

Innovations Management

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Abstract

In today's competitive environment Innovations are not only necessity, but also an opportunity for organizations to prevail on the market. Innovation management is the invention and implementation of a management practice, process, structure, or technique that is new and is intended to further organizational goals Over the past half-century, scholars around the world have produced a vast body of academic research and writing on innovation. While most of those researches have focused on various aspects of technological innovation, the trend over the last fifteen years has been toward exploring other forms of innovation, such as process innovation, service innovation, and strategic innovation, with a view to understanding how they are managed and how they contribute to long-term organizations success. In this article I would like to discuss some concepts on innovations and highlight some innovations in the corporate world.

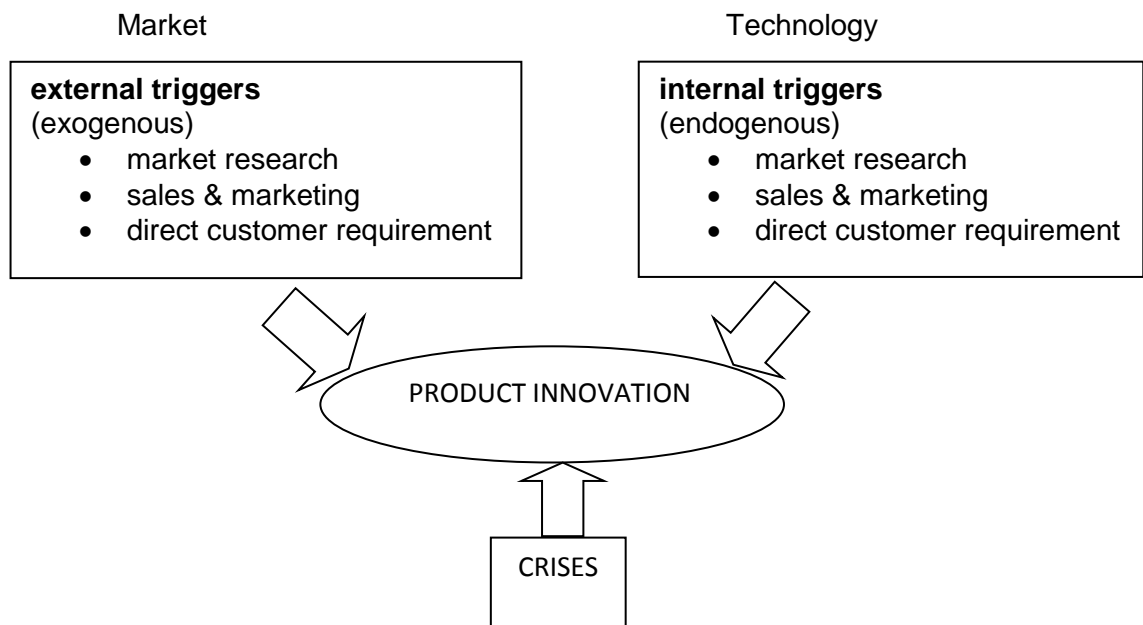
Innovations management theories

There are many innovation management theories and different models that describe the process and phases. One such model has been given by Vahs und Burmester, 2005, "Innovation necessity".

Innovation necessity – opportunities through innovation

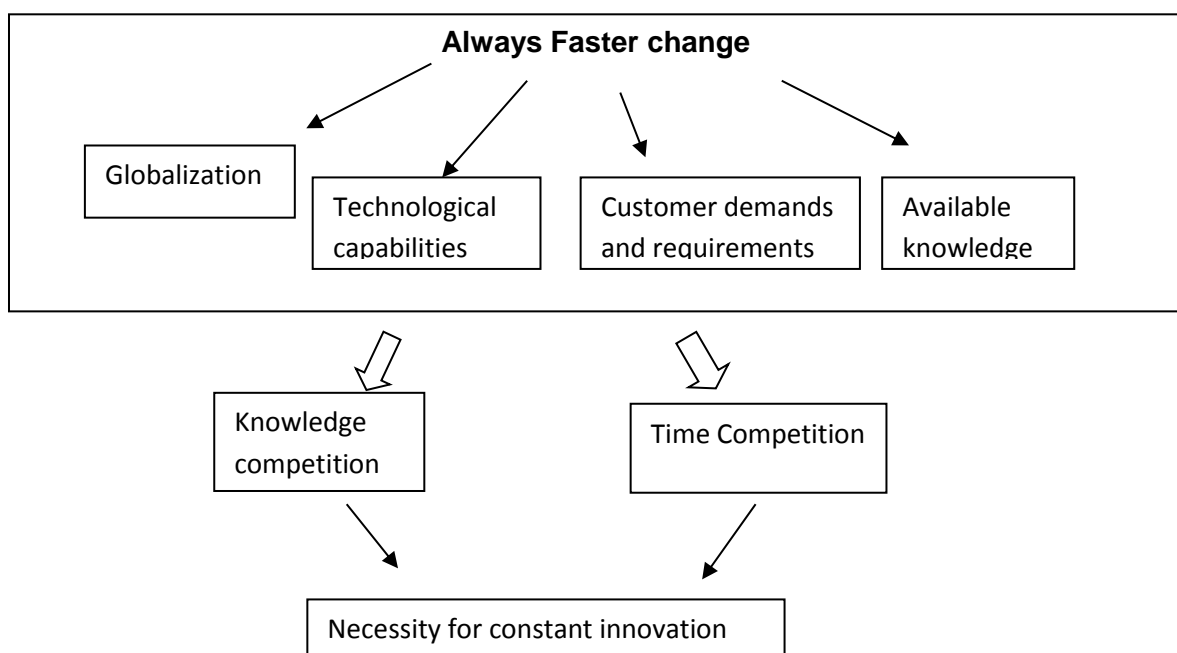
Increasing global competition, rising customer demands, rapid technological advancements as well as new procedures and policies (e.g. environmental protection standards) pose high requirements for the development and management of new products and services.

