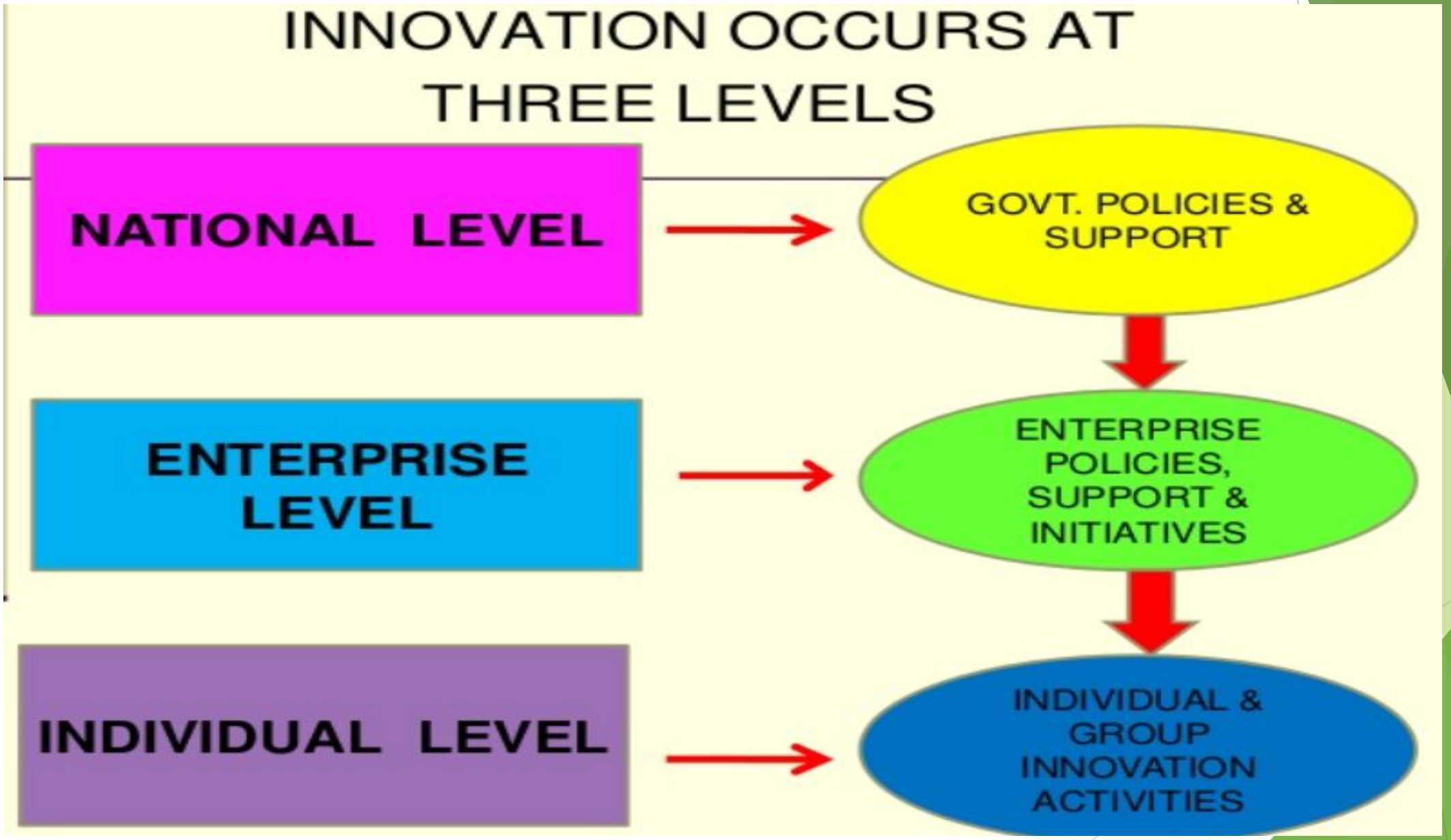
# UNIT - II

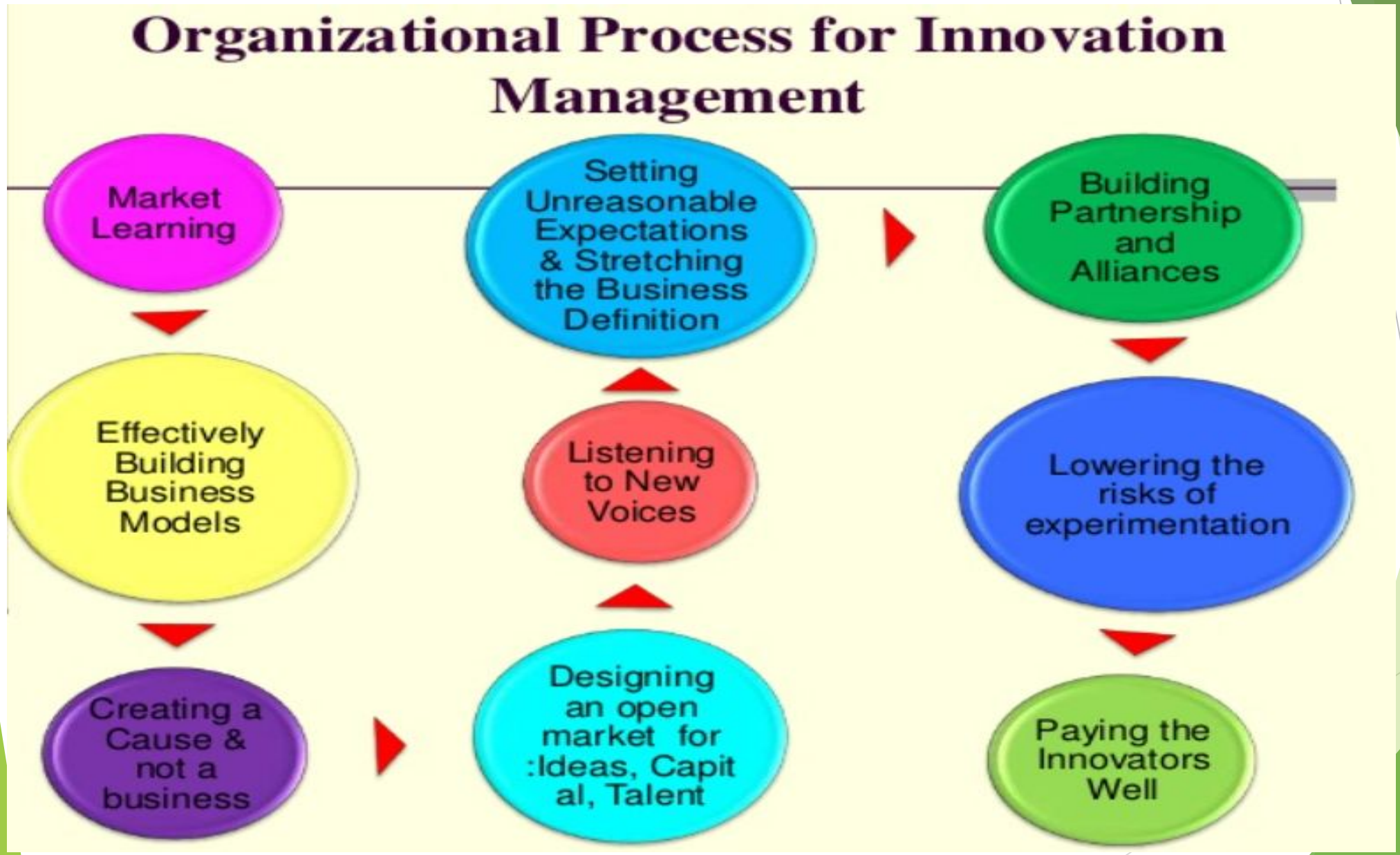
- Building an Innovative Organization: Creativity in organizations
- – Building organizational environment – Need Analysis: Questionnaires, Online tools, SWOT analysis;
- Technology watch; Focus group; Desk Research – Innovation Management Process – stages of innovation
- - planning and financing Innovation projects – Innovation and organization: Creating new
- products and services, Exploiting open innovation and collaboration,
- Use of innovation for starting a new venture;
- Class Discussion- Innovation: Co-operating across networks vs. ‘go-it-alone’ approach

# INNOVATION PROCESS

- Recognizing or scanning the environment.
- Aligning the overall business strategy & proposed innovation.
- Acquiring technology from outside.
- Generating technology in-house.
- Exploring & selecting the most suitable response to the environment.
- Executing & implementing innovation.
- Learning lessons for improvement.
- Developing the organization.


