

LESSON PLAN AND HOURS ALLOCATION

S/N	Course	Credits	
1	BuSH 6008: Technological Innovation and Entrepreneurship Management : Module 1		
2	BuSH 6004: Innovation Management and Competitiveness”		
MONDAY 25/07/2022	Micro Economics of Competitiveness 8:00- 10:00 and 10:30-12:30	Dr. Pasape	
TUESDAY 26/07/2022	Technological Innovation 14:00 – 18:000	Dr. Pasape	
WEDNESDAY 27/07/2022	Innovation Strategy 8:00- 10:00 and 10:30-12:30	Dr. Mkunda	
THURSDAY 28/07/2022	Network and Communities of Innovators 14:00 – 18:000	Dr. Mkunda	
FRIDAY 29/07/2022	Value Delivery from Innovation 8:00- 10:00 and 10:30-12:30	Dr. Mkunda	

COURSE ASSESSMENT

☐ Coursework assessment:

- ✓ Individual Assignment: **Case Analysis** (week1: 20% for BuSH 6004 and 10% for BuSH 6008)
- ✓ Group Assignment: Case Simulation and Analysis (week1: 20% for BuSH 6004 and 10% for BuSH 6008)
- ✓ Total = 40%

☐ Final examination

- ✓ 60% as per NM AIST Examination Regulations.

SUB MODULE 3:

INNOVATION STRATEGY

INNOVATION STRATEGY

- i. An Overview of Innovation Strategy
- ii. Types of Innovation Strategies
- iii. Model of Innovation Strategy
- iv. Building Innovation Strategy
- v. Types of Innovations
- vi. Overview of Business Model
- vii. Business model Innovation
- viii. Return from Innovation Investment
- ix. Innovation Strategy in SME

INNOVATION STRATEGY

Do you want to:

- ☐ Reach your innovation **strategic goal**?
- ☐ Obtain a desired **innovation outcome**?
- ☐ Be able to **address innovation challenges**?

☐ If Yes:

- ✓ You need an **innovation strategy**
- ✓ i.e **a plan** intended to aid **achievement** of organization goals and to bring about a desired **outcome** or **solution** to a **existing** and **future challenges**.

INNOVATION STRATEGY (WHAT IS INNOVATION STRATEGY)

- ❑ Strategy is about making choices between a number of feasible options to have the best chance at “*winning*”
- ❑ Innovation is about creating new value people are willing to use and pay for
- ❑ An innovation strategy is a commitment to a vision and set of activities designed to aid the future growth of an organization
- ❑ An innovation strategy is a plan for mapping organizations’ mission, vision and value proposition for defined customer markets
- ❑ An innovation strategy can be described as an explicit roadmap for desired future
- ❑ An innovation strategy is a plan to grow market share or profits through innovation product and service

THE IMPORTANCE OF INNOVATION STRATEGY

An effective innovation strategy can:

- ❑ Clarify priorities and goals: An innovation strategy outlines the goals of the organization's innovation activities and helps focus efforts on reaching the goals
- ❑ An innovation strategy defines the aims of an organization's innovation activities and assists in focusing efforts toward those goals
- ❑ Foster alignment/Encourages Cooperation: With a plan in place, diverse groups within an organization will all be working toward common goals
- ❑ Keep a business from resting on its achievements: businesses must continue to innovate in a strategic way

THE IMPORTANCE OF INNOVATION STRATEGY

- ❑ Business/organization must continue to innovate strategically over time, as copycats and innovative competitors are likely to take market share
- ❑ Assists a business achieve long-term success: Without ongoing innovation, a company is unlikely to gain (or maintain) competitive advantage
- ❑ A company is unlikely to obtain (or maintain) a competitive advantage or keep customers interested in the long run if it does not participate in constant innovation

THE IMPORTANCE OF INNOVATION STRATEGY

- ❑ Supports the attainment of Strategic Direction (vision, mission, goals)
- ❑ Responding to Competition and unforeseen challenges
- ❑ Solving complex challenges
- ❑ Survival of the company/Institution
- ❑ Growth
- ❑ Revenue Creation
- ❑ Create Culture of innovation within the company
- ❑ Responding to external challenges and push: Market, Political, Technological
- ❑ Maximizing return on investment

WHY INNOVATION STRATEGY...

Read:

❑ Why do you need an innovation strategy?

@AnkushChopra

<http://ankushchopra.com/why-do-you-need-an-innovation-strategy/>

<https://medium.com/@innovatingsociety/you-need-an-innovation-strategy-93fd28ca509>

Any question

TYPES OF INNOVATION STRATEGIES

Pioneers

Proactive Innovation Strategy-
Pioneers

Followers

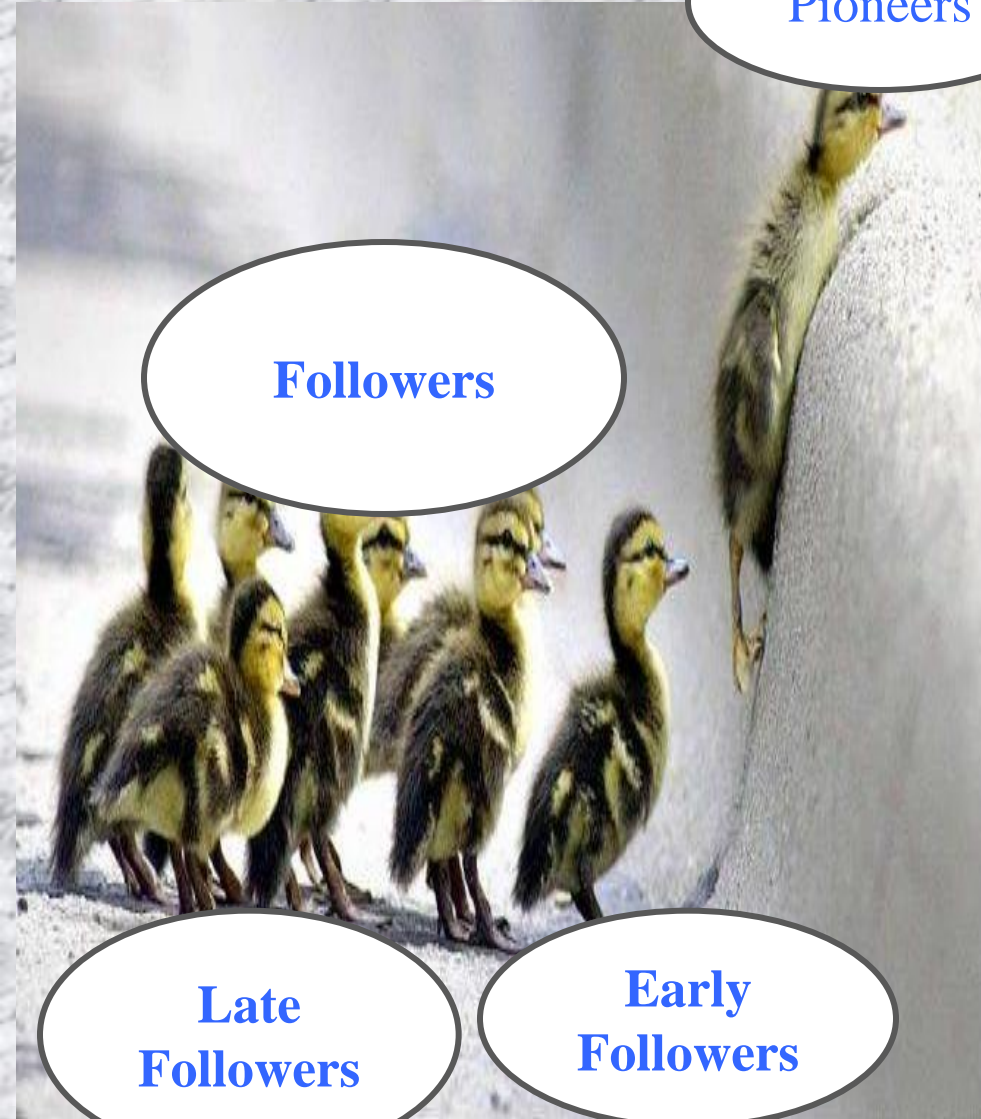
Active Innovation Strategy –
Early Followers