Figure 1: Innovation necessity



The changing philosophy towards customer centricity with time and cost efficiency and innovative development processes is becoming an increasingly important factor of success for companies. Also diverse legal, social and ecological requirements must be met through various types of innovations. Innovations are an important factor of success in a competition which is getting increasingly intense. The organizations which are able to invent themselves over and over again and thus gain new competitive advantages will be able to survive in the long run. This is true for companies, organizations, teams, employees and countries. But the necessity for innovation in companies is subject to various factors. Figures 1 and 2 present the connection between the factors and the necessary innovations.

Figure 2: Innovation necessity, (STERN UND JABERG, 2007)



Innovations result from ideas, if they are implemented in new products, services and processes, which find real usage and thus penetrate the market. Commercial success in the future will therefore depend mainly on the companies' abilities to create new products, ideas and processes or take up innovations quickly. The requirements for this are good innovation skills. To take up changes as real opportunities companies today first and foremost need the skill to be able to predict new trends and if possible even create them (CANTON, 2006). In that case the increasingly rapid change brings advantages and opportunities for new businesses or business areas. The winners in this situation are thus the companies that are able to adapt faster to the new situation than the competition (STERN UND JABERG, 2007). Thus innovations management can be defined as Innovations result from ideas, if they are implemented in new products, services and processes, which find real usage and thus penetrate the market. (DISSELKAMP, 2005). Innovations don't always have to be completely new ideas. The term innovation rather means the implementation of something new and results in a noticeable improvement for the user. They are characterized by a special characteristic, clear originality and a noticeable user benefit. Innovations are as a result qualitative new products, services, processes, structures, markets and cultures (DISSELKAMP, 2005).

Types of Corporate Innovations

Different types of corporate innovations would be categorized as:

Product innovation: Product innovation is the development of new products, changes in design of established products, or use of new materials or components in manufacturing of established products. In other words, anything which is new to the business and its product range is counted as innovation. The necessity for product innovation lies in the change of demand preferences and rise of technological trends. A good example of product innovation would be launch of chotukool refrigerator for the rural market by Godrej & Boyce. "The Little Cool" ("ChotuKool") fridge was launched for lower-income consumers. The portable fridge, designed to cool five to six bottles of water and stock a few pounds of vegetables, runs on batteries and is the cheapest fridge on the market. The product is distributed by villagers who are being trained as salespersons and will earn a commission on fridge sold

Process innovation: Process innovation is about the optimisation of the way goods and services are produced, and not the service itself. Process innovations help companies to create their operating procedures more efficiently and creatively. The process includes the way as well as the order in which goods and services are produced in a company. Ford's first use of the production line by bringing product to the person during fabrication is process innovation.

Organizational Structural innovation: Structural innovations are amongst others innovations in the functionality of the working structure like the implementation of new working hours, work places or enhanced processes of human resources development, but also enhancements in the structure of distribution, marketing, organisation or logistics. They serve to increase employee motivation and qualification or the rationalisation of operational processes. Work from concept or virtual offices could be innovations adopted by many IT companies.