INNOVATION OCCURS AT THREE LEVELS
NATIONAL LEVEL
GOVT. POLICIES & SUPPORT
ENTERPRISE LEVEL
ENTERPRISE POLICIES, SUPPORT & INITIATIVES
INDIVIDUAL LEVEL
INDIVIDUAL & GROUP INNOVATION ACTIVITIES

# Organizational Process for Innovation Management



# Stages of innovation

- Regarding to the innovative process, it is possible to define key stages, as a route to achieve progresses for the innovation.
- Attending to these considerations, we can draw 5 main stages in this process, summarized as follows:
  - Find a opportunity
  - Definition and redefinition of the opportunity
  - Idea creation (methodologies)
  - Idea selection
  - Implementation
- Finding **new opportunities** may involve: periodic review of external and internal opportunities of the organisation, establish the proper communication channels (in order to “hear” the opportunities), develop methodologies to identify trends and insights, using of utility maps…

| Internal Opportunities | External Opportunities |
|---|---|
| Parallel stages of production | Elements to add value |
| Task combination | New niche market |
| Reduce inventory and waste | Increase clients |
| Combine efforts | Increase buying of current clients |
| Providers review | Revolutionary ideas |
| Review use of components and packaging | Harness the potential of product and services |

# Managing innovation

- Planning (Innovation Plan)
- The process of innovate
- The management of innovation projects and technology
- How to finance innovation
- Competitive intelligence, technological watch and benchmarking

# Planning

- Innovation process is based on detect potential innovations, process these signals and develop the capacity to change and take advantage of them.
- Once you have processed,  assimilated and selected the most significant of them, they must be concatenated in a  strategic plan.
- The strategic plan will define the better way to achieve the desirable situation.

# Management of innovation projects

- **Project management:** *The discipline that deals with organises and administrates resources in order to complete all work required in the project within scope, time and cost defined.*

- Project management helps to ensure that:

- Projects are supportive of overarching strategic objectives of the company and of development partners
  - We are improving the scope and performance of the project
  - Optimize time and cost project objectives
  - Standardisation
- Projects are feasible, meaning that objectives can be realistically achieved within the constraints of the operating environment and capabilities of the company
  - Improve and optimize future planning

# How to finance innovation

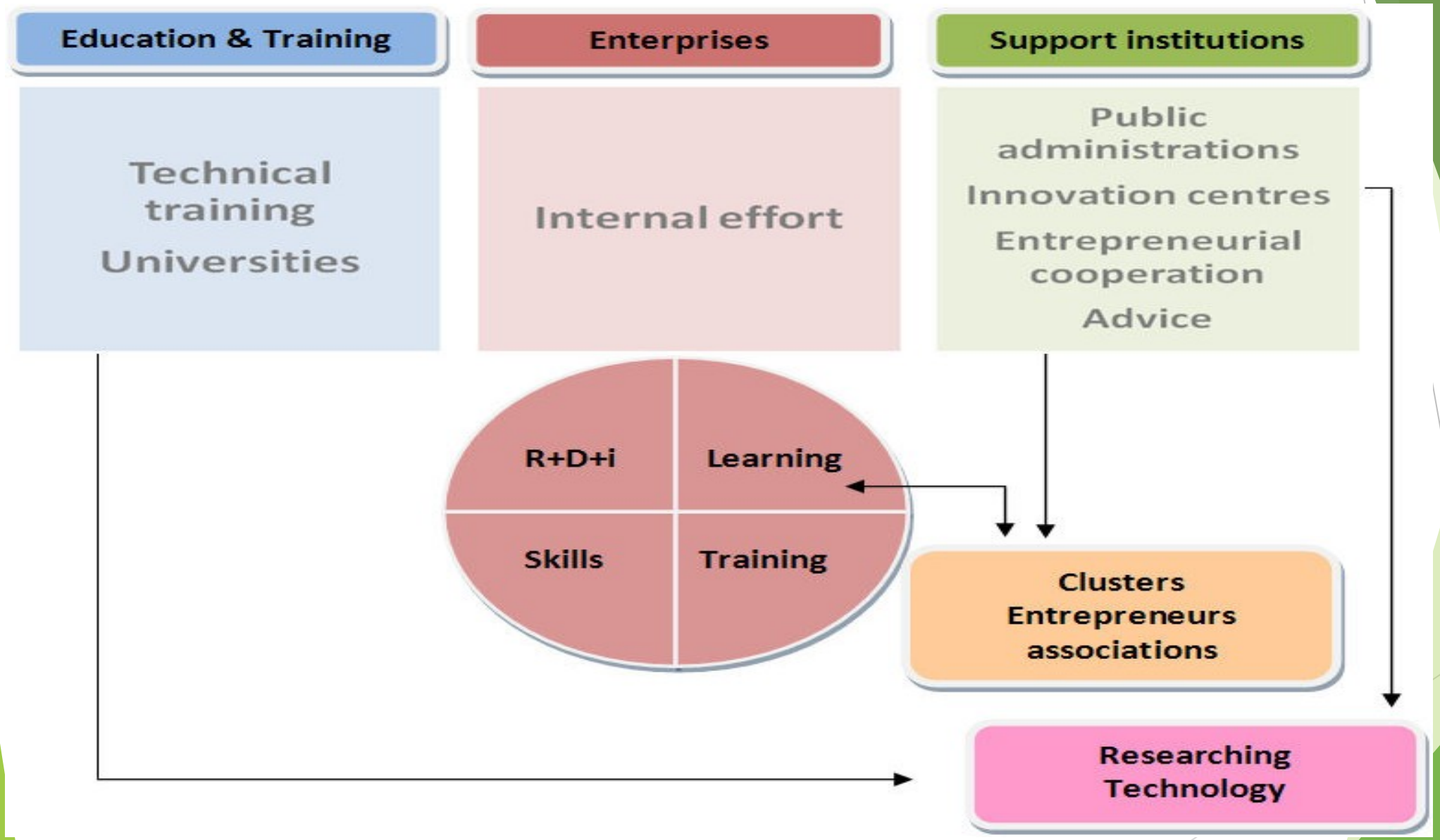
- In addition to the usual financial resources available in the company, it is possible to access to various grants, subsidies and other instruments that some public bodies and institutions provide.

- **Financing instruments:**
  - Subsidies (European, national and regional and local programmes)
  - Credits
  - Participative loans
  - Venture capital
  - Tax incentives

# Managing the context

1. **Environment**

- Innovation is not an isolated process, the interaction among the stakeholders shapes the outcome of the innovation process.
- The environment of the innovative enterprise is formed by universities, specialized technical training, scientific and researcher community, common funds of knowledge, human resources, internal effort and policies, and support of public administrations and other organisations.