Reactive Innovation Strategy-
Followers

Passive Innovation Strategy –
Late followers

Late
Followers

Early
Followers



TYPES OF INNOVATION STRATEGIES - PROACTIVE

Proactive Innovation Strategy

- ❑ Proactive innovation is for companies who have strong research
- ❑ They are prepared to present a product or service that will be new to the market or even that will open new markets
- ❑ This is a high-risk innovation strategy that often makes breakthroughs
- ❑ Proactive innovation is an outcome of rapid technological development and shorter economic cycles
- ❑ It focuses on creating a new market niche and customer

TYPES OF INNOVATION STRATEGIES - PROACTIVE

Proactive Innovation Strategy

- ❑ Proactive Innovators create New Market niches and take as much gold as they can carry
- ❑ Proactive Innovators Stand out from the competition
- ❑ Proactive innovators create the future and do so with intent
- ❑ Proactive innovators have a mindset and attitude to disrupt the market
- ❑ Successful proactive innovators follow a radical innovation with continuous incremental innovations and improvements
- ❑ Therefore, they step into the market intending to create disruption. For eg: Apple.

TYPES OF INNOVATION STRATEGIES -ACTIVE

Active Innovation Strategy – Early Followers

- ❑ Active innovation strategies have the **main mission** to defend the **company's existing technology** and **Markets**
- ❑ They are prepared to **respond quickly** once **markets** and **technologies** are **proven**
- ❑ Active Innovation is a **defensive strategy** against **competitors**
- ❑ It's mainly **upgrading current technology** to respond to **rapid market changes**.
- ❑ The innovators drive for **medium** to **low risk**
- ❑ So, the companies invest a good deal in **research** and **development**.
For Eg: Google, Microsoft, Dell, British Airways

TYPES OF INNOVATION STRATEGIES - REACTIVE

☐ Reactive Innovation Strategy

- ☐ Used by companies that are **early followers**; have a focus on operations; take a **wait-and-see approach**; who also look for **low-risk opportunities**.
- ☐ Reactive innovators **do not anticipate the need to change** before they have to
- ☐ Reactive Innovation is a **wait-and-see approach**
- ☐ They need not **proactively seek to evolve the product**
- ☐ They wait to get **evidence of the product's success from the market**
- ☐ They duplicate **proven market innovation**
- ☐ Instead, they are operationally focused to **adapt to business pressure**
- ☐ Thus, paving their way to **survive in the market**

TYPES OF INNOVATION STRATEGIES -PASSIVE

❑ Passive Innovation Strategy

- ❑ Passive innovators are '*chillers*' of the market
- ❑ They wait for a *demand to arise*
- ❑ They don't act until the *customers demand changes* in *current products*
- ❑ Their core approach is to produce as *per customer's reviews and expectations*.
- ❑ Whereas a *Proactive innovator* searches for *hidden expectations* and *responds to the market*

STRATEGIC APPROACH TO INNOVATION STRATEGY

- ❑ **Need Seekers:** Such as Apple, use their superior insights about customer needs to generate new product ideas
- ❑ **Marker Readers:** focus on creating value by incrementally improving on products that have already been proven in the market.
 - E.g Samsung focus on creating value by incrementally improving on products that have already been proven in the market.
- ❑ **Technology Drivers:** depend on strong company's internal technology capabilities to develop new products.
 - Eg. Google, Microsoft - depend on their strong internal technology capabilities to develop new products

Read More

<https://www.forbes.com/sites/tendayiviki/2017/06/12/why-companies-must-align-innovation-strategy-with-business-strategy/#3a9ecb544a55>

Any question

MODELS OF INNOVATION STRATEGY- INTRODUCTION

- ❑ An Innovation model provides a detailed framework to identify, advance, and implement ideas
- ❑ It focuses on adopting methods to create the needed value
- ❑ *Roy Rothwell*, a British Sociologist is a pioneer in industrial innovation
- ❑ He made significant contributions to innovation management

MODELS OF INNOVATION STRATEGY- INTRODUCTION

- ❑ Rothwell put forward five generations of innovations from the 1950s onwards
- ❑ His findings are based on various marketing factors.
- ❑ This includes- inflation, stagflation, economic recovery, unemployment, etc
- ❑ His findings represents the different structuring of the company's innovation process subject to market trends
- ❑ His Innovation Models are beneficial in creating an innovation management strategy for business
- ❑ ***Let's understand Rothwell's types of Innovation models...***

MODELS OF INNOVATION STRATEGY- FIRTS GENERATION

- ❑ First-Generation Innovation Model (1G) – Technology Push
- ❑ Technology push in the first Innovation model is the result of rapid economic growth from 1950
- ❑ It focused on systemizing the work and gaining control over activities
- ❑ It focused on pushing technological innovation through extensive research & development

MODELS OF INNOVATION STRATEGY- FIRTS GENERATION

- ❑ It was applied at the stage of product research, its engineering, manufacturing & marketing to invent a successful product
- ❑ As the entire focus was on the development of ideas- it ignored the marketing phase
- ❑ The complete emphasis on R&D had the disadvantage of not considering customer feedback and expectations
- ❑ Thus, the innovations would often get ignored in the market.

