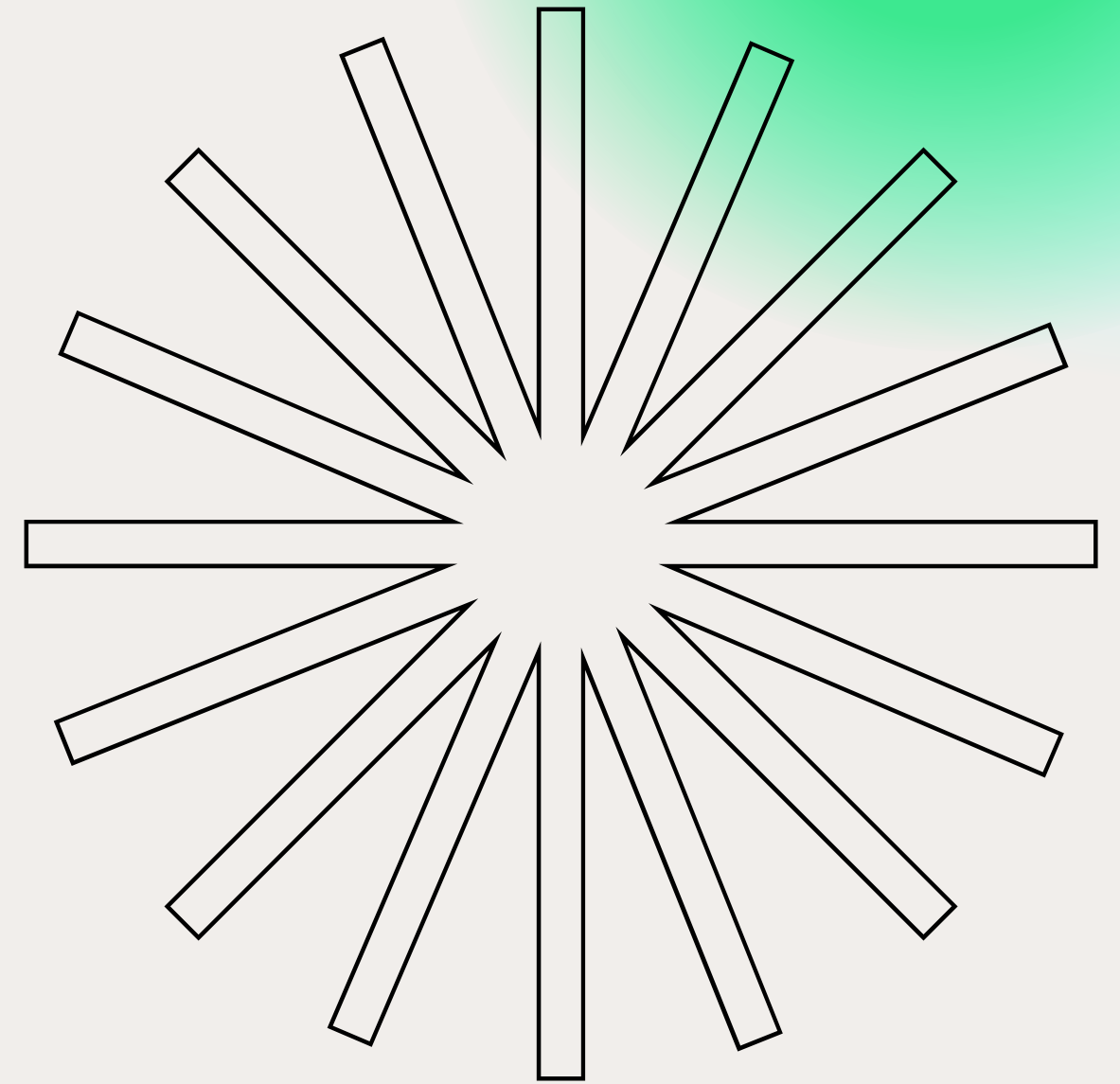

Innovation management



CONTENT

- Risks of innovation management



I.

Risk in innovation is the probability of losses when investing in the production of new goods (services), in the development of new equipment and technologies

III.