Education & Training
Enterprises
Support institutions
Technical training
Universities
Internal effort
Public administrations
Innovation centres
Entrepreneurial cooperation
Advice
R+D+i
Learning
Skills
Training
Clusters
Entrepreneurs
associations
Researching
Technology

- Nevertheless, there are other factors with significant importance in the environment of an innovative enterprise, as innovation policies of national/local/supranational governments, macroeconomic and legislative context, communications infrastructures, financial institutions, access to markets, or industrial structure and competitiveness conditions

# Organisation and innovation

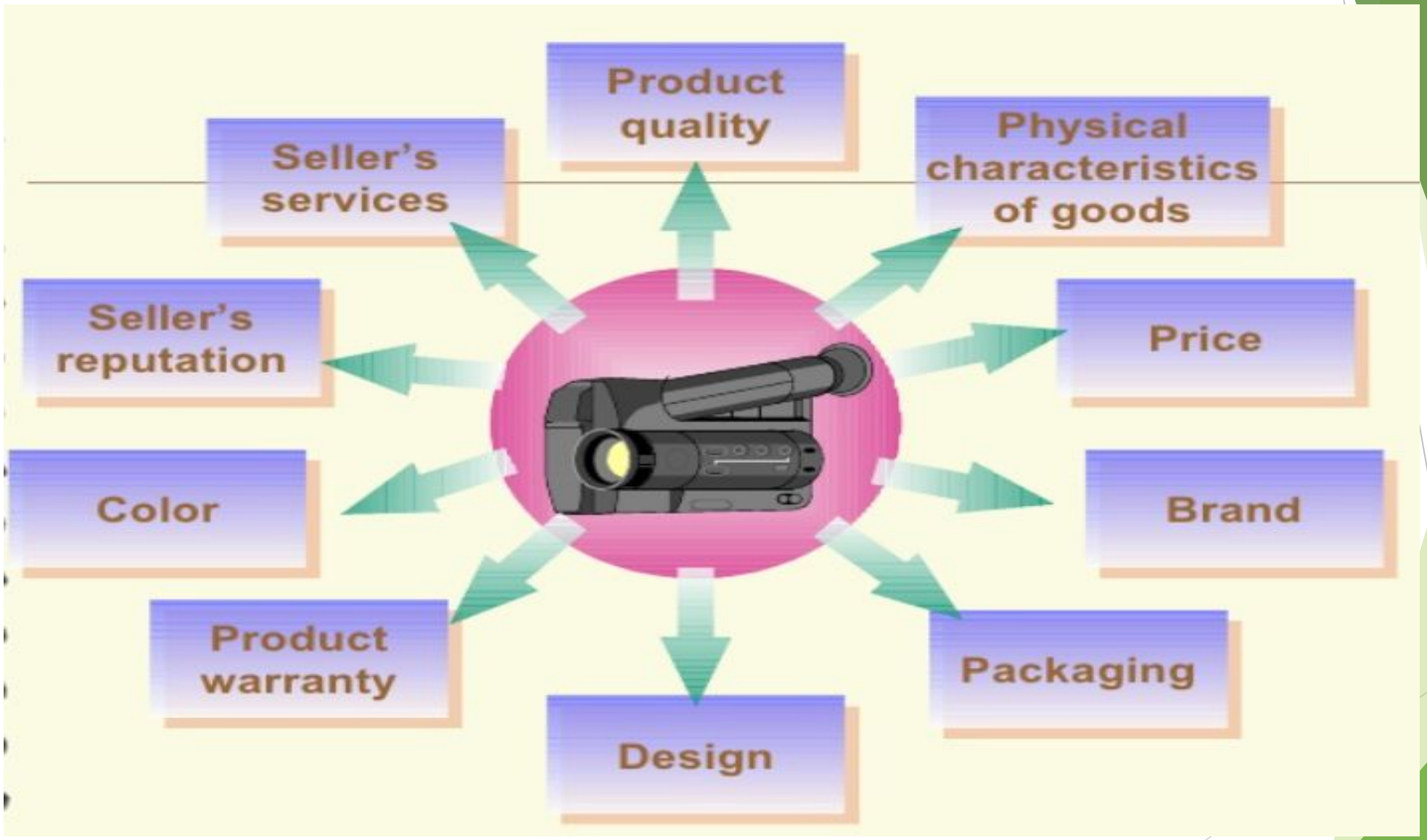
- The innovation is found to be based on **strategy**, is dependant on **effective internal and external linkages** and requires enabling mechanisms for making change happen, in a supporting organisational context.
- The **social component** of the innovative company is considered strategic for the organisational change.
- The **influence of the social context** will determine **acquisition of knowledge processes** and the learning paths.
- Besides this, the strategy, financing and organization of innovative enterprises, are a dynamic and interactive process, resulting in learning.
- A good organisational performance will be (in addition to an appropriate strategy) one of the best ways to develop an innovative process.
- It means that the company must successfully connect innovation an organisation in the following fields:

- Generate immaterial and material resources for developing new products/services/ technologies
- Develop process and structures able to solve problems in the innovation process and connect innovations with business opportunities
- Incorporate innovation as a main component of the company's strategy

# NEW PRODUCT DEVELOPMENT

## THE MEANING OF "PRODUCT"

A product is a set of tangible and intangible attributes, which include packaging, color, price, quality, brand name and manufactures and retailers services , all these that buyer accept as a want satisfaction.


Product quality
Seller's services
Physical characteristics of goods
Seller's reputation
Price
Color
Brand
Product warranty
Packaging
Design

# Product Classification

On the basis of purpose for which they are bought.

## Consumer product

Goods or Services which are bought by final consumer for consumption.

## Business Product

Products which purchased for further processing to produce other products

# What is new Product

A new product is a product which is totally new in concept.

**Any product** which is perceived by the customer as being new.

A new product can be categorize into :

Truly new product.

Innovated product from the existing one.

# Reasons for new product developing

## Computation:

To maintain or to gain the competitive image in the market.

## Change the consumer needs:

To brings the changes in the consumer needs

## Technology:

Technology that in the favors to develop or to take the risk of new product development

## Good Image:

Company good image in the Market ( in the mind of customer) to take the risk of new product development.

# Process of new product development

New product are develop through a systematic process ,in which first the product are find out and then it grows.

The whole process can be divide into many stages, some Seven stages are given below.


Idea generation
Idea screening
Concept development & testing
Marketing strategy
Business analysis
Test marketing
Commercialization

# Sources for idea generation

The organization takes new ideas from two sources

**Internal sources**:

R&D Cell

Employees feed backs

External Sources:

Customer Questions & Complaints

Distributor Feed backs

Compotators activates e.g. their Ads as a clue

# Stage 2—Idea Screening

- Utiliization
- Resources
- Ethical aspect

## Stage#3 Product Concept Development

Once the idea is selected in the idea screening stage ,then in this stage the concept of product is developed.

Some time alternative concept of the same product are developed according to customer needs ,wants etc

# Stage#4 Mrkg Strategy Development

Developing strategy that how to introduce the product into market.

Marketing strategy consisting 3 statements

- Described the target market
- Price ,Channel of distribution and Budget
- Goal of the organization,

# Stage#5 Business Analysis

Analysis the product with the business point of view. This analysis involve a review of the sales, cost ,profit.

The main aim of business analysis is to find out whether the product satisfies the company objective or not.