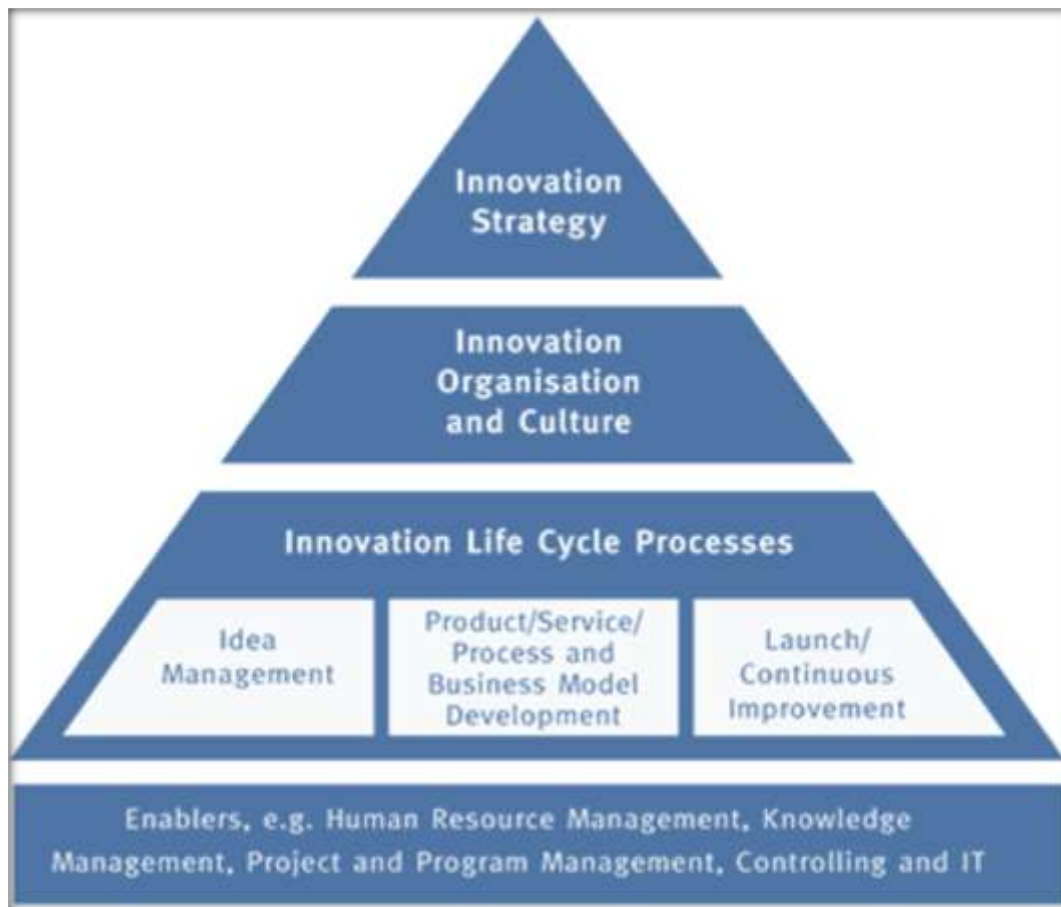
Cultural innovation: Cultural innovations are enhancements in the social area for individuals as well as in the relationship between individuals. Worlds most innovative companies build innovative cultures in their organization.

Marketing innovations: The increasing trend in innovative marketing strategies resulted in various innovative communication and distribution strategies which had a huge impact on customer buying patterns of products and services. Consider the classic example of Hindustan Unilever Limited (HUL)'s Project Shakti. HUL developed its own distribution system to sell shampoo to 500,000 villages with small populations in remote parts of India. The company provided basic sales and accounting training to women organized into self-help groups, who then became HUL distributors, each of them generating sales of \$250-300 a month. What helped the sales effort was HUL's simultaneous launch of an innovative single-serve sachet for this market segment. Project Shakti now covers 15 states in India with over 45,000 women entrepreneurs covering 3 million households every month. Shakti distributors account for 15 percent of the company's sales in rural India

Successful Innovation management

Based on experiences in innovation consulting for different branches A.T.Kearney has developed the "House of Innovation". This model depicts the most important building blocks of successful innovation management. The roof of the House of Innovation is innovation strategy, a planning process that clearly defines for which corporate goals innovations are necessary and how they can be supported by resources, processes, technologies and behaviors within the company. A company aligned for innovation should next to innovation strategy also include this goal in its organization and corporate culture.

Figure 3: House of innovation



Other than the house of innovation there are eight pillars which needs to be considered before getting into innovation in the corporate:

Eight pillars of innovation:

1. Have a mission that you care about.
2. Think big start small
3. Focus on continuous innovation and improvement
4. Look for ideas internally as well as externally
5. Sharing is the mantra
6. Believe that impossible can be possible
7. Have open structure
8. Do not be afraid of failures

Conclusion

Thus to conclude the organizations should look ahead and not behind. It's not just the big companies that need to do this. Every business must innovate to compete. They must create new products and services for new markets. They must be creative, and come up with new

ideas that never would have been thought of before. This is the new management paradigm. Get used to it, it's not going away anytime soon. Here's what will happen. Everything will speed up. Processes, functions, data, inventory turns and speed to market, will force employees to learn a whole new language called innovation. Innovation Management is about more than just planning new products, services, brand extensions, or technology inventions. It's about imagining, mobilizing, and competing in new ways.

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