Innovation Management System

The paper presents the different definitions of innovation; the objective of the research being that of creating a theoretical model building on the previous work of several authors. The aim of the research is to define the different models, classifications and definitions of innovation. In this article we made use of a wide range of bibliographical sources on innovation, efficiency and also used comparative analysis of innovation definitions. Theoretical concepts were studied as well. The approach was constructed based on theoretical models of innovation definitions and used the technology and market perspectives. The main methods employed were comparative analysis of definitions of innovation and the creation of a model of innovation. It has been emphasized in the literature that the role of innovation is very important for making decisions regarding


Strategy
Growth
Innovation
Strategy Design & Execution
New Business Development
Innovation Strategy
Marketing Strategy
Alliances & Partnerships
Innovation Management
Business Transformation
M&A & Divesting
Innovation Boosting

Disruptor	Disruptee
Personal computers	Mainframe and mini computers
Mini mills	Integrated steel mills
Cellular phones	Fixed line telephony
Community colleges	Four-year colleges
Discount retailers	Full-service department stores
Retail medical clinics	Traditional doctor’s offices

As companies tend to innovate faster than their customers’ needs evolve, most organizations eventually end up producing products or services that are actually too sophisticated, too expensive, and too complicated for many customers in their market.

Companies pursue these “sustaining innovations” at the higher tiers of their markets because this is what has historically helped them succeed: by charging the highest prices to their most demanding and sophisticated customers at the top of the market, companies will achieve the greatest profitability.

However, by doing so, companies unwittingly open the door to “disruptive innovations” at the bottom of the market. An innovation that is disruptive allows a whole new population of consumers at the bottom of a market access to a product or service that was historically only accessible to consumers with a lot of money or a lot of skill.

Characteristics of disruptive businesses, at least in their initial stages, can include: lower gross margins, smaller target markets, and simpler products and services that may not appear as attractive as existing solutions when compared against traditional performance metrics. Because these lower tiers of the market offer lower gross margins, they are unattractive to other firms moving upward in the market, creating space at the bottom of the market for new disruptive competitors to emerge.

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RESEARCH ARTICLE

Innovations: Principles and Strategies[1]

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The best way for companies to achieve a competitive advantage is through innovation.

There are several types of innovation or ways in which companies can innovate.

Innovation can be financed by merit-based awards (grants) and external equity, such as business angels, venture capital, and corporations.

The benefits may depend on conditions and typology of innovation such as increasing the quality of products and services, creating better conditions and flexibility at work, maintaining good position in the market, entering new markets, improving the ecological environment, and diversifying products.

In order for companies to innovate as much as possible it is necessary for them to be familiar with the process of innovation and the principles on which innovation is founded.

> *If you can't compete on price you have to differentiate, and to differentiate you have to innovate!*
>
> —*Andy Bruce*

Definition of innovation: it is not an easy task

Enterprises today act under a big pressure by other enterprises, which offer the same or similar production or service, or they are under the pressure of the customers who expect more and more from the product they consume. In order to face with the new conditions and situations, enterprises are made to continuously search for new ways of production, namely offering new products or enhancing existing ones. In other words, they should continuously introduce innovations. But, what in fact do innovations represent?

Innovation is a process of transforming the new ideas, new knowledge into new products and services. Joseph Schumpeter defines innovation as an activity which leads to new producing function or new product. For him, innovation is (McDaniel, 2002, pp. 57–58):

- *The introduction of a new good*: the entrepreneur should produce, namely introduce a new product which can be easily sold and which is not offered in the market.
- *The introduction of a new method of production*: innovation should offer a new scheme of production which can lead to an increased output through existing inputs, decrease of costs per unit product, introduction of new inputs and change of existing ones.

[1] JEL classification codes: O1, O31, O40.

There is nothing majorly wrong with this page, however it is easy to see that the page title is "Schedule", yet there are no schedule settings anywhere to be seen. In fact, in this version, you have to click on the yellow schedule button on the upper right-hand corner to actually pop up the schedule settings. In addition, there is a huge empty space on the right side of the page that does not contribute much value to the user. Below is a more current version of the same page:

This updated version replaces the "Schedule" title with the title of the email campaign. This makes it easier for the user to see which campaign they are working on. Actual schedule settings have replaced the awfully huge empty space on the right-hand side, which makes it possible for the big yellow "Schedule" button to actually schedule. Also, larger sized form fields have been introduced to allow easy clicking on those elements. All these changes, which may seem as just updates, are actually small incremental changes focused on adding more value to an existing product. They will prove to be incrementally innovative if customers have a better experience with the product and are able to schedule email campaigns much easier.