# Stage#6 Product Development

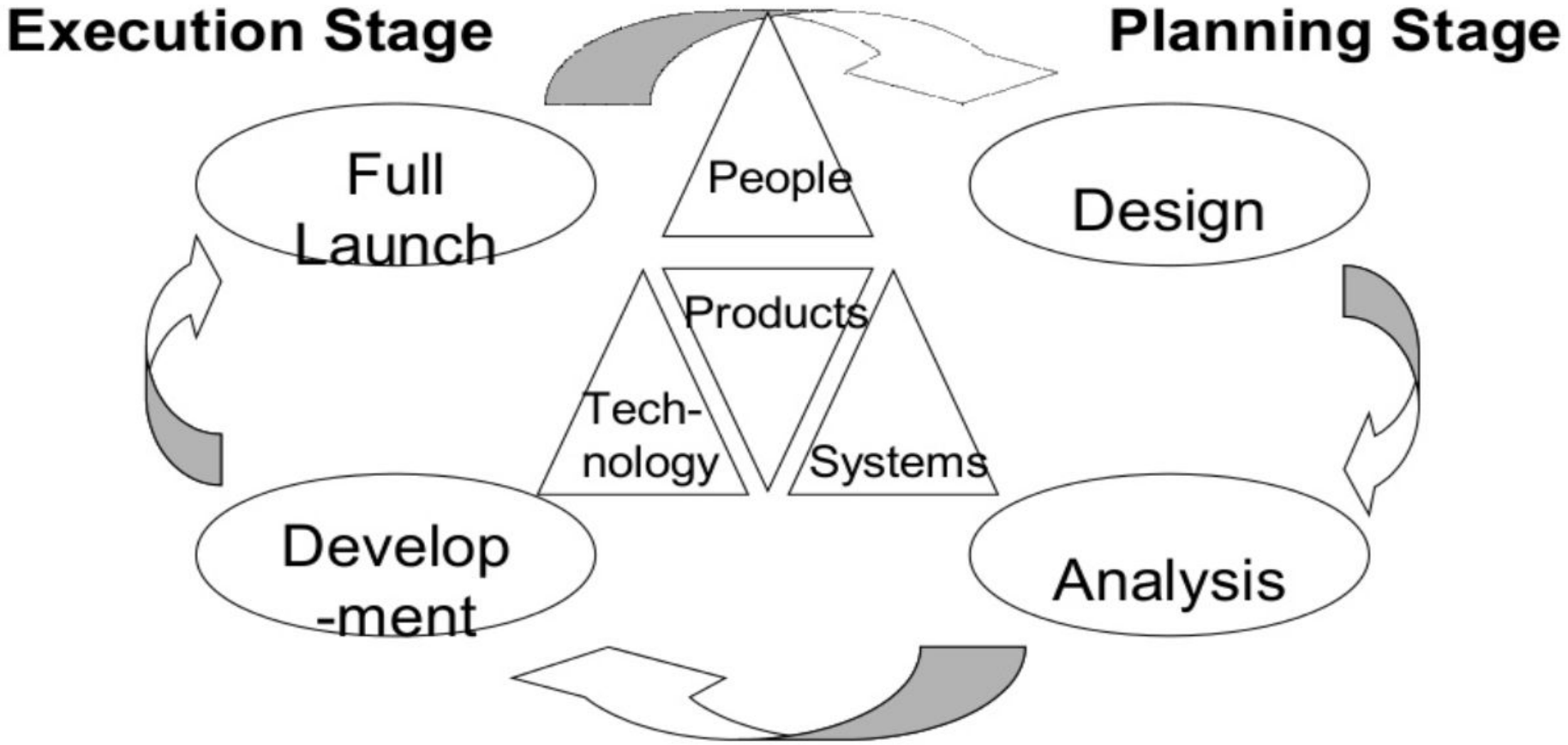
In this stage the product concept is came into its physical form, then this product is presented to the market for testing.

Testing Marketing help the organization in creating financial decision about whether to launch that product in the market or not..

# Stage#7 Commercialization

After successful passing the product from the " testing market" then the firm properly introduce that product into market.

# NEW SERVICE DEVELOPMENT CYCLE



# SERVICE INNOVATION

- *Radical Service Innovation*
  - *Requires a different process and design approach than incremental innovation*
  - *Innovative service firms require enablers to facilitate the process*
  - *Nature of change will dictate where resources are allocated*
  - *Radical innovations imply increased risk and resource investment*

# SERVICE SYSTEM DESIGN

- *Service Decision Factors*
  - *Facility Location (based upon proximity to customers)*
  - *Facility Layout (depends on the presence of the customer at the location)*
  - *Product and Process Design (Covers both the intangible and tangible aspects of the service offering)*
  - *Scheduling (how the workers are assigned to the service)*
  - *Quality Control, Measures and Time Standards (focus is on the needs of the customer)*

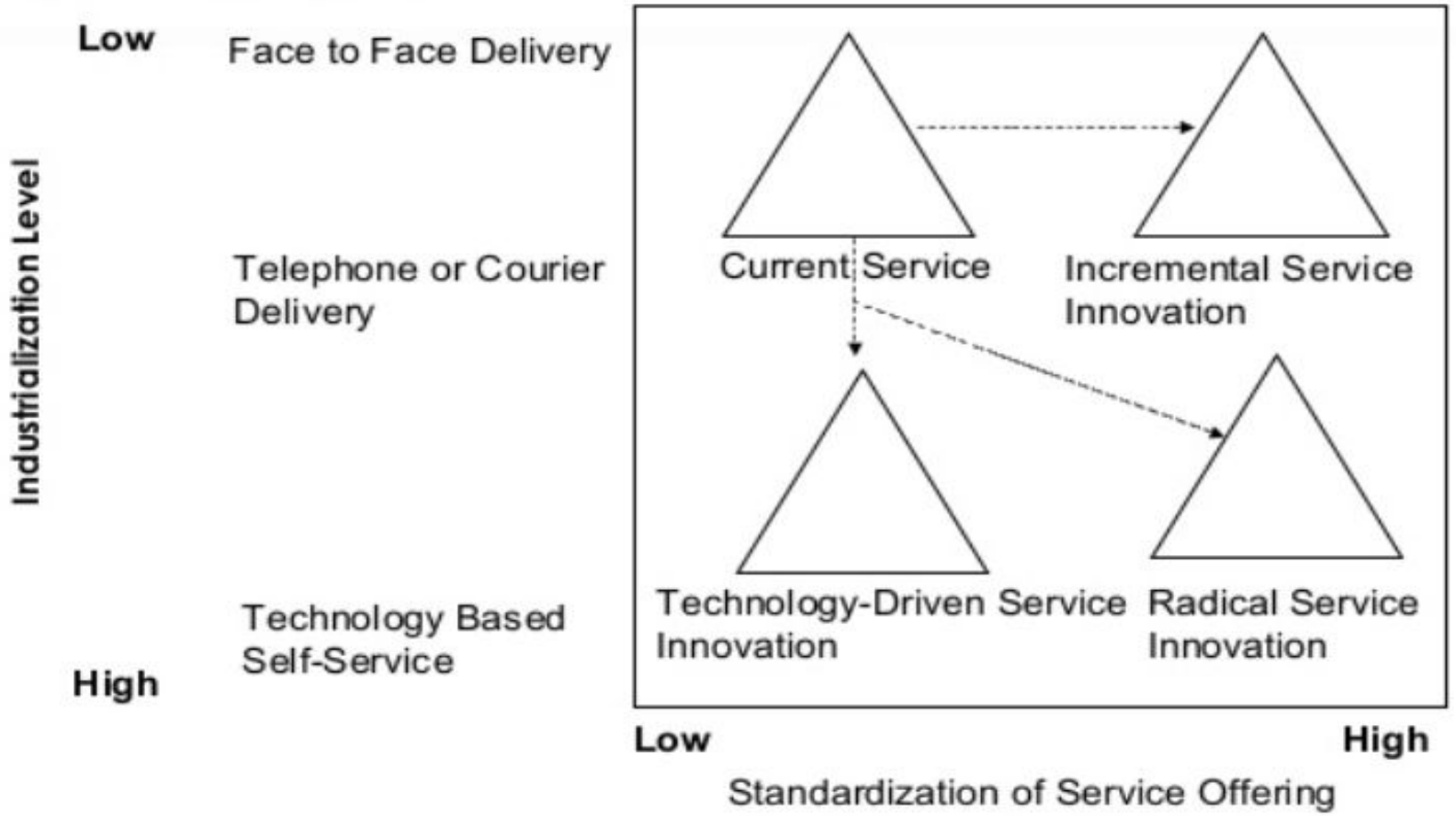
# SERVICE SYSTEM DESIGN

- *Service Decision Factors*
  - *Demand/Capacity Planning (depends on the type of service and the immediacy of matching supply to demand)*
  - *Customer Contact Level (physical presence and length of time that a customer spends with a service provider)*
  - *Industrialization (the substitution of technology for people)*
  - *Front Line Personnel Discretion (denotes the flexibility of the service employee while interacting with a customer)*