FIRST GENERATION MODEL- TECHNOLOGY PUSH

Market Need



Development



Manufacturing



Sales

MODELS OF INNOVATION STRATEGY- SECOND GENERATION

- ❑ Second-Generation Innovation Model (2G)– Market Pull
- ❑ In the mid 1960s, the approach shifted from Technological push to Market pull
- ❑ The focus began on responding to market needs
- ❑ Factors ignored during the first generation are considered now in the second generation
- ❑ It includes- *the cost-benefit analysis of each project & systematic allocation of resources*
- ❑ The process is similar or sequentially linear but emphasized market needs.
- ❑ Thus reducing the research time

MODELS OF INNOVATION STRATEGY- SECOND GENERATION

SECOND GENERATION MODEL - MARKET PUSH

Market Need

Development

Production

Marketing

Sales



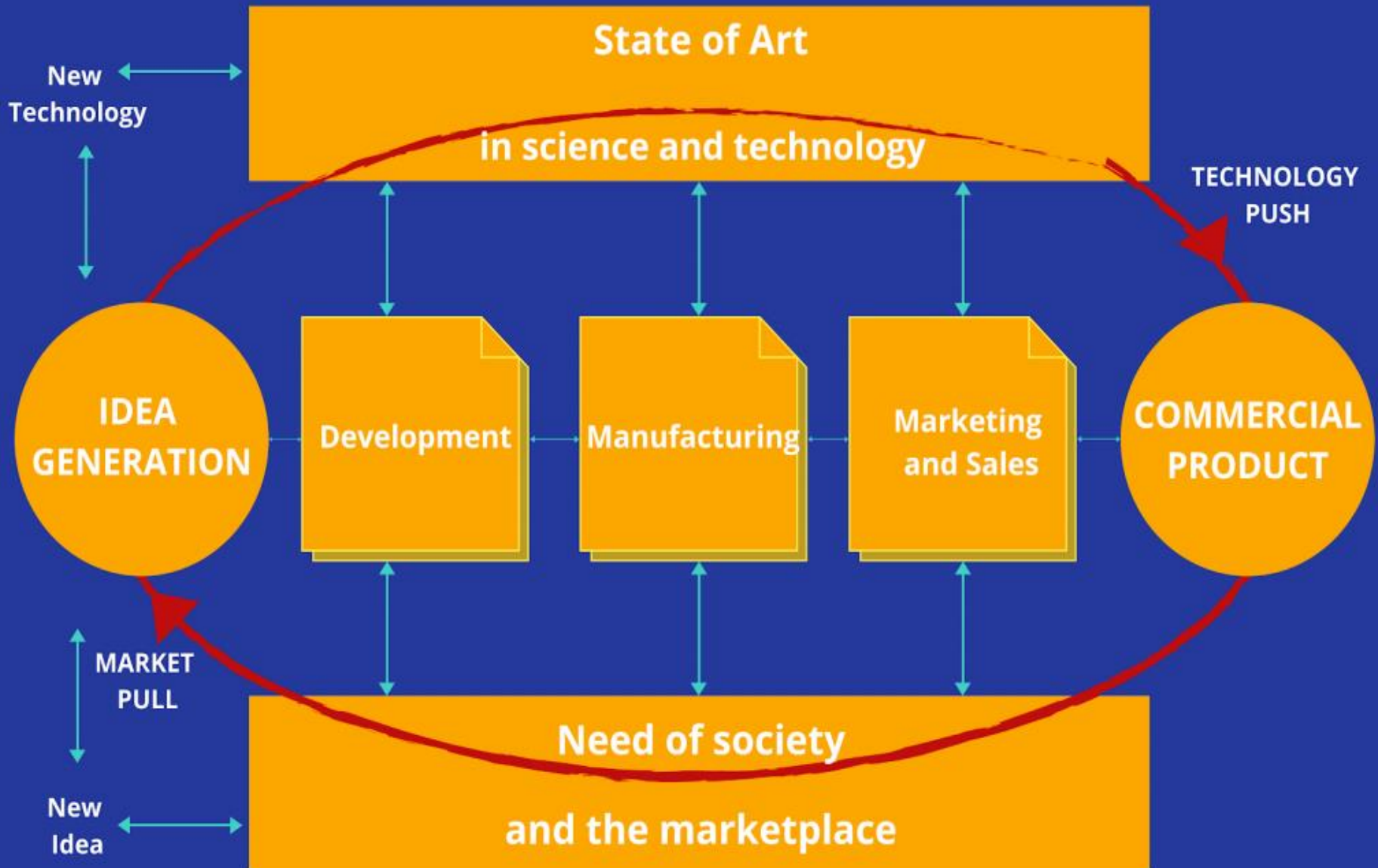
MODELS OF INNOVATION STRATEGY- THIRD GENERATION

- ❑ Third-Generation Innovation Model (3G) – Coupling Method
- ❑ The third-generation model overcomes the limitations of the previous two linear models.
- ❑ It gained prominent acceptance during the inflation and stagflation phase of the economy
- ❑ It tightly combined R&D and Marketing
- ❑ The innovators coupled technological innovation with market need
- ❑ The model was based on the balanced coupling of Technology Pull and Market Push

MODELS OF INNOVATION STRATEGY- THIRD GENERATION

- ❑ The core driving factor was reducing the operational costs during the contraction stage of the economy
- ❑ So, the process formed a non-linear feedback loop.
- ❑ But the stages in the process made the model sequential