Disruptive Innovation

Disruptive innovation, also known as stealth innovation, involves applying new technology or processes to your company's current market. It is stealthy in nature since newer tech will often be inferior to existing market technology. This newer technology is often more expensive, has fewer features, is harder to use, and is not as aesthetically pleasing. It is only after a few iterations that the newer tech surpasses the old and disrupts all existing companies. By then, it might be too late for the established companies to quickly compete with the newer technology.

There are quite a few examples of disruptive innovation, one of the more prominent being Apple's iPhone disruption of the mobile phone market. Prior to the iPhone, most popular phones relied on buttons, keypads or scroll wheels for user input. The iPhone was the result of a technological movement that was years in making, mostly iterated by Palm Treo phones and personal digital assistants (PDAs). Frequently you will find that it is not the first mover who ends up disrupting the existing market. In order to disrupt the mobile phone market, Apple had to cobble together an amazing touch screen that had a simple to use interface, and provide users access to a large assortment of built-in and third-party mobile applications.

Architectural Innovation

Architectural innovation is simply taking the lessons, skills and overall technology and applying them within a different market. This innovation is amazing at increasing new customers as long as the new market is receptive. Most of the time, the risk involved in architectural innovation is low due to the reliance and reintroduction of proven technology. Though most of the time it requires tweaking to match the requirements of the new market.

In 1966, NASA's Ames Research Center attempted to improve the safety of aircraft cushions. They succeeded by creating a new type of foam, which reacts to the pressure applied to it, yet magically forms back to its original shape. Originally it was commercially marketed as medical equipment table pads and sports equipment, before having larger success as use in mattresses. This "slow spring back foam" technology falls under architectural innovation. It is commonly known as memory foam.