- risks in innovative entrepreneurship are a set of risks consisting of elements specific to a given innovation project implemented in the environment of a specific economic entity and risks characteristic of traditional business processes
- the risk of innovation activity is a dynamic indicator that changes its characteristics over time

II.

The concept of risk includes at least three elements:

- uncertainty of an event, i.e. risk exists only when not a single development of events is possible;
- losses are an indefinite reduction in value as a result of the realization of a hazard;
- the indifference of a person or organization to risk, who seek to prevent undesirable developments for them

Reasons

- Unjustified determination of the priorities of the economic and market strategy of an innovative firm
- Erroneous assessment of the consumption market. This reason is characteristic of the so-called "author's" innovative projects developed by scientists. If the project is not developed for a specific customer, but is proactive based on the research background of the author of the innovation, who, as a rule, overestimates its practical significance and proceeds from a deliberately optimistic view of the value of his inventions for future consumers, there may be a risk of non-use or limited application of the development results

The risks associated with the financing of innovation activities

When choosing a source of financing for innovative activities, enterprises have three possible financing options: self-financing of activities, reliance on external sources of financing, a combination of the above-mentioned financing options

- if the self-financing method is chosen, an innovative enterprise may find itself without sufficient financial resources and due to the failure of the enterprise to fulfill the financial plan for profit and non-operating income
- if the main sources of financing for innovation activities are external sources, the project budget may be deficient due to liquidation, bankruptcy, or seizure of property of creditors or investors
- if an enterprise uses several sources at the same time, at certain stages of the project implementation they may not be enough due to the complexity of combining financial resources

The risks associated with the supply of innovation activity with the resources and the risk of non-fulfillment of business agreements

The risks associated with the supply of innovation activity with the resources necessary for its implementation are primarily due to the technical features of innovation activity. In some cases, its implementation requires unique equipment, high-quality components or materials that also require development and development

The risk of non-fulfillment of business agreements (contracts) in innovation activity, as the analysis of the results of the conclusion and execution of contracts shows, includes several types of risks:

- partner's refusal to conclude a contract after negotiations
- agreements may be concluded with incapacitated or insolvent partners
- partners may fail to fulfill contractual obligations within the prescribed period
- conclusion of contracts by an innovative firm on terms that differ from the most acceptable or usual for an enterprise in this industry

Marketing risks

1. The risk of erroneous selection of the target market segment, arising in cases when:

- the demand for innovation in the selected market segment is unstable
- in this market segment, the need for innovation has not been sufficiently formed
- a market segment has been selected incorrectly
- a market segment has been selected for sales in which the need for innovation is limited

2. The risk of insufficient market segmentation

3. The risk of an erroneous choice of an innovation sales strategy

4. The risk of ineffective advertising

The risks of unforeseen costs and the risks associated with the insufficient level of personnel support

The risks of unforeseen costs and income reduction primarily occur in the event of an increase in market prices for resources (services) acquired in the process of innovation as a result of:

- possible errors in the analysis and forecasting of the conjuncture in the markets of necessary resources
- changes in the prices of resources by suppliers with whom long-term contracts have been concluded, providing for opportunities for price revision

Personnel risks arise at all stages of innovation activity. Mistakes can be made in the development of innovations, staff mistakes are also possible in the process of technical implementation of a novelty in production, when developing a marketing strategy for bringing an innovation to the market

The risks of increased competition and the risks associated with securing ownership rights

Causes of competition risk:

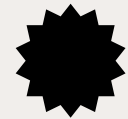
- imperfection of marketing policy, i.e. incorrect choice of sales markets and incomplete information about competitors or lack of reliable information
- slow implementation of innovations compared to competitors due to lack of necessary funds
- use of unfair competition methods by competitors

The risk of failure to secure the conditions for patenting technical, design and marketing solutions is the result of insufficient patent protection of an invention, technology. Omissions in the implementation of the patent policy of an enterprise can negate all the market advantages of innovations in the marketing of new and improved products and services, as well as as a result of non-receipt or long registration of a patent, late receipt of a license. The same risk arises if the patent Office refuses to grant a patent or if it is received late