MODELS OF INNOVATION STRATEGY- THIRD GENERATION

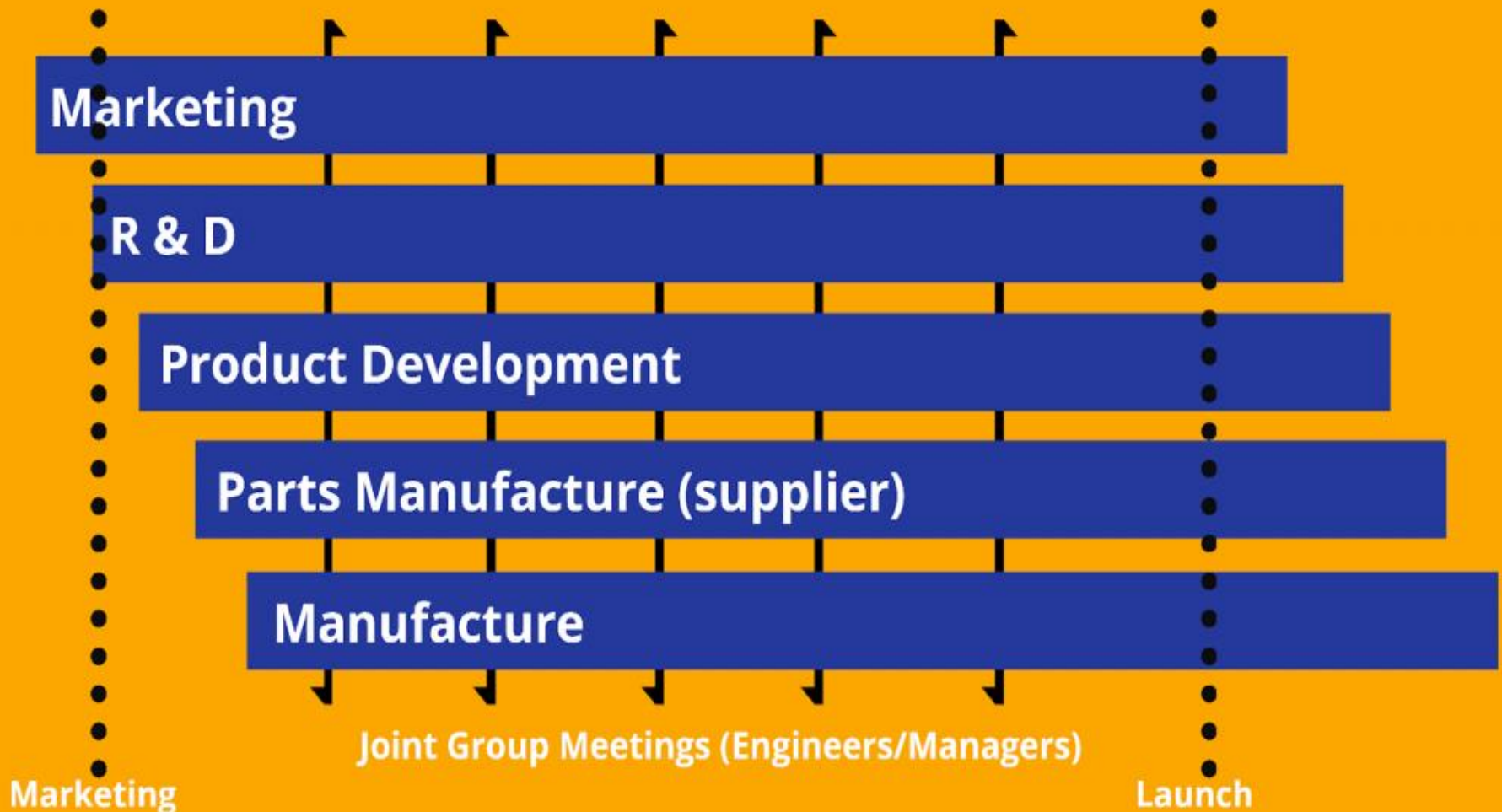


MODELS OF INNOVATION STRATEGY- FOURTH GENERATION

- ❑ Fourth-Generation Innovation Model (4G) – Integrated Model
- ❑ The fourth-generation model follows an integrated model for the business process
- ❑ It moved away from the sequential process to follow the parallel process
- ❑ A parallel approach is followed in development, internal company communication, key suppliers at upwards, and customers downwards

MODELS OF INNOVATION STRATEGY- FOURTH GENERATION

FOURTH GENERATION INNOVATION MODEL- INTEGRATED MODEL



MODELS OF INNOVATION STRATEGY- FIFTH GENERATION

- ❑ Fifth-Generation Innovation Model(5G) – Network Model
- ❑ The network model focused on the effective distribution of network processes
- ❑ It emphasized gaining flexibility and increasing the development speed
- ❑ The model considers the external inputs of suppliers, customers, competitors, government,

MODELS OF INNOVATION STRATEGY- FIFTH GENERATION

- ❑ Thus gaining market competitiveness in times of rapid technological changes and shorter product cycles
- ❑ The Integrated and network model strengthens the fact that technological innovation is cross-functional & multi-factor but not sequential

MODELS OF INNOVATION STRATEGY- FIFTH GENERATION

❑ Fifth-Generation Innovation Model(5G) – Network Model

Fifth-Generation Innovation Mode – Network Model

EXTERNAL INPUTS

- societal needs
- competitors
- supplier
- partnerships
- distributors
- customers
- strategic alliances

EXTERNAL INPUTS

- competitors
- suppliers
- distributors
- customers
- university
- departments

**Marketing
and sales**

Finance

EXTERNAL INPUTS

- competitors
- suppliers
- distributors
- customers

EXTERNAL INPUTS

- scientific and technological developments
- suppliers
- customers
- university
- departments