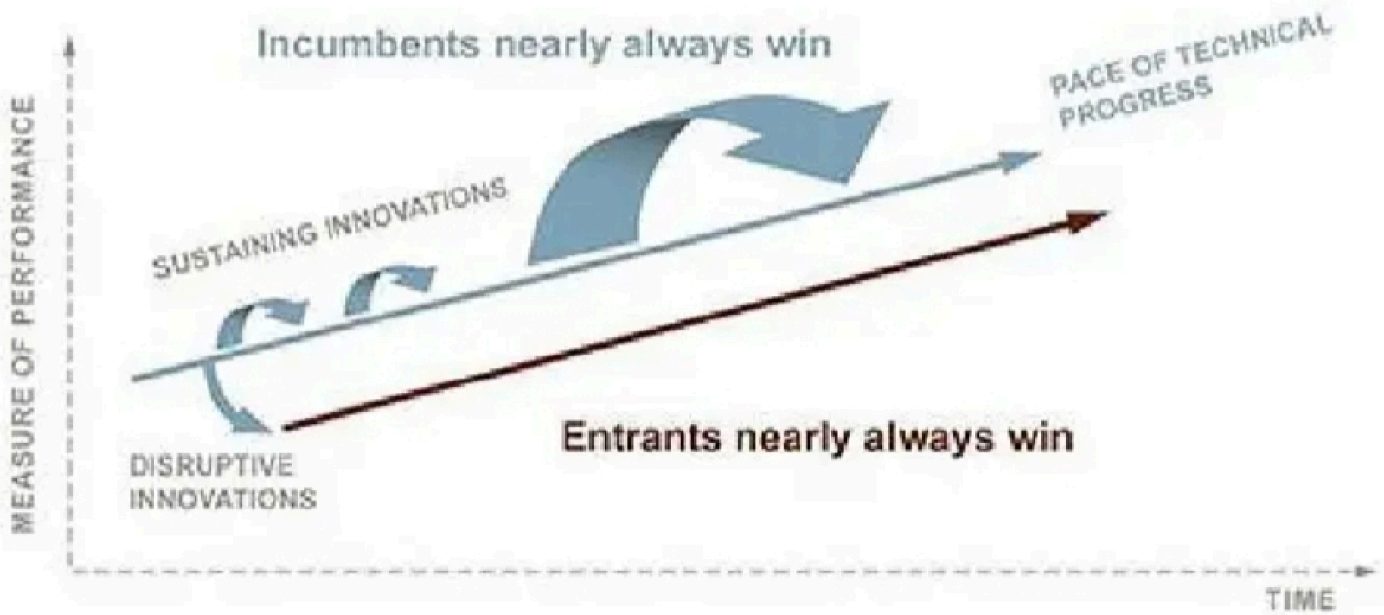
Radical innovation

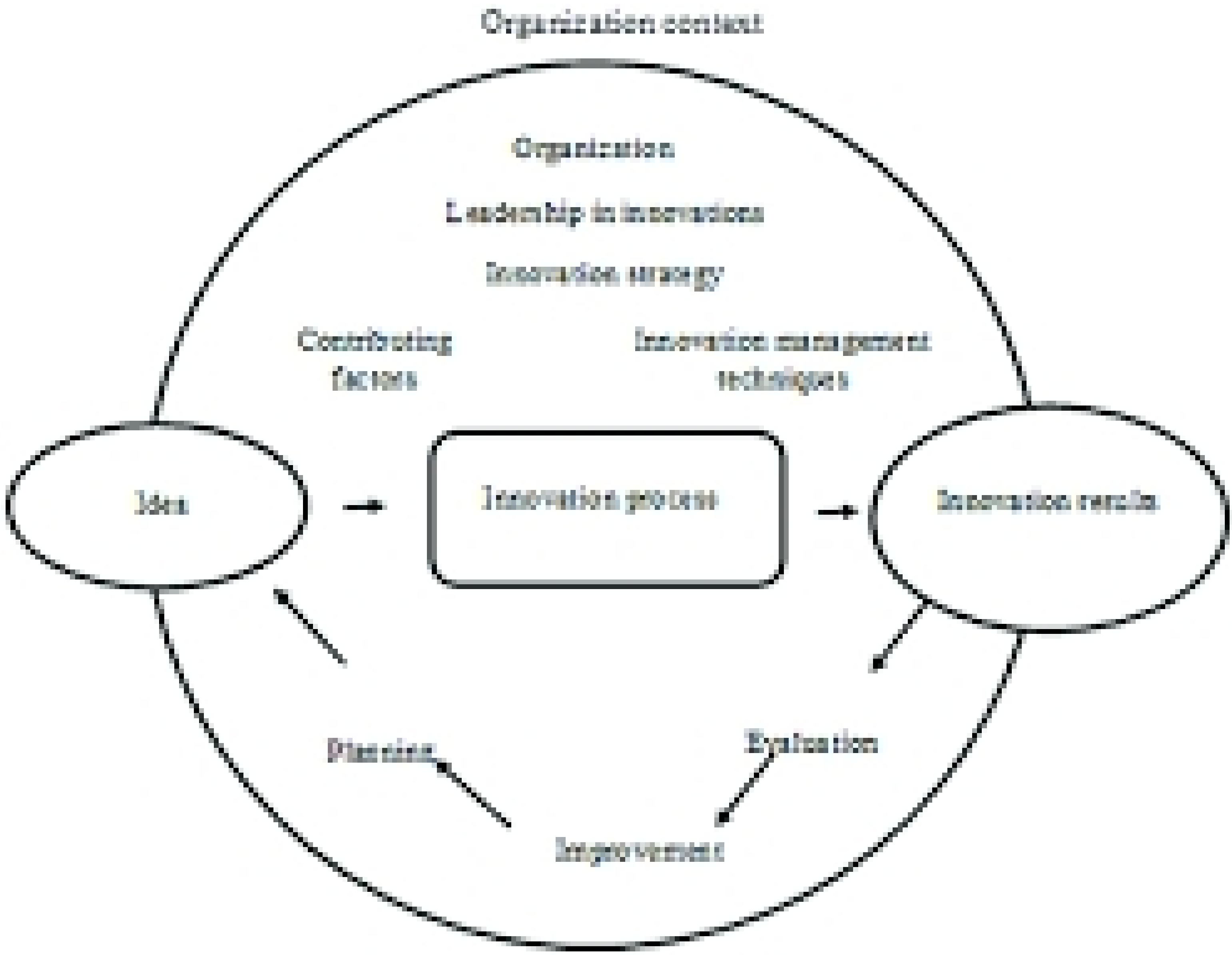
Radical innovation is what we think of mostly when considering innovation. It gives birth to new industries (or swallows existing ones) and involves creating revolutionary technology. The airplane, for example, was not the first mode of transportation, but it is revolutionary as it allowed commercialized air travel to develop and prosper.

The four different types of innovation mentioned here – Incremental, Disruptive, Architectural and Radical – help illustrate the various ways that companies can innovate. There are more ways to innovate than these four. The important thing is to find the type(s) that suit your company and turn those into success.

Disruptive Innovation

Disruptive innovation, a term of art coined by Clayton Christensen, describes a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors.