# SERVICE SYSTEM DESIGN

- *Service Decision Factors*
  - *Worker Skills (depend on service strategy and concept, customer contact level and industrialization level)*
  - *Sales Opportunities (coincide with high customer contact and employee discretion)*
  - *Standardization of Service Offering (level of uniformity provided in the service)*
  - *Customer Participation (substitution of consumer labor for provider labor)*

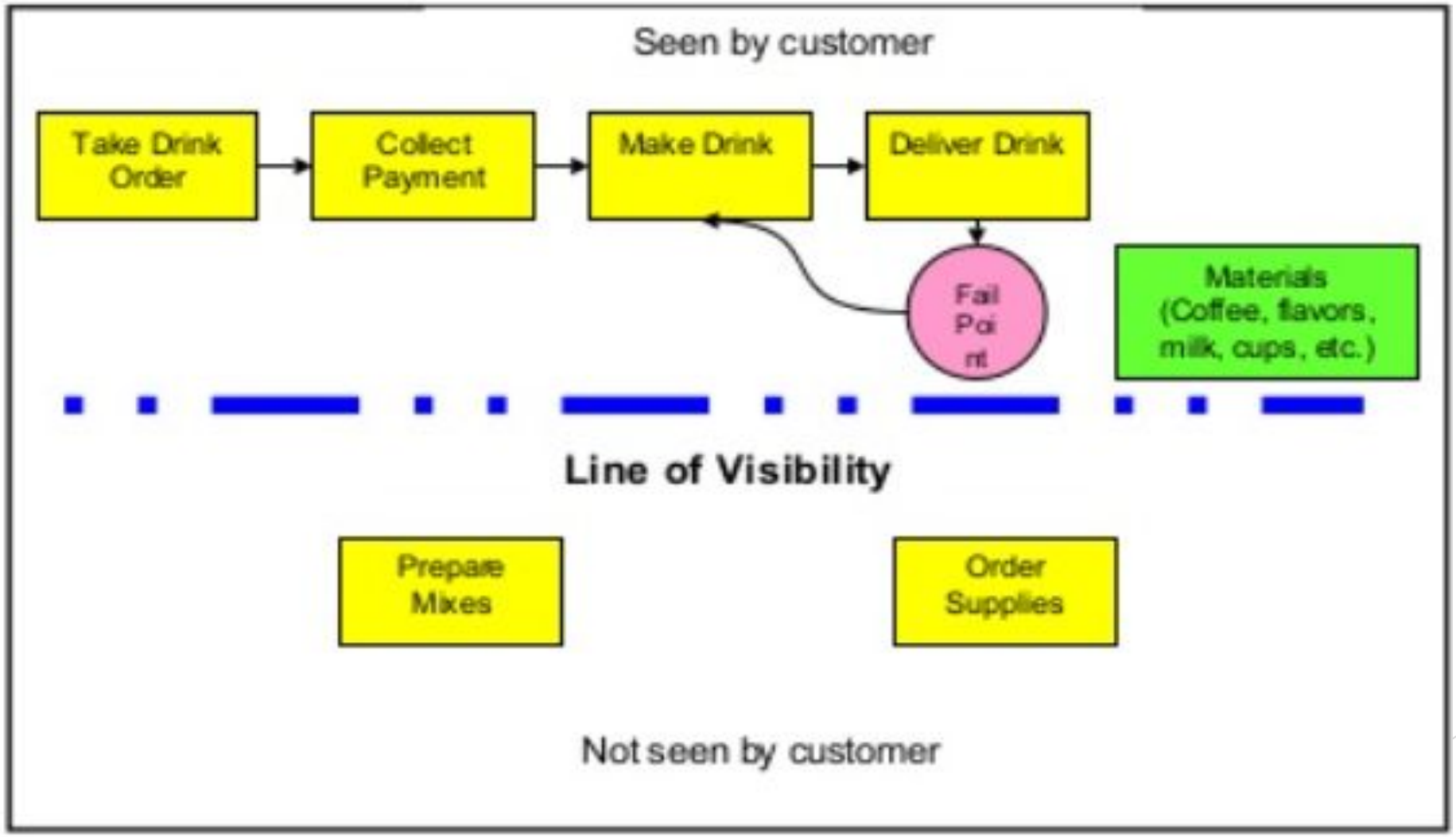
# SERVICE SYSTEM DESIGN AND INNOVATION



# SERVICE SYSTEM DESIGN TOOLS

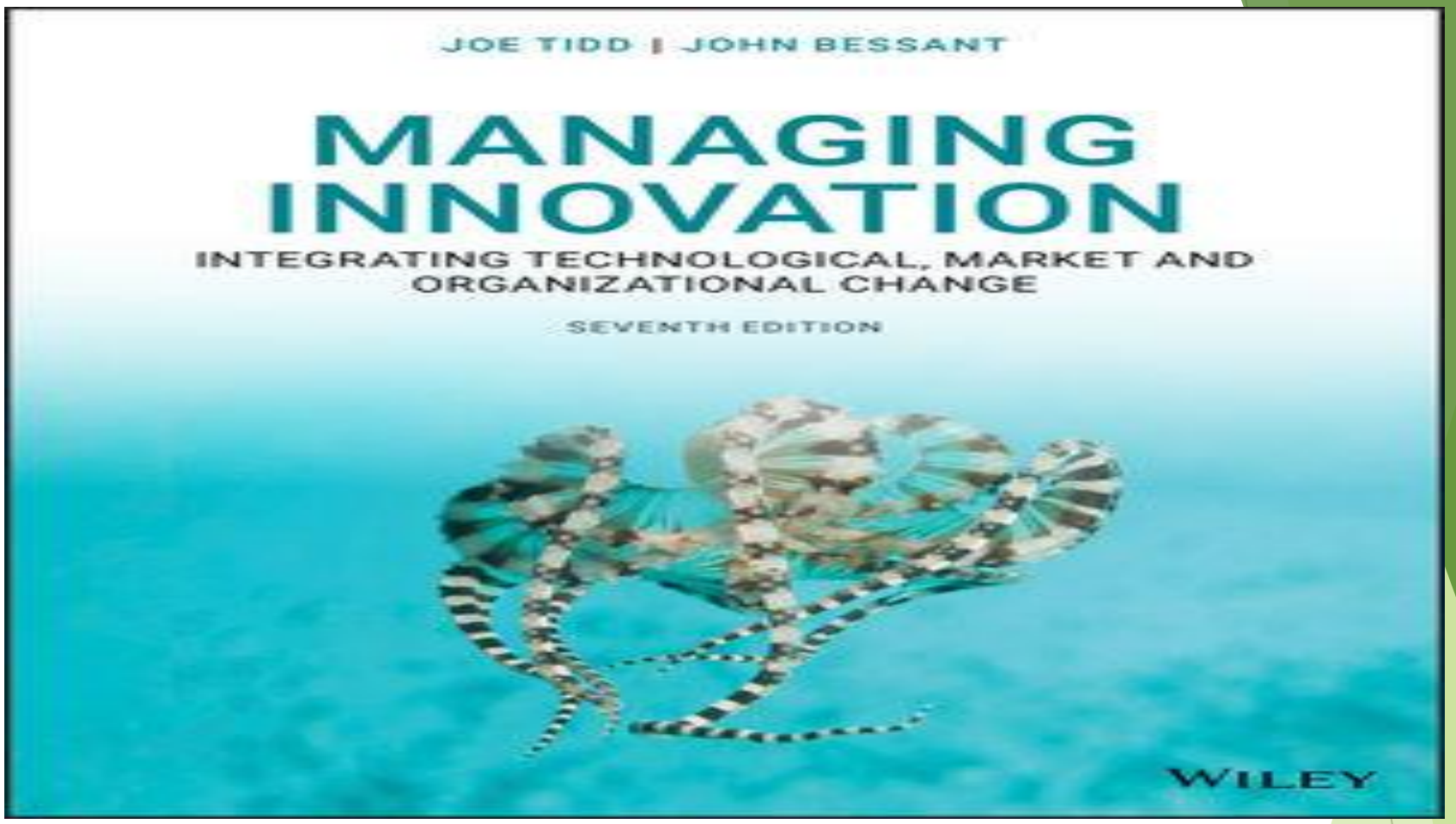
- *Service Blueprinting*
  - *Design tool based on the process flow diagram*
    - *Delineate front office from back office operations*
    - *Determine standard or maximum execution times, materials and the exact process for each step*
    - *Identify potential failure points and generate mitigation plans to prevent or recover from a failure*