**Engineering and
manufacturing**

**Research and
development**

Accumulation of



Knowledge over time

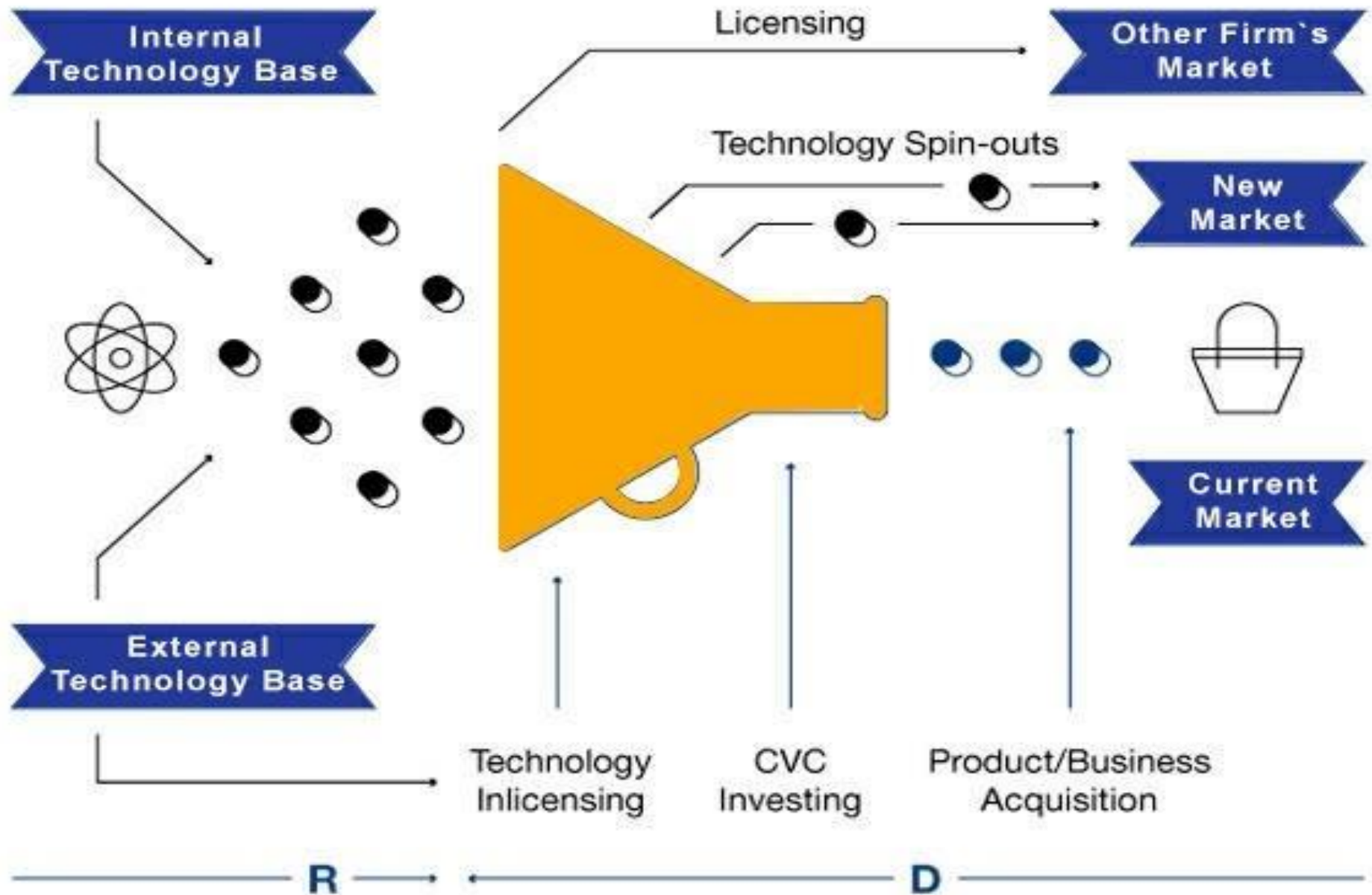
MODELS OF INNOVATION STRATEGY- SIXTH GENERATION

❑ Sixth-Generation Innovation Model (6G) – Open Innovation Model

As Chesbrough defines, “*Open innovation is the use of purposeful inflows and outflows of knowledge to accelerate innovation internally while also expanding the markets for the external use of innovation.*”

- ❑ It looks out for technological advancements by combining internal and external ideas
- ❑ The funnel representation shows- Initiating with a large pool of ideas to narrow down later at the best choice of the idea.

MODELS OF INNOVATION STRATEGY- SIXTH GENERATION



Any question

BUILDING INNOVATION STRATEGY...

❑ Strategy Formulation Process

- ❑ Set your strategic direction (Vision, mission,)
- ❑ Carry out a situation analysis:- (self-evaluation , competitor and environmental analysis :- SWOT, PEST)
- ❑ Set Objectives : -(general and specific; short and long term
- ❑ Prepare a strategy plan. :- (describing how the objectives will be achieved).
 - Activities, Actions, Responsibilities, Verifiable Indicators, Physical Achievement and Duration of Time
 - Tools

❑ Ensure that strategies formulated are:

- Clear stated
- Quantified outcome
- Focused
- Realistic
- Agreed by implementers

BUILDING INNOVATION STRATEGY...*

❑ Strategy Implementation

- Turn strategy into actions in order to achieve organization objectives and goals
- Addresses the issues of who, where, when, and how.

❑ Key supporting factors in implementing strategies

- Action Planning:- (detailed action plan and steps
- Organization Structure :-
- Human Resources
- The Annual Business Plan
- Monitoring and Control
- Linkage:- (with others departments, stakeholders, technology e.t.c)

BUILDING INNOVATION STRATEGY...*

☐ Ensure availability of

- Ownership
- Communication
- Accountability
- Empowerment
- Feedback and Progress Reports
- Commitment (time and financial resources)
- System etc.

Any question

TYPES OF INNOVATION



TYPES OF INNOVATION

- ☐ Product and service innovation
- ☐ Process Innovation
- ☐ Business model Innovation

☐ **Product and Service Innovation:** The creation of new products and services or improvement of existing products and services to meet user needs

- ☐ New product design
- ☐ New functionality
- ☐ Complete new product
- ☐ New ways of product delivery
- ☐ Product or service packaging

☐ **Process Innovation:** Improving the sequencing of work routines and information flow to achieve business improvement

☐ **Results achieved through process innovation:** Faster, cheaper, more flexible, simpler, improved communication

☐ Greater level of customization

BUSINESS MODEL

- A business model is the backbone of how a company **creates**, **delivers** and **captures** value

The magic triangle:

Definition of a business model



A business model is a **blueprint** of how a company **creates** and **captures** value.

BUSINESS MODEL

- ❑ The business model can be described based on the four core dimensions **who-what-how-why**

1. Who? (customers)

- ❑ What **customers** and **customer segments** do we serve?
- ❑ What kinds of **relationships** do our **customers expect** and **how to maintain them**?
- ❑ Who are our most **important customers**?
- ❑ Who are the other **important stakeholders** that need to be **considered**?
- ❑ What **distribution channels** do we use to **serve our customers**?
- ❑ Who **influences our customers** (stakeholders, **users**)?

BUSINESS MODEL

- ☐ The business model can be described based on the four core dimensions **who-what-how-why**

2. What? (Value proposition)

- ☐ What **customer problems** do we **solve** and **what needs** do we **meet**?
- ☐ What are the **products** and **services** we provide to **accomplish** this?
- ☐ What is the **perceived customer value**? (product or service's **technical specifications**)
- ☐ What **value** or **benefit** do we **create for customers**?
- ☐ How do we **communicate it**?
- ☐ How do our **offerings** differ from the competitors?
- ☐ What **alternatives** do **customers** have?
- ☐ Does our current **business model** **meet** our **customers' needs** fully?

