of new patterns.

As a leader, you deal with a tremendous amount of data. It can be useful when appropriately analyzed, but in some cases may prove overwhelming and misleading. Dr. Klein offers several thoughts on how we process this data:

- When we receive a new piece of information, it joins the information we already have. This sets the stage for discovery.
- We use stories (narratives) to frame and organize the details.
- Insights shift us toward a new story: a set of beliefs that are more accurate, comprehensive and useful.
- Our insights change how we understand, act, see, feel and desire.
- Compared with routine problem-solving, insights aren't conscious or deliberate.

Most importantly, insights change how we act, what we do next, and what we need to validate new ideas.

## 5 Paths to Creative Insights

After meticulously analyzing 120 cases, Dr. Klein identified five paths that lead people to form brilliant insights. Each can be applied to any problem:

1. Connections
2. Coincidences
3. Curiosities
4. Contradictions
5. Creative desperation

Adopting these mindsets allows you to spot trends by making connections and spotting patterns. You'll become more curious about irregularities and notice potentially significant coincidences. You'll explore contradictions or anomalies. In some cases, you may become desperate enough to try anything that could work.

## 7 Places to Find Creative Insights

Several Fortune 500 companies were founded on a single insight into what customers want:

- Starbucks brought a little bit of Italy to coffee shops.
- Home Depot gave do-it-yourselfers access to professional supplies.
- The Body Shop was built on the notion that beauty-product consumers care about humane animal-testing practices.

- FedEx was started because overnight delivery was a brilliant insight.

A November 2014 *Harvard Business Review* article (“Where to Look for Insight”) defines insight as “an imaginative understanding of an internal or external opportunity that can be tapped to improve efficiency, generate revenue, or boost engagement. Insights can be about stakeholder needs, market dynamics, or even how your company works.”

Most of us can adopt a mindset that facilitates creativity and insights. The authors of the HBR article urge readers to explore seven key areas:

1. **Anomalies:** Examine deviations from the norm. Do you see unexpectedly high or low revenue or share in a market or segment? Surprise performance from a business process or a company unit?
2. **Confluence:** Find macro trend intersections. What key economic, behavioral, technological or demographic trends do you see? How are they combining to create opportunities?
3. **Frustrations:** Pinpoint deficiencies in the system. Where are customer pain points for your products, services or solutions? Which organizational processes or practices annoy you and your colleagues?
4. **Orthodoxies:** Question conventional beliefs. Are there assumptions or beliefs in your industry that go unexamined? Toxic behaviors or procedures at your company that go unchallenged?
5. **Extremities:** Exploit deviance. What can you learn from the behaviors and needs of your leading-edge or laggard customers, employees or suppliers?
6. **Voyages:** Learn from immersion elsewhere. How are your stakeholders’ needs influenced by their sociocultural context?
7. **Analogies:** Borrow from other industries or organizations. What successful innovations do you see applied in other disciplines? Can you adapt them for your own use?

## Fixation Thinking

Albert Einstein is reported to have said that if you gave him an hour to solve a problem, he’d use the first 55 minutes to consider if it was the right problem.

A problem typically leads to an impasse because you’re asking the wrong question. When you focus on misleading features, you risk going down rabbit holes. We need to become aware of the mental traps that cause us to fixate on the wrong problem.

Many years ago, people in a high-rise building complained about slow elevators, so the owners brought in engineers to solve the problem. Each professional said the same thing: Modifications would cost a great deal of money and wouldn’t result in a noticeable increase in speed.

It seemed to be a hopeless engineering problem—until another consultant offered a different kind of solution: Line the elevator cars and doors with mirrors. Passengers were so distracted by looking at themselves that they stopped noticing the passage of time. Complaints ceased.

## Mental Training

Studies have shown that even thinking about unusual people or events primes the brain for creativity. On the other hand, thinking about conformity, rules and the way things are usually done enhances analytical thinking.

Achieving psychological distance—even if it’s only imaginary—increases insightfulness. Try to think about the big picture, the 30,000-foot view.

Only a handful of programs train people to solve problems insightfully. Some focus on making you more systemically aware of your assumptions and the fixations that prevent you from solving a problem. This allows you to dismantle an incorrect perspective and construct a new understanding that points to fresh ideas.

## Environmental Influences

Kounias and Beeman believe your environment can promote a brain state that’s amenable to “aha” moments.

Creative insights and valid intuitions are characterized by:

1. Remote associations
2. Broad, flexible attention
3. Abstract thought
4. Positive mood
5. A sense of psychological distance
6. A promotion orientation

Some studies show that expansive surroundings (high ceilings, a view) allow greater creativity and broaden attention. The ideal environment for creative thinking is open, airy, rounded and calm. Change everyday routines. Interact with diverse people and situations. Nonconformists can be strange, but their creative thinking is contagious. Being around them primes the brain for enhanced insightfulness.

## 8 Tips to Enhance Insightfulness

The threat of a deadline narrows your thinking and restricts ideas. Frequent breaks and long periods of incubation are likely impractical, but finding ways to maintain a creative mindset is paramount.

Try the following strategies to enhance insightfulness:

1. Periodically consider your larger goals and values, and how you can promote them.
2. Reserve time for long-range planning and creative daydreaming.
3. Cultivate a positive mood by thinking about the people and things that bring you joy.
4. Schedule vacations that will stimulate creative thinking.
5. Do something new. Take up a new hobby, or delve into a topic unrelated to your occupation.
6. Walk, run or engage in another physical activity to promote brain growth.
7. Meditate and disengage periodically.
8. Get ample sleep to rejuvenate brain cells, improve associative thinking and consolidate memories.

The research is clear: Leaders must give equal time to minimizing performance errors and maximizing the flow of creative ideas. The combination offers a significant reward: high performance.

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