

# The Secret to Turning your Creativity into Results

By David Brewster

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The irrational nature of stock markets reached a new low last month as they treated the war on Iraq like a sporting contest. The markets soared as each attacking 'goal' was scored. They then dived at every sign of effective defence. This behaviour serves as a valuable reminder of how NOT to do business if you want your creative energy to bring you real results.

Active stock market traders are experts at what I call 'reactive creativity'. They seem to focus their creative effort more on trying to out-smart each other than on buying into better performing companies.

Creativity, in a trader's mind, is the correct prediction, before anyone else, of a significant move in the market - up or down. It's also about being clever at minimising losses when those predictions prove wrong.

And where does the cost and confusion of all this 'reactive creativity' get them? In 2002, the average American trader lost 22% of the value of his or her portfolio\*. Average returns have been negative for the last three years.

Compare these results to the performance of Berkshire Hathaway, the corporate vehicle of enormously successful investor Warren Buffett. Investments in Berkshire actually increased by 10% in 2002. In other words, they out-performed the rest of the market by 32%. Berkshire outperforms the market year after year.

What's the difference? Fundamentally, when Buffett buys into a company, he "buys to keep". He is not interested in reacting to market conditions. He uses his creative energies to identify strong, sustainable investment opportunities. His is 'PROACTIVE CREATIVITY'.

Proactive Creativity is the type of creativity which characterises a simple business. It is creativity built on a solid foundation. It is creativity which, as Jim Collins and Jerry Porras put it\*\*, 'stimulates progress' while 'preserving the core'.

In a simple business, your core consists of:

your commitment to your simplicity,  
your clarity about what it is you do and how you do it, and  
your consistency in delivering to your customers.

This core is what gives a simple business its stability. It's what gives the managers of such a

business their sense of control. And this stability and control in turn provides the means to be proactive, rather than reactive, when it comes to creativity.

Where does your business sit? Are your creative energies focused on setting the direction of the market - or reacting to your competitors moves? Do you actively seek out ways to be more efficient internally, forcing your competitors to catch up? Or are you cutting prices and costs just to stay in the market?

Get the basics right, then get proactive with your creativity. A simple concept which will put you ahead in your market every time.

\* using the S&P 500 index as a measure

\*\* 'Built to Last - Successful Habits of Visionary Companies' by James C. Collins and Jerry. I. Porras (Random House, 2000)

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