BUSINESS MODEL

- ❑ The business model can be described based on the four core dimensions **who-what-how-why**

3. How? (Value chain)

- ❑ What **key resources** are behind our offerings and **value proposition** (e.g. **physical, labour, financial resources, intellectual property**)?
- ❑ What **competencies** and **key activities** do we need?
- ❑ Does our **value chain** make full use of our **core competencies**?
- ❑ Who are our most **important partners**?
- ❑ What is their **relation** to our **business** and **what do they bring us**?
- ❑ Who are our most **important suppliers** and **partners** and **what do they contribute**?

BUSINESS MODEL

- ☐ The business model can be described based on the four core dimensions **who-what-how-why**

4. Why? (profit mechanism)

- ☐ Why will the **customer** pay for our product or **service**?
- ☐ What are our main **sources of income**?
- ☐ How is the **income** generated?
- ☐ What are **customers** willing to pay for?
- ☐ What are our **main costs** and the **most significant cost drivers**?
- ☐ What are the main **financial risks** in our **current revenue model**?

ELEMENTS OF BUSINESS MODEL CANVAS

1. **Key partners/Partnership**: Who do you need to work with?
2. **Key Activities**: What will you do?
3. **Key Resources**: What Resources and Capabilities do you required?
4. **Value Proposition**: What are you offering
5. **Customer Relationship**: what formal and informal relation ship are required
6. **Customer Segments**: Who are our customers
7. **Channels**: What is our channels to market
8. **Cost Structure**: What are your significant costs likely to be
9. **Revenue Model**: What will our customers pay for

BUSINESS MODEL CANVAS

Apple Business Model Canvas



BUSINESS MODEL CANVAS

BUSINESS MODEL CANVAS facebook

Key Partners



- Content Creator
- Third Party

Key Activities



- Platform development & maintenance
- Data security
- Establish partnership & develop new offer
- Strategic acquisition

Key Resources



- Platform
- Network
- Technology talent

Value Propositions



- Global Connectivity
- Sharing of ideas
- Global Communication
- Brand Publishing
- Easy Accessibility
- Business Expansion (Marketplace)
- Virtual reality
- Payment infrastructure

Customer Relationships



- Self Service platform
- Self-Taught Site
- Global Salesforce

Channels



- Internet
- Website & mobile apps
- Third party developer Tools and APIs

Customer Segments



- Users
- Advertisers and Marketers
- Developers

Cost Structure



- Platform
- Data Maintenance & Protection
- Content acquisition cost
- Research and Development
- Customer Service
- Marketing & advertising

Revenue Streams



- Ad Revenue (99% of the revenue)
- Payment Revenue
- Sale of Oculus



BUSINESS MODEL CANVAS

BUSINESS MODEL CANVAS

Key Partners

- Sellers
- authors
- Publishers
- logistic

Key Activities

- Merchandising
- Development, design, and optimization
- Manage supply chain and logistics
- Secure and build partnership

Key Resources

- fulfillment centers
- technological infrastructure
- Online platform

Value Propositions

- Competitive pricing
- Selection of goods
- Convenience
- Fast Delivery

Customer Relationships

- Reviews and comments
- Customer service
 - phone
 - online chat
 - email

Channels

- Amazon's website & Apps
- Affiliate Program

Customer Segments

- anyone with internet connection
- Somebody who is looking for convenience of ecommerce and Fast delivery

Cost Structure

- Driven by Technology
- Operation of Fulfillment centers
- customer service centers
- software development

Revenue Streams

- Amazon Prime subscription fees
- Commission
- Transaction Fees



BUSINESS MODEL INNOVATION

- ❑ Business model Innovation (BMI): “A conceptual framework for identifying how companies creates, delivers and captures value”
- ❑ BMI describes the process in which companies adjusts its business model
- ❑ Business model innovation is the process of reinventing how to transform the organization/company to compete effectively
- ❑ Business model innovation is the need to create new products, services or organizational models that improve the value proposition

BUSINESS MODEL INNOVATION

❑ Therefore BMI:

- ❑ Identifies a market segment and defines the customer
- ❑ Articulates the value of the proposed offering
- ❑ Focus on the key attributes of the offering
- ❑ Defined the value chain to deliver that offering
- ❑ Creates a way to get paid
- ❑ Establishes a value network that is needed to make the model self sustaining

BUSINESS MODEL INNOVATION: APPLE

- ❑ Apple business model uses network effects to drive demand
- ❑ Apple *creates value* by the unique design of the Apple phone, Computers, watches, tablet products etc.
- ❑ It *creates value* by helping users do more with their phone, famously known as "*there is an app for that*", from booking train tickets to playing VR games
- ❑ This is made possible by the millions of apps built by third-party software developers

APPLE BUSINESS MODEL

- ❑ *Apple delivers* that value through the *device itself*, and through its *own apps*
- ❑ *The value is delivered through third-party apps and accessories*
- ❑ Finally, Apple *captures value* through the *sale of the device*
- ❑ Apple *defends* its business model through the *Apple brand*, and the *unique integration of hardware, software, and accessories*
- ❑ Apple defends value through the *developer ecosystem*, which is *locked to Apple products*, both in terms of *distribution* and *delivery of apps*

APPLE BUSINESS MODEL INNOVATION



APPLE BUSINESS MODEL



Apple is rapidly investing in establishing a much broader ecosystem of services that build on the back of their product user base.



Apple uses the devices as channels to distribute its services e.g. Apple, Music, TV+ and Apple Arcade (gaming).



