

Forward & Strategic Innovation: Managing Innovation Initiatives Contracts

Presented by
Dadabek Achildiev

WHAT IS AN INNOVATION?

- ❖ It is an idea, practice or object that is perceived as new by an individual or other unit of adoption.
- ❖ It is a use of new knowledge to offer a new product or service that customers want. Thus, it is

Invention + Commercialization.

“Innovation is the search for and the discovery, developed, improvement, adoption and commercialization of new processes, new products and new organization structures and procedures.”

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Second level

Third level

Fourth level