# Service Blueprint for Espresso and Coffee Shop



# SERVICE SYSTEM DESIGN TOOLS

- *Customer Utility Models*
  - *Service quality can be measured along five principle dimensions*
    - *Reliability, responsiveness, assurance, empathy and the tangible aspect of the service*
      - *Improving reliability can result in increased labor and training costs*
      - *Responsiveness may be enhanced by reducing queue times*
      - *Empathy and assurance can be influenced by the ability of service providers to convey knowledge, courtesy and impressions of caring*
      - *Enhancing the tangible attributes of a service increases costs of consumables*




# Chapter 11: Exploiting open innovation and collaboration

# Core themes

- Joint ventures and alliances
- Role of supplier innovation
- Forms and patterns of collaboration
- Influence of technology and organization
- Supplier collaboration
- User-led innovation
- Extreme users
- Benefits and limitations of open innovation

# A model for collaboration

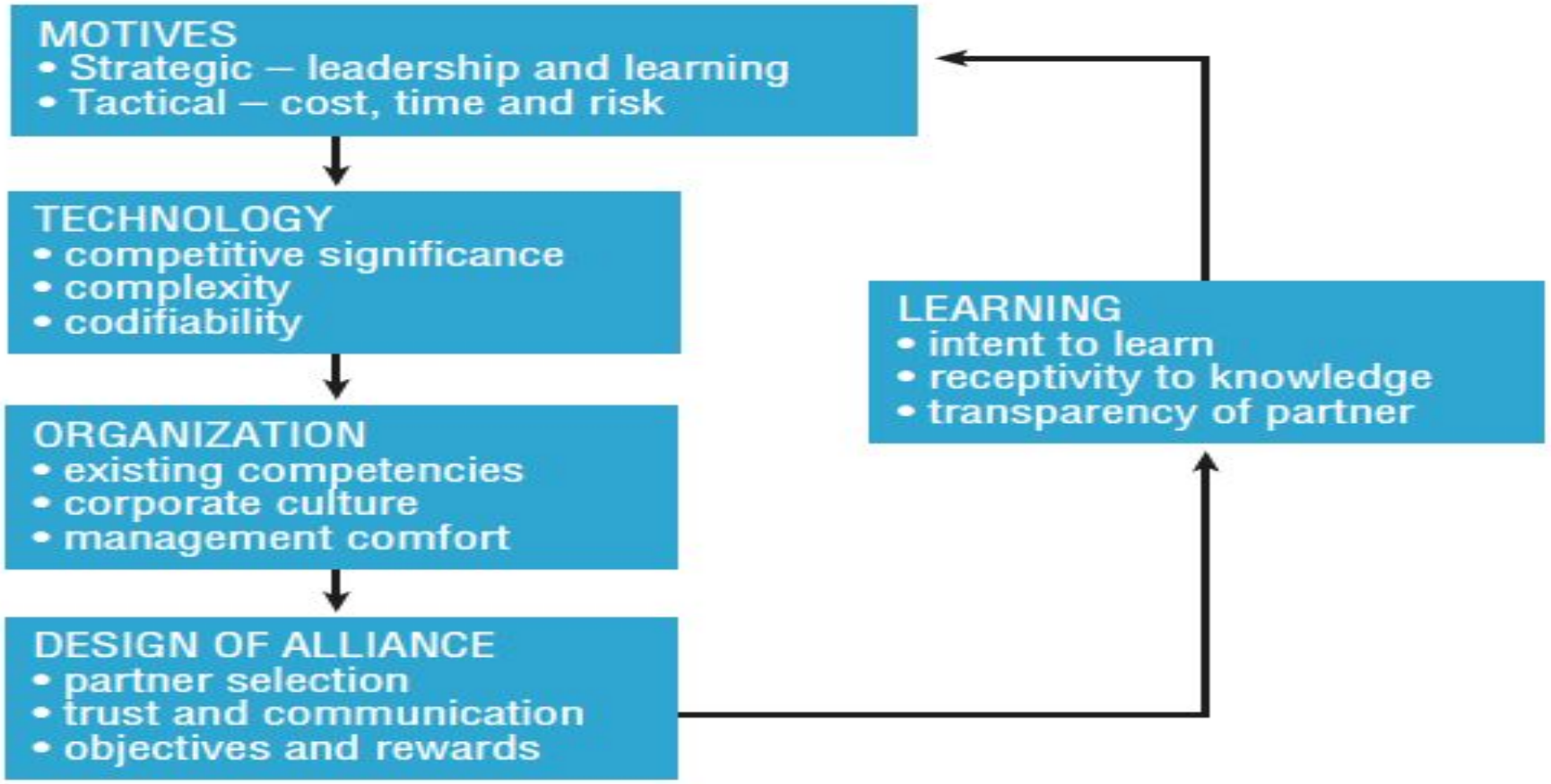



**FIGURE 11.1** A model for collaboration for innovation

# Joint ventures and strategic alliances

Why?

- To build critical mass through co-option.
- To reach new markets by leveraging co-specialized resources.
- To gain new competencies through organizational learning.

# Alliances or joint ventures?

- *Speed*: transitory alliances versus careful planning.
- *Partner fit*: network versus dyadic fit.
- *Partner type*: complementarity versus familiarity.
- *Commitment*: aligned objectives versus trust.
- *Focus*: few, specific tasks versus multiple roles.