NEW BUSINESS MODEL

AMAZON BUSINESS MODEL INNOVATION

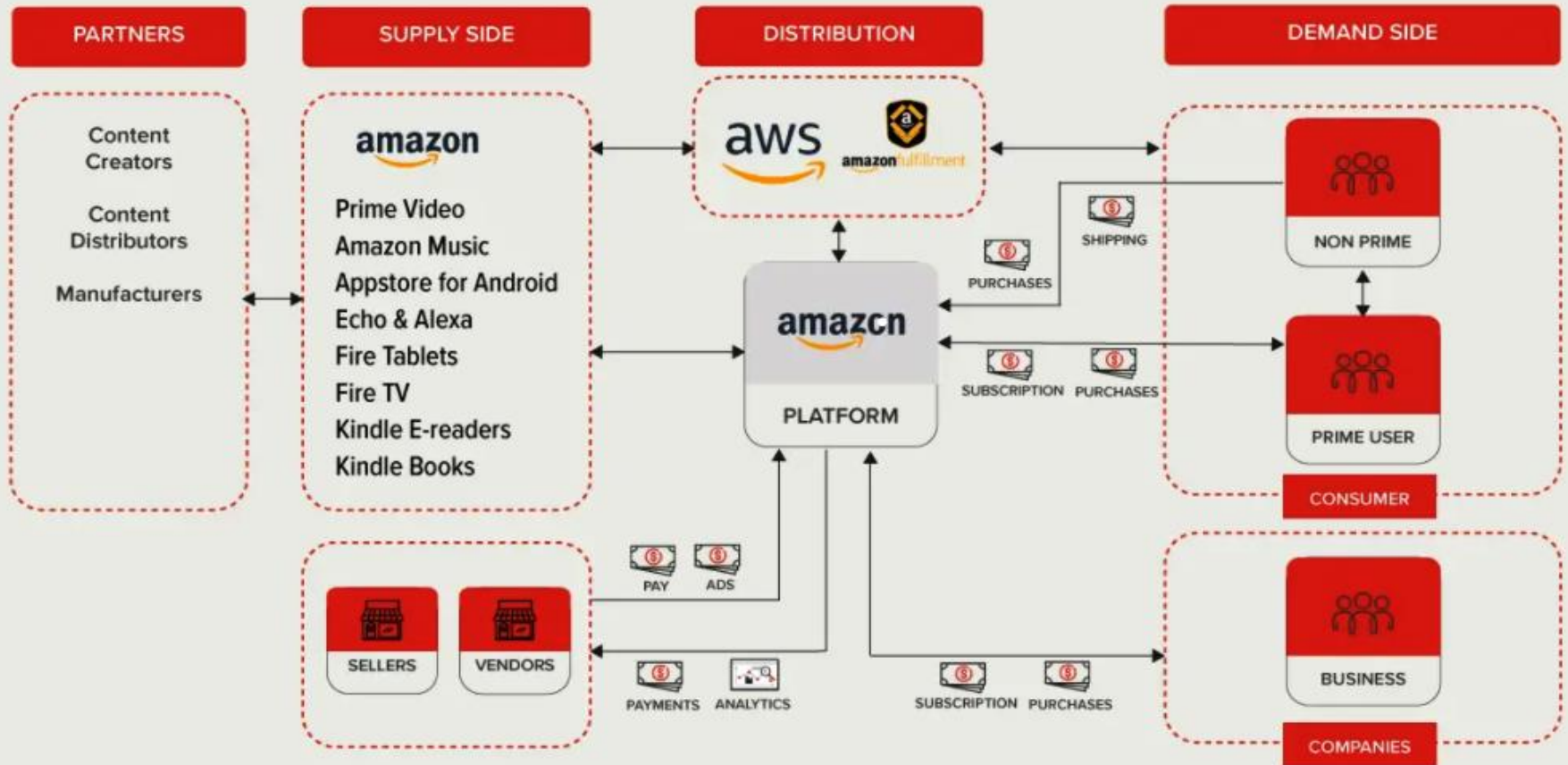
- ❑ Amazon's decision to offer free shipping, pressured other e-commerce companies to offer free or reduced shipping
- ❑ Amazon runs a 170 billion e-commerce business, selling over 300 million kinds of books, music, electronics, and general merchandise
- ❑ It retails the goods through its websites, apps, and devices, such as the Kindle, Echo, and Dash Buttons, as well as its own retail stores like Amazon Go and Whole Foods
- ❑ In order to drive Demand for e-commerce business, Amazon invests in advertising and a network of sellers and resellers
- ❑ To drive demand for its retail business, Amazon uses a multi-sided network, connecting third-party sellers, users, and software developers
- ❑ To users, Amazon offers 300 million goods, recommendations on what to buy, and a swift delivery of physical goods.

AMAZON BUSINESS MODEL INNOVATION

- ❑ To **third-party sellers**, Amazon offers **user base** and **fulfillment centers**
- ❑ For **developers**, Amazon offers access to over **300 million users** with one click buy and inventory of goods.
- ❑ **Web developers** are the **affiliates**, that is, **the resellers**, who work as a discovery channel for Amazon goods through their websites
- ❑ The **app developers** build **e-commerce apps** for reselling goods fulfilled by Amazon
- ❑ Developers also build **apps for Amazon's Kindle platform**, and **applications for Alexa**, which drive demand for **Amazon's hardware** and the e-commerce business

BUSINESS MODEL

(simple version)



