

INNOVATION

Innovation has always been one of the driving forces in competition and has always been a primary competitive dimension, which indicates that the speed of change is increasing.

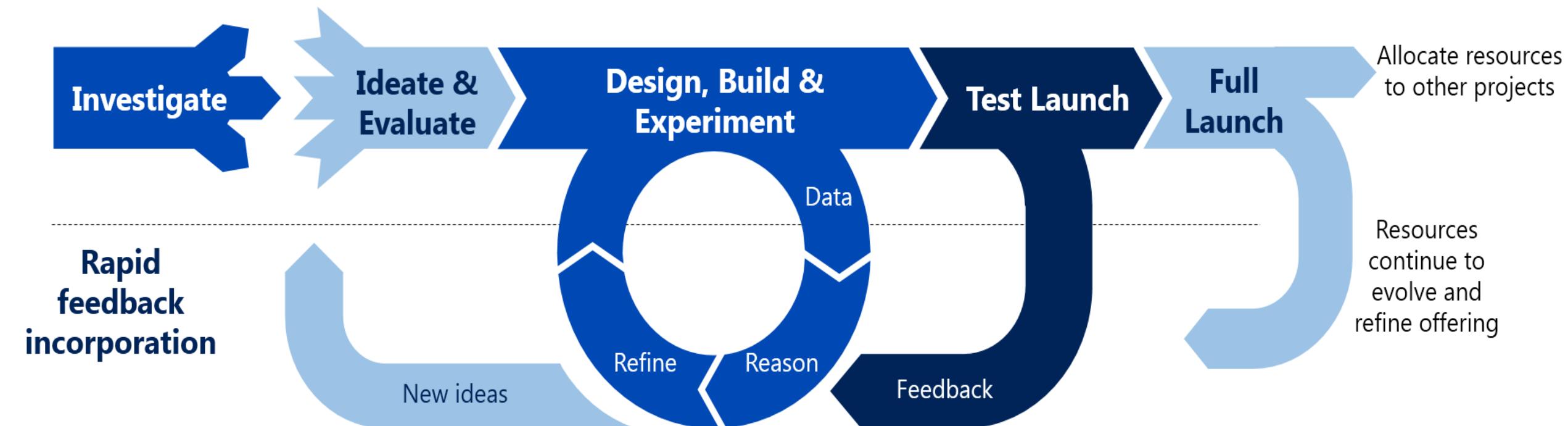
Innovation reduces the risk of failure, improves the success rate of new ideas and can help build an organization which is more resilient to change and able to grow.

Invention v/s Innovation

- *Invention refers to the initial creation of a product or the introduction of a process, marking its first occurrence. It is the conception of an idea that holds the potential for innovation. Invention addresses a specific problem by utilizing technology, with its technical aspects serving a functional purpose.*
- *The terms “invention” and “innovation” are frequently used interchangeably, which is not only incorrect but also overlooks important nuances in meaning that can significantly impact a conversation. Invention involves the discovery of something new, while innovation entails the utilization of a novel idea or method.*
- *Innovation is the act of introducing fresh concepts or approaches to the market and transforming existing inventions into practical products or processes that have real-world utility. Some believe that a successful entrepreneurial journey starts with an invention, and the rest is merely “execution”. However, this perspective overlooks the risks and significant differences involved.*

The Innovation Lifecycle

The Improvides Innovation Lifecycle



Creativity / Innovation manifests **ideas** that transforms it into a ***Value-added Product or Service.***

Innovation defined

- *The word **innovation** is derived from the Latin verb innovare, which means to renew. In essence, the word has retained its meaning up until today.*
- *Innovation means to improve or to replace something, for example,*
 - *a process,*
 - *a product, or*
 - *a service.*
- *In the context of companies, **creation of value** is a defining characteristic of innovation. however, the term needs a definition. In the complex context of business, it is defined as –*

Innovation is a process by which a domain, a product, or a service is renewed and brought up to date by applying new processes, introducing new techniques, or establishing successful ideas to create new value.

Why is innovation important

- *Organizations have several options to increase their competitiveness: they can strive for price leadership or develop a strategy of differentiation. In both cases, innovation is essential.*
- *Companies that choose price leadership must secure their long-term competitiveness by developing innovative, highly efficient processes. Process optimization and continuous improvement in terms of costs are important for them.*
- *Companies that strive for a differentiation strategy need innovation to develop unique distinguishing features to their competitors.*
- *Many start-ups launch their activities by developing an innovative product or service.*

Continuous innovation is, therefore, crucial for all companies. The main difference is in the focus of the innovation strategy, which varies considerably from company to company.

The Right Mindset for Innovation

Innovation requires more creativity and more willingness to take risks than the implementation of typical projects.