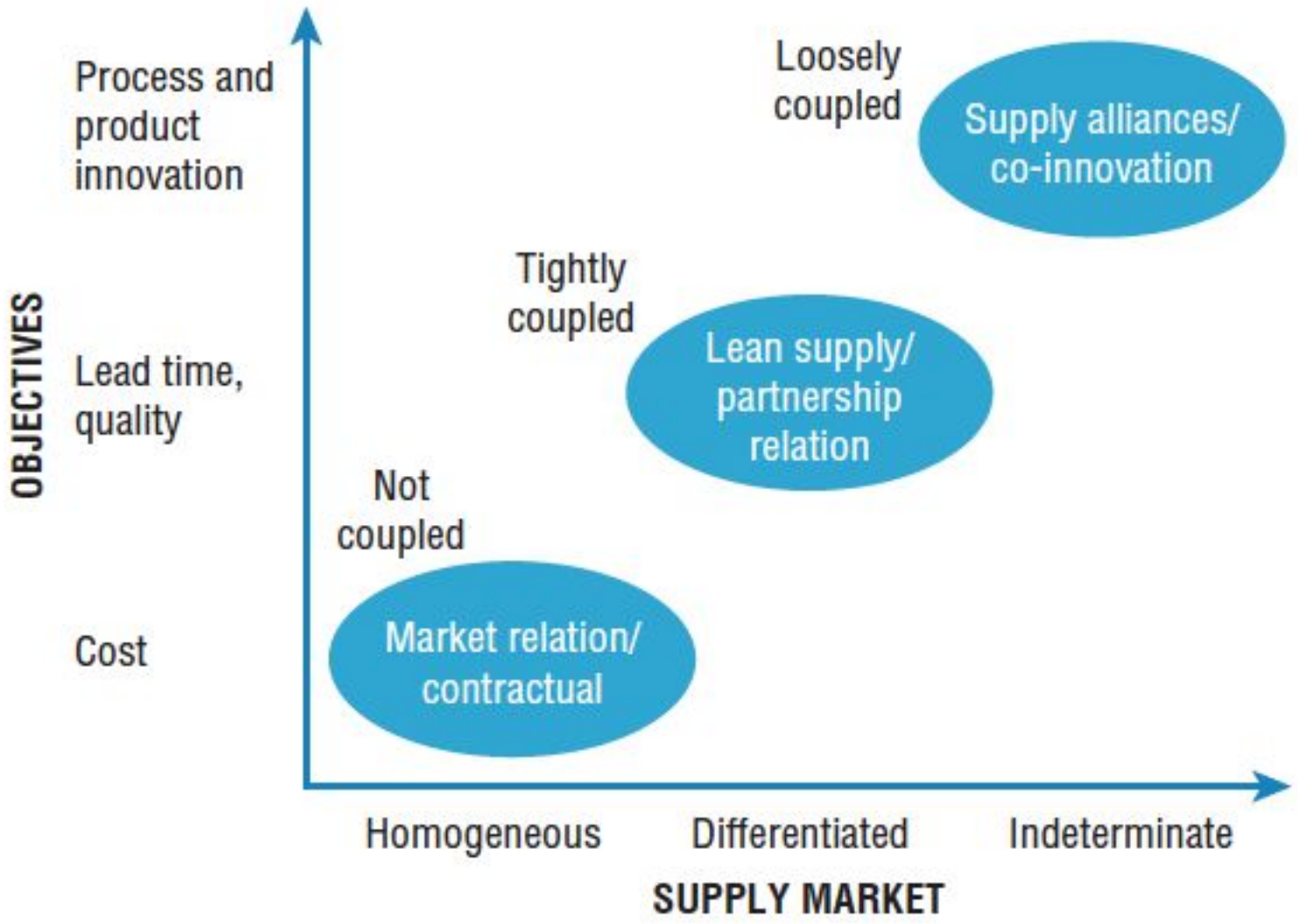
# Why alliances fail

**TABLE 17.2** Common Reasons for the Failure of Alliances (review of 16 studies)

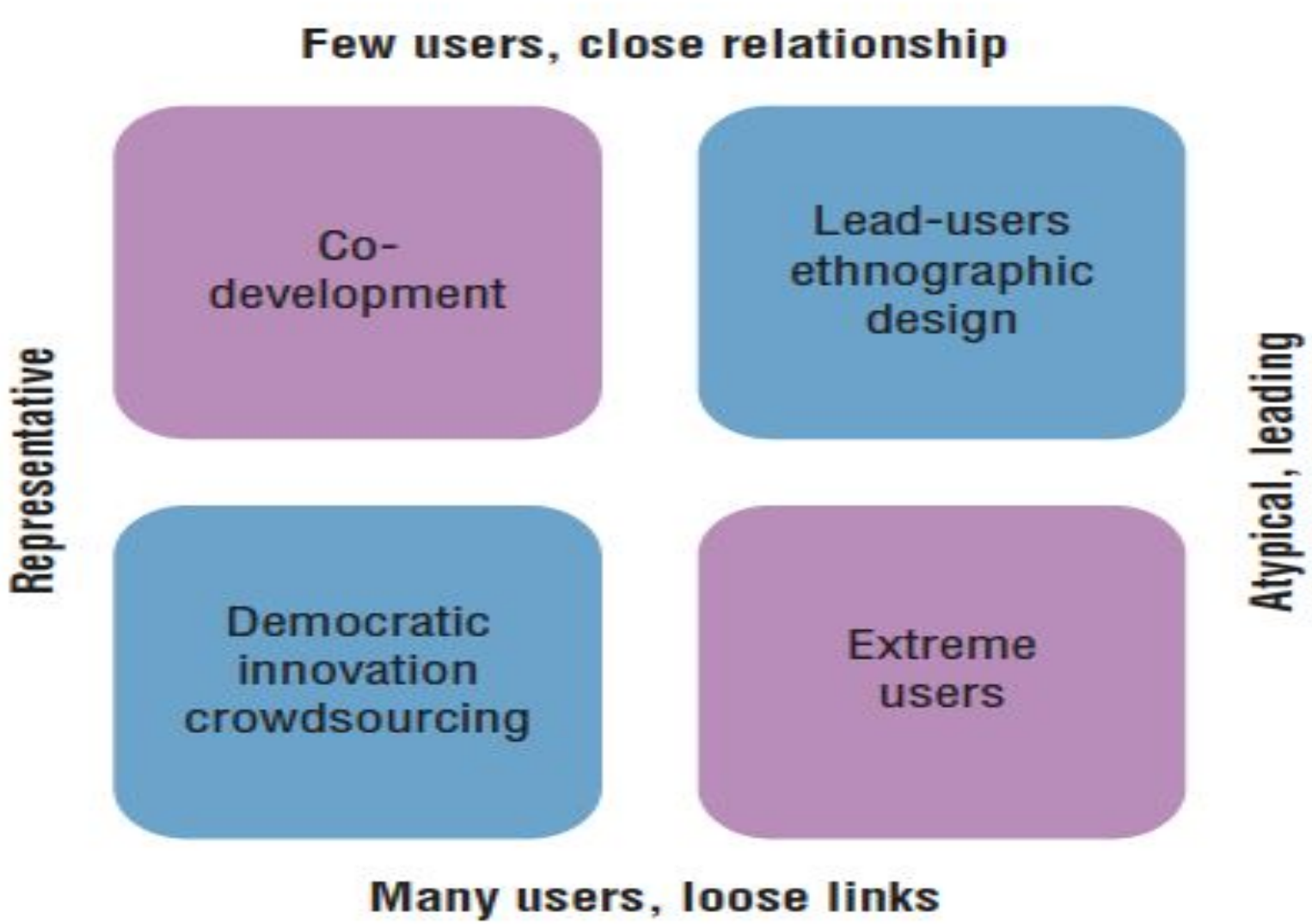
| Reason for failure | Percentage studies reporting factor (n = 16) |
|---|---|
| Strategic/goal divergence | 50 |
| Partner problems | 38 |
| Strong–weak relation | 38 |
| Cultural mismatch | 25 |
| Insufficient trust | 25 |
| Operational/geographical overlap | 25 |
| Personnel clashes | 25 |
| Lack of commitment | 25 |
| Unrealistic expectations/time | 25 |
| Asymmetric incentives | 13 |

*Source:* Derived from Duysters, G., G. Kok and M. Vaandrager (1999) Crafting successful strategic technology partnerships. *R&D Management*, **29** (4), 343–51 by permission of John Wiley & Sons Ltd.