Risk management



**Risk management
planning**



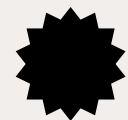
Risk identification



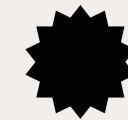
**Qualitative risk
assessment**



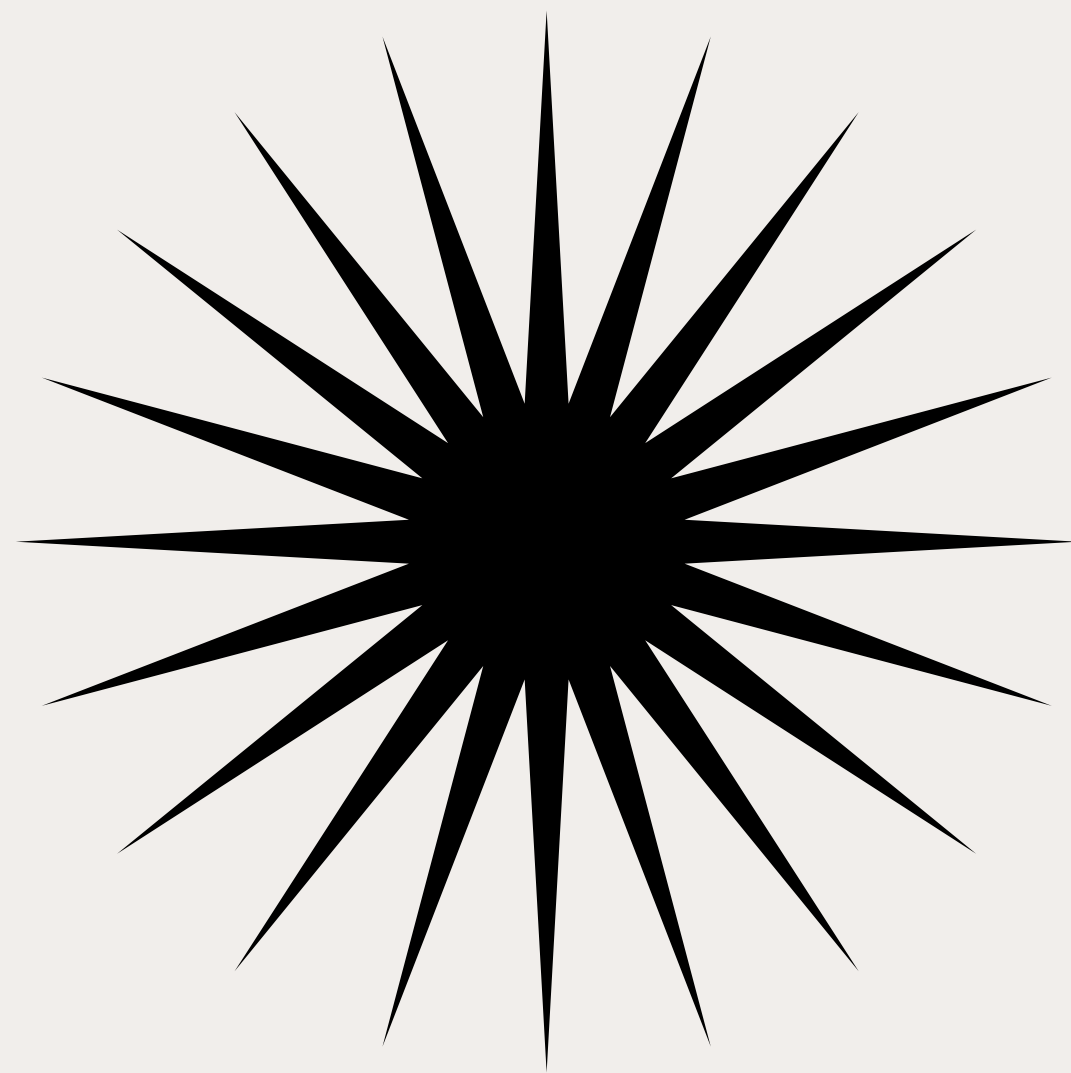
**Quantitative risk
assessment**



Risk response planning



**Risk monitoring and
control**



**Thank you for
your attention!**