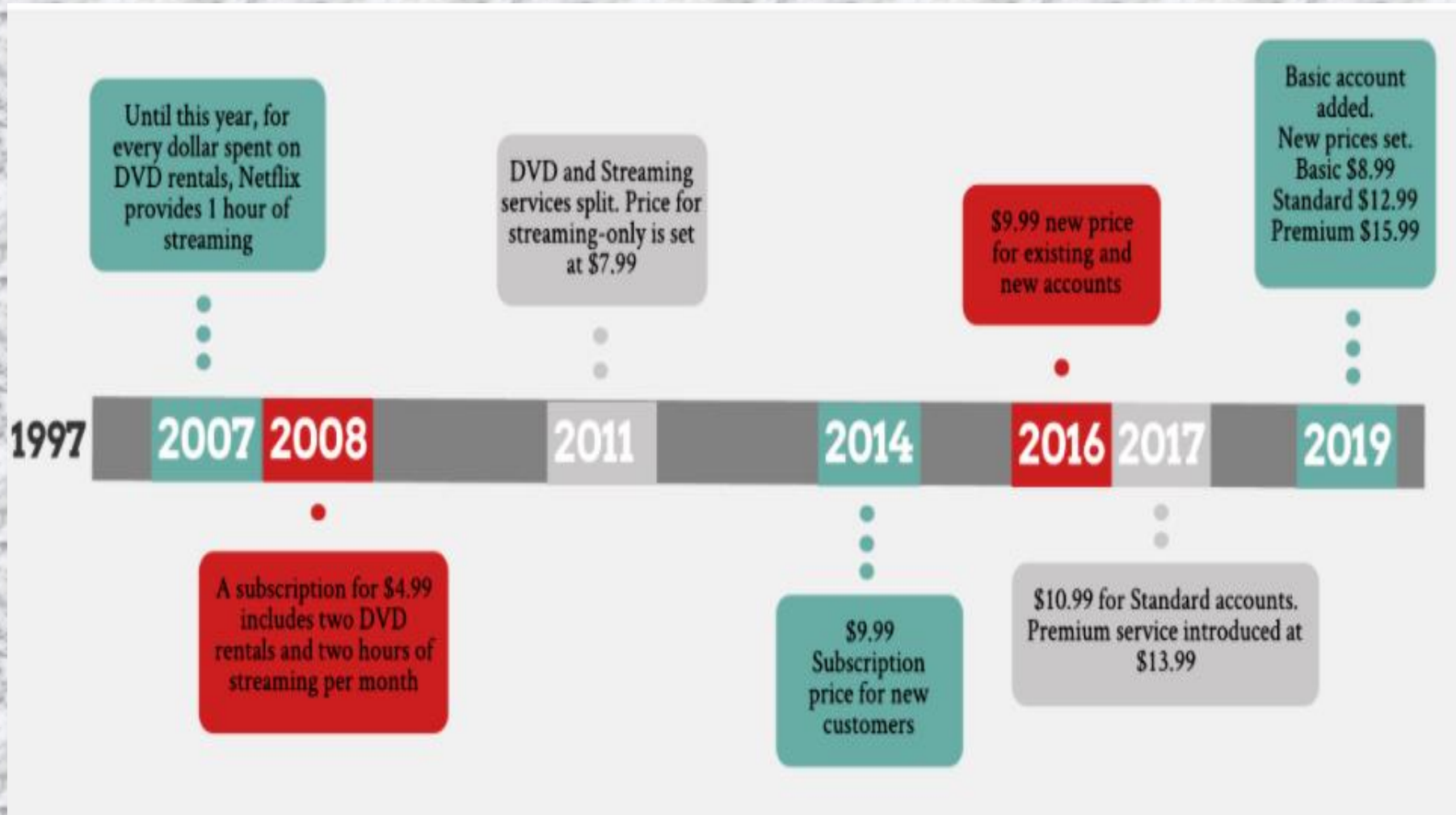
NOW GO INNOVATE



GARYFOX.CO

NETFLIX BUSINESS MODEL INNOVATION

- ❑ A combination of both **new technology** and a **change in business model**,
- ❑ architectural innovation can be the most challenging to undertake
- ❑ Good example is **Netflix**



RETURN FROM INNOVATION INVESTMENT

Innovation



A new idea,
method, or device

Commercialization



To manage on a
business basis for profit

WHAT IS A RETURN ON INNOVATION INVESTMENT

- ❑ A return on innovation investment is a measure of performance that organizations/research institution use to assess the investments' value, efficiency, and benefits upon creating new products and services
- ❑ It is a number that business entities calculate by putting profits and expenditures side by side to determine how the investments have been turned into profits
- ❑ However, no one can weigh the value of an innovation investment based on the uniqueness of an idea alone or even with the net sales that it may generate in the future

WHAT IS A RETURN ON INNOVATION INVESTMENT?

- ❑ But sometimes, **innovation** is more than just the financial returns
- ❑ Its implementation process may **meet hurdles** and **mistakes** along the way
- ❑ The enterprise obtains the **knowledge** and **experience** that may lead to a more **significant ROI** later

WHY IS DETERMINING THE RETURN ON INNOVATION INVESTMENT DIFFICULT?

- ❑ Although calculating ROI is simple, aligning it at an **enterprise level** is often difficult to do
- ❑ An institution allocate resources for innovation, the outcome is **gaining ROI** through **revenue increase** and **cost savings**
- ❑ Revenue increase can come from **venturing** into **new and relevant markets**, **acquiring new customers**, and **creating a new or extended line of products and services**

WHY IS DETERMINING THE RETURN ON INNOVATION INVESTMENT DIFFICULT?

- ❑ Cost savings result from two things:
 - ❑ Cutting back expenses on existing processes
 - ❑ Activities: sales and marketing, administration, product manufacturing, customer service, supply chain, employee productivity, and logistics operations

WHY IS IT ESSENTIAL TO MANAGE THE INNOVATION ROI

- ❑ There are plenty of reasons why institutions need to oversee the ROI of innovation:
- ❑ Create a business case for new innovation investments
- ❑ Illustrate the value of the company to potential partners and shareholders
- ❑ Increase the worth of the innovation portfolio
- ❑ Apprise business strategy and technology development

FACTORS TO CONSIDER IN ACHIEVING A HIGHER RETURN ON INNOVATION INVESTMENT

1. Determining Objectives

- ❑ The innovation team: Why the return on innovation investment is being managed, and what benefits can this action contribute to the Institution
- ❑ Understanding what you want to achieve by implementing specific innovation projects
- ❑ By understanding the achievement required it helps to determine the nature of returns

2. Specifying Roles and Accountabilities

- ❑ Determining objectives: should include management actions, like designating roles and accountabilities

3. Managing the Risks of Innovation

- ❑ Identify innovation risk and developing the necessary measures to manage

FACTORS TO CONSIDER IN ACHIEVING A HIGHER RETURN ON INNOVATION INVESTMENT

** How to **increase/ maximize** the return on innovation investment:-

- ☐ Build **innovative culture**
- ☐ Carry out thorough **business analysis** before any **investment**
- ☐ Focus and prioritization of implementation phases
- ☐ **Cost sensitive**
- ☐ Align to **your action plan**
- ☐ Continuous **monitoring ,evaluation and control**

HOW TO IMPROVE RETURN ON INNOVATION INVESTMENT

- ❑ Keep the innovation and **business strategies aligned**
- ❑ Make sure that the institution is **focused** and **motivated** in obtaining long-term success
- ❑ Provide the innovation team with the **tools** and **resources needed** to **perform** and **improve** the innovation process
- ❑ Set metrics to **measure the performance** of a specific innovation project
- ❑ Study the innovation projects well and **identify** the **possible issues** from **start** to **end**
- ❑ Remember that **innovation** and **new product development** are long-term processes
- ❑ “A **great innovation strategy**, combined with an **excellent execution process** and a **perfect set of performance metrics**, the more the benefits from innovation”

FACTORS TO CONSIDER FOR INNOVATION COMMERCIALIZATION

- A need that will trigger demand e.g Customer needs
- A research Results that will make difference – Commercial Value
- A business opportunity that will allow market access

RETURN FROM INNOVATION AND PROTECTION

- ❑ The **industrial secret** is an effective means of protection, especially for the **process innovation** where the **reverse engineering** is less efficient.
- ❑ As a **first mover** a firm can **enjoy lower production costs** because of learning economies magnified by customer feedback and product improvements

INNOVATION STRATEGY IN SMALL AND MEDIUM ENTERPRISES

Independent Study:

**SME and Innovation in Africa:
Opportunities and Challenges**