

Chapter 1: The need for Innovation

- Peter Ferdinand Drucker, (November 19, 1909 – November 11, 2005) was an Austrian-born American management consultant, educator, and author, whose writings contributed to the philosophical and practical foundations of the modern business corporations. According to Peter Drucker, “every organization, not just business, needs one core competence and that is innovation”.
- Innovation is the application of better solutions that meet customer’s new and changed requirements, their implicit needs, or existing market needs. This is accomplished through products, processes, services, technologies, or ideas that are more effective.
- Innovation is defined as “**Profitable implementation of strategic and creative ideas**”.
- There are three types of innovations:
 - **Efficiency innovation:** Marginal improvements to what already exists.
 - **Evolutionary innovation:** Distinctly new and better ideas
 - **Revolutionary innovation:** Radically new and better ideas
- **The need for innovation:**

We are in the midst of a significant transition, largely because of three main factors:

 - Technology
 - The world is becoming more accessible
 - Customers ever demanding more
 - 84% of business leaders agreed that innovation is more a critical factor than it was five years ago. However, only 25% of these business leaders were pleased with their current performance in innovation.
 - In a constantly changing business environment, the ability to modify and implement new strategies quickly is important.

- The disease called as “Thomas Lawson Syndrome” strikes whenever managers have become so accustomed to dealing with existing products and processes that they are Complacent and literally blind to new ideas.
- **Being innovative pays off**
 - Innovation is an essential ingredient for today’s social and economic growth. It improves our quality of life, raises our standard of living, and enables our organizations to grow and prosper.
 - We need to have every employee in every area of the organization to be on the lookout for innovative ideas. We now should know that we need an innovation roadmap and detailed action plans in order to help our teams and organization to support innovation on a continuous basis.
 - Certain characteristics that seem to be linked to creativity are:
 - Flexibility
 - Persistence
 - Ability to recombine elements to achieve insights
 - Ability to breakdown huge systems into smaller interrelated subsystems and determine how they function together.
 - Recombine these to form a comprehensible “whole picture” framework to work with.
 - The mind is like a parachute. It functions only when it is open. One of the most important elements is the organizational climate that is conducive to free flow of ideas.
- **What should you do to become an innovator?**
 - Discover the ideas, which are already there. Find those old ideas. Interview the people who have previously worked on some challenges, and learn from their experiences. Excavate old research reports, brainstorming session reports, old business plans. Uncover what is already there and reconnect it in a new way to your current problem or challenge. Ask the participants to submit their old ideas in the meeting. Distribute your collection of ideas to them.

- Become obsessed with the challenge. Understand the market, the client, the technology, and the perceived constraints. Observe real life people and find out what confuses them, what they like and hate, and where their implicit and explicit needs are not addressed. Interview the experts. Observe actual customer behavior. Have courage to ask customers to share their frustrations.
- Think **“out of the box”** when you are alone in your study room, particularly early in the morning, and ask yourself, “what can I do to fulfil the new customer needs? How can I implement a distinctly new idea so that the organization and the customer will get benefitted? How can I come out of the daily rut, and think something different than all the others who are busy in just the routine matters?”
- It is madness to keep on following the same old routines yet expect to achieve different results. Dare to be different.