- ***Break the rules***

- *With traditional approaches and conventional methods, you will often not get anywhere in the field of innovation. Challenge the status quo consistently! And explore new paths off the beaten track.*

- ***Collect ideas everywhere***

- *Innovation projects constantly need new ideas: To overcome obstacles, to change concepts, and to optimize strategies.*

- ***Believe in the impossible***

- *Imagine how your innovation will look like in reality. And believe that you will be able to overcome all obstacles on the way to realization.*

- ***Put together an innovation team of individuals with different perspectives and thinking styles***

- *Innovation needs the diversity of various competencies and diverse ways of thinking.*

Types of Innovation

In the context of businesses, there are different types of innovation.

- ***Process improvement and organizational innovation:*** *The improvement of processes through continuous improvement and the development of new solutions.*
- ***Product development:*** *The development of innovative products or product features.*
- ***Service innovation:*** *The creation and introduction of new services for customers and partners.*
- ***Business Model Innovation:*** *The development of innovative business models and new revenue streams.*

Digitalization and digital transformation also require companies to rethink and develop new approaches.

Innovation: Process Improvement

Process improvement is the systematic optimization of workflows and business processes within companies and organizations.

- *Process improvement follows the guiding principle of the ISO 9001 standard, according to which companies should permanently improve their processes and procedures. The aim is to avoid inefficiencies, to reduce administrative costs, to increase customer orientation, to guarantee a high quality of products and services and to promote business innovation as a distinguishing feature in competition.*
- *The basis of process optimization is the identification and specification of the most important internal workflows and processes. Until 2015, the quality handbook was the vehicle for this, but in practice it has often proved too complex and impracticable for small and medium-sized enterprises. The ISO 9001:2015 standard therefore makes no explicit specifications about the way in which processes in companies are documented and optimized.*

Key Success Factors of Process Improvement

- *There are numerous methods of process improvement, for example*
 - *The Ishikawa diagram – also called cause-and-effect diagram*
 - *The continuous improvement process (CIP)*
 - *Six Sigma or Kaizen*
- *Process improvement takes place in different stages:*
 - *from process analysis and identification of weak points to idea generation,*
 - *implementation and success control.*

Although the ISO 9001:2015 standard does not specify a standardized procedure for process optimization, these five key success factors have proven themselves in practice.

Organizational Innovation and standard constraints

- *Innovation culture*
- *Innovation capability*
- *Innovation Leadership*
- *Continuous improvement*
 - *Process improvement*
 - *Incremental innovation*
 - *Disruptive innovation*
 - *Digitalization*
- *In traditionally organized companies, ideation, idea generation and business innovation often fails due to structural problems. These challenges can be mastered through organizational innovation.*
- *Although companies invest time and money to establish an idea management and innovation management system, define innovation processes and measure innovation, structural barriers prevent success.*
 - *Political problems and conflicts within the company,*
 - *Destructive criticism, destructive competition and destructive pressure,*
 - *Strict control by management,*
 - *An excess of formal structures and procedures,*
 - *Precisely defined processes that prescribe what is to be improved by whom and with what methods.*

Innovation : Product Development

- *Product development describes the process of creating a product.*
- *It begins with the analysis of future trends and customer needs, through technological idea generation and idea development, to technological implementation and market launch.*
- *The task of the product development is to maintain and increase the long-term competitiveness of a company through innovative products and features.*
- *The responsibilities of the product development therefore include not only the technological implementation, but also the support of the entire product development process.*
- *Depending on the organizational structure, the analysis of customer needs and trends in some companies is the responsibility of marketing, while in others it is part of product development.*
- *In some companies the market launch lies with sales, in others also with product development. These structures may vary from company to company.*

Service Innovation

Service innovation (also called service design) is the development and successful introduction of new services for customers.

- *Service innovation can be introduced in different ways:*
 - *Within companies whose business model is to provide services,*
 - *as an additional service to a product or an offer;*
 - *as a free-of-charge marketing service.*
- *The development of service innovation is part of the **innovation management** of companies and is structured by an **innovation process** from **idea generation** up to successful implementation. Through **digitalization** and the option of developing **digital business models**, service innovation can also become an interesting business area for companies that primarily manufacture products and capital goods. This article describes the different stages in developing service innovation.*
- *Successful services are based on a deep understanding of customer problems and requirements. Therefore, when developing service innovation, a deep exploration of a customer's situation and goals is the first step. Customer insights are obtained using various methods, such as customer interviews, customer observation and monitoring, or the evaluation of incoming customer inquiries and complaints. Methods such as **Design Thinking** provide for a so-called understanding stage at the beginning of the development of service innovation.*
- *Customer insights gained are collected, discussed and evaluated in tools devised by the organization.*
- *The challenges and problems of customers are used to derive areas of opportunity for service innovation. The fields of opportunity for innovation are evaluated within a company or organization, and a decision is made as to which field of opportunity ideas should be developed for.*

Business Model Innovation

The term **Business Model Innovation** refers to successfully implemented innovations in the business model of companies.

- In comparison to product development, Business Model Innovation is primarily concerned with the monetization of products and services, i.e., activities that generate new customer benefits, create innovative distribution channels and introduce new models of monetization.
- Especially in the era of digitalization and digital strategy, business model innovation plays an increasingly important role. Business model innovations that are based on data are also called digital business models. With such ideas, companies can quickly and easily develop, evaluate and implement ideas for business model innovations.
- In many companies, business innovation is equated with technical development. With the help of innovation management and a clear innovation process, the different stages in the development of new products are structured and monitored through innovation measurement. Through a technology management, potential new technologies that might be interesting for development are evaluated.
- Business Model Innovation is much more complex. It includes marketing (the formulation of an innovative value proposition), sales and the sales model as well as monetization. Also, the change of a monetization (e.g., a rental model instead of the purchase of a product) can represent a business model innovation in certain markets.

Innovation and Entrepreneurship

End of Session 1

Assignment#1: To be submitted mandatorily

- *In our daily lives, we face innovations every day that are based on Business Model Innovation. This is explained using Car Sharing as an example.*
- *Providers such as Vehiclesharing Pvt. Ltd. is created by traditional automobile manufacturers in order to achieve an alternative form of monetization for vehicles.*
- *The conventional business model consisted of manufacturing and selling.*
- *With the help of car sharing, manufacturers try to generate income from changes in the business model.*
- *In essence, car sharing is another monetization option for cars.*

While the traditional business model served the customer need of ownership, the added value of car sharing is achieved by solving another customer problem:

Getting from point A to point B quickly. Using a car without owning it.

Prepare an innovative model.

Assignment #2: To be submitted mandatorily

- Through organizational innovation, the world's most innovative companies have largely created structures that remove structural barriers. They have established an **innovation culture** and improved their **innovation capability**. This is intended to promote both **continuous improvement** – i.e., **process improvement** and **incremental innovation** – as well as **disruptive innovation** and **digitalization**.
- Instead of trying to promote ideas and innovations through traditional structures, the organizations align their structures in such a way that ideas and innovations can prosper.
- XYZ Co. Ltd., first had to radically break with the classic Indian hierarchical thinking before the company could change:
 - From a manufacturer of cheap goods to one of the most innovative companies in the world.
 - And it is no coincidence that Ranjan's success under CEO Aniruddha, who left the company in 2018, began with the radical break-up of old hierarchies. When it comes to avoiding bureaucracy and hierarchies, organizational innovation is driving **innovation leadership**.

Question

How to win and successfully implement high-value employee ideas.

Assignment #3: To be submitted mandatorily

- *Highly efficient processes and lean structures are the most important competitive factors for organizations. Successful companies regularly put all processes and procedures to the test. They challenge the status quo, proactively search for inefficient activities, and develop unique solutions for more efficient operational processes.*
- *The continuous improvement process plays an increasingly important role in enterprises.*
- *Improving business performance is closely related to the concepts of **idea management** and **process improvement**.*
- *In contrast to the concept of innovation and the method of **innovation management**, where progress is often achieved through technological leaps, the continuous improvement process is a far more gradual method.*
- *Many companies establish a continuous improvement process because they have to prove structures and processes for quality optimization within the scope of an **ISO 9001 certification**.*

The assignment

*CIP is much more prevalent as it is the fundamental attitude within a company to achieve improvements of processes and products, as well as gains in quality and efficiency through continuous **brainstorming** and systematic **idea development**. These improvements are traditionally developed by quality circles, CIP teams, and idea workshops.*

Due to the possibilities of digitalization, modern tools are increasingly being used, how can CIP enable the organization achieve its goals and services overcoming its competitors?

Addressing the students

- Please send your assignment to mihir.sengupta.vf@mitwpu.edu.in mentioning your Roll#, Name and Department (CSE /CSF), and Panel Code.
- Should you have any ambiguity, please connect with me at the abovementioned email-id; stating your issues, ideas, doubts and short-falls.
- Any aspiring startup can directly connect with me mentioning about the project he/she has to discuss and move forward with the innovative idea aiming to become an entrepreneur.
- Any student who've already developed any innovative idea and willing to develop a Minimum Viable Product (MVP) can approach me by way of mentioning the innovation processes (White Paper, Business Model, etc.) at my email address - mihir.sengupta.vf@mitwpu.edu.in.
- Any aspirant aims at Creating Jobs rather than Acquiring Jobs; should connect me at mihir.sengupta.vf@mitwpu.edu.in.

Thank you

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