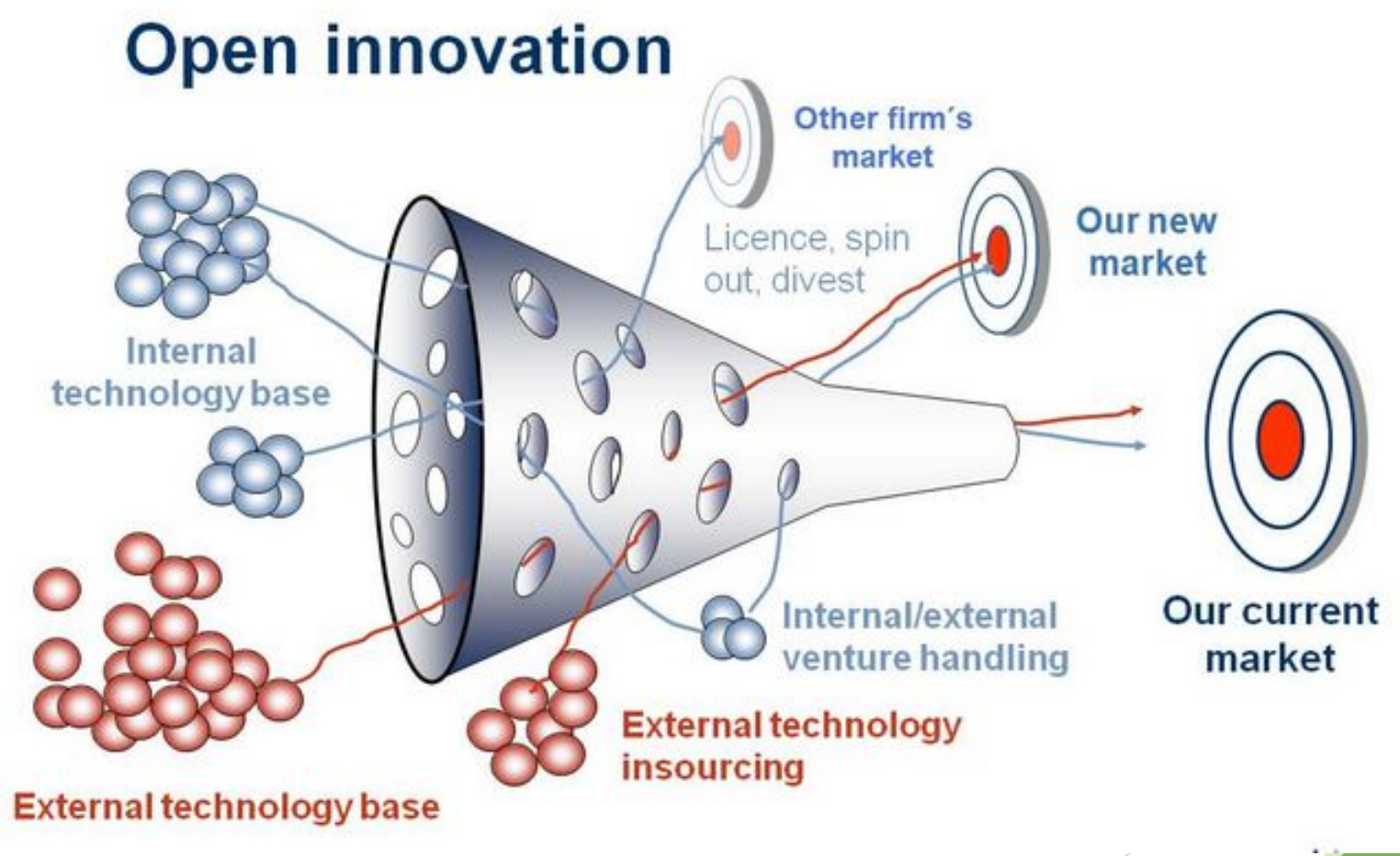
# Supplier relationships



# Types of user innovation



# Open innovation



# Models for open innovation

- Orchestra
- Creative bazaar
- Jam Central
- Mod station
- Infusion

# Challenges in open innovation

- conditions and context, e.g. environmental uncertainty and project complexity
- control and ownership of resources
- coordination of knowledge flows
- creation and capture of value.

# Strategies to support open innovation

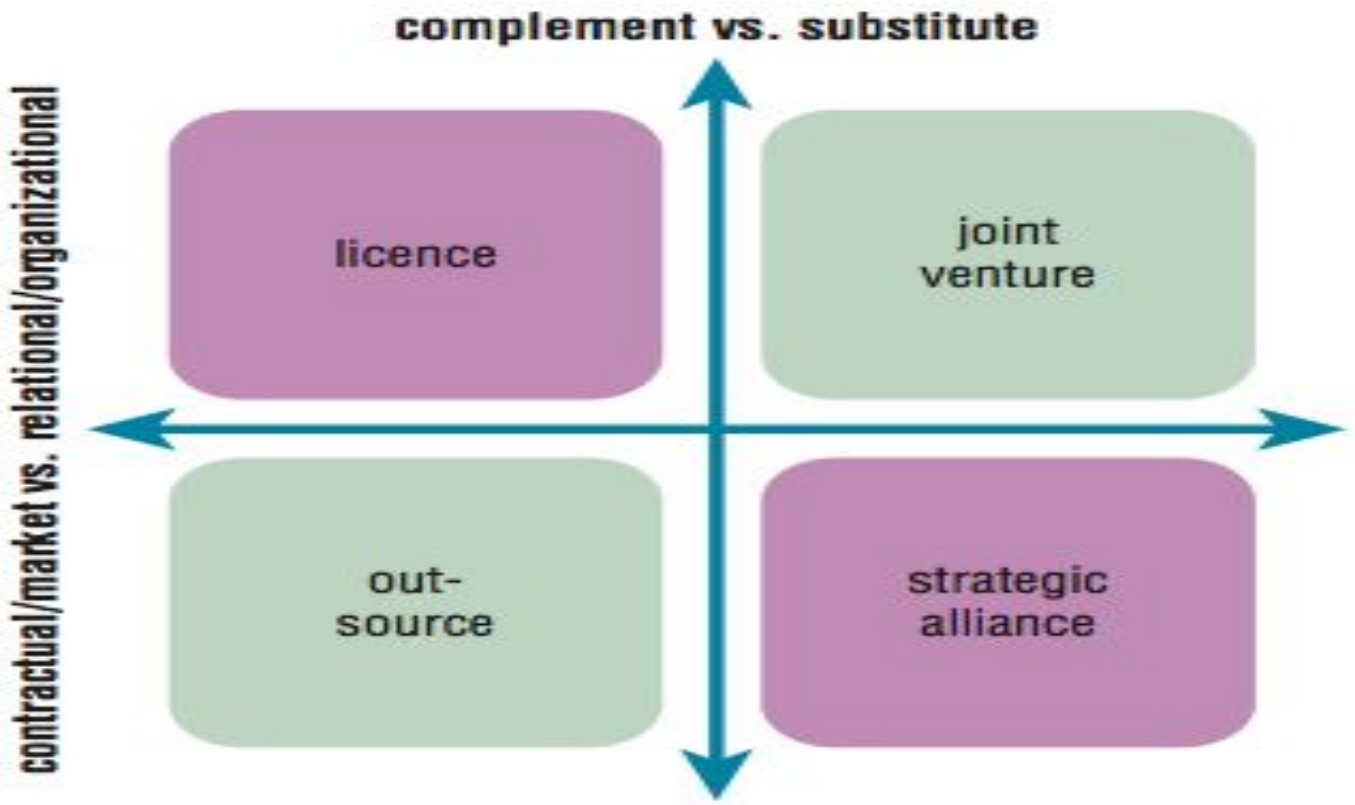



FIGURE 17.1 Strategies to support open innovation

# Summary

- Organizations collaborate for many reasons, to reduce the cost, time or risk of access to unfamiliar technologies or markets.

- The precise form of collaboration will be determined by the motives and preferences of the partners, but their choice will be constrained by the nature of the technologies and markets, specifically the degree of knowledge complexity and tacitness.

# Summary

- The success of an alliance depends on a number of factors, but organizational issues dominate, such as the degree of mutual trust and level of communication.

- Open innovation is a very broad and therefore popular concept, but needs to be applied with care as its relevance is sensitive to the context. The appropriate choice of partner and specific mechanisms will depend on the type of innovation project and environmental uncertainty.

# Summary

- In most cases open innovation and internal innovation capabilities are complementary, rather than substitutes.