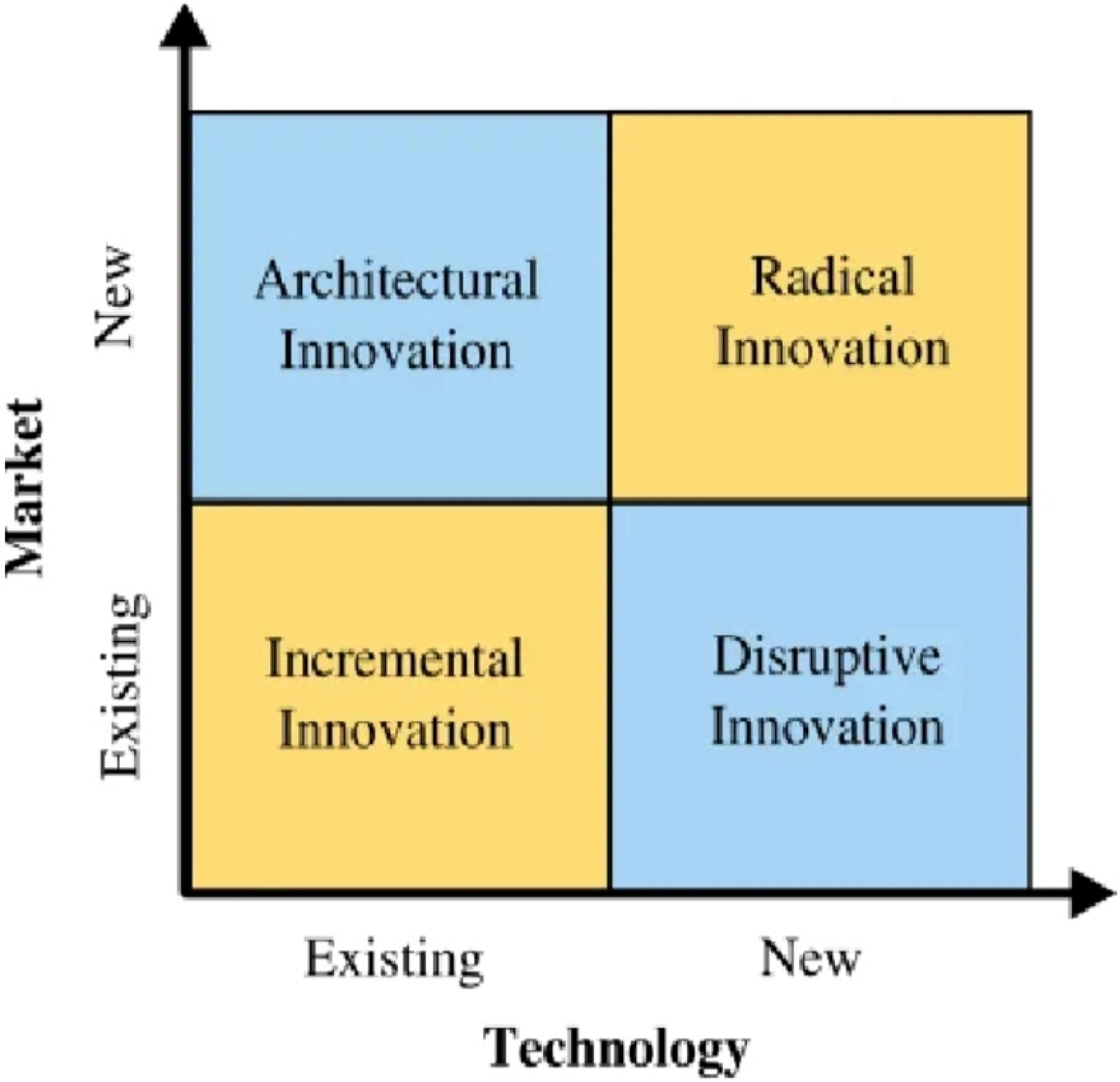



Organization context
Organization
Leadership in innovations
Innovation strategy
Contributing factors
Innovation management techniques
Idea
Innovation process
Innovation results
Evaluation
Improvement
Planning

Types of Innovation

It is remarkable how many people are under the false assumption that companies are either innovative or not. This is a very polarizing and simplistic perspective that does not take into account the different types of innovations that companies can and do pursue.

For this post, let's break down innovation into two dimensions: Technology and Market, which gives us the following 4 types of innovation:



Incremental Innovation

Incremental Innovation is the most common form of innovation. It utilizes your existing technology and increases value to the customer (features, design changes, etc.) within your existing market. Almost all companies engage in incremental innovation in one form or another.

Examples include adding new features to existing products or services or even removing features (value through simplification). Even small updates to user experience can add value, for example below is an older version of Constant Contact's email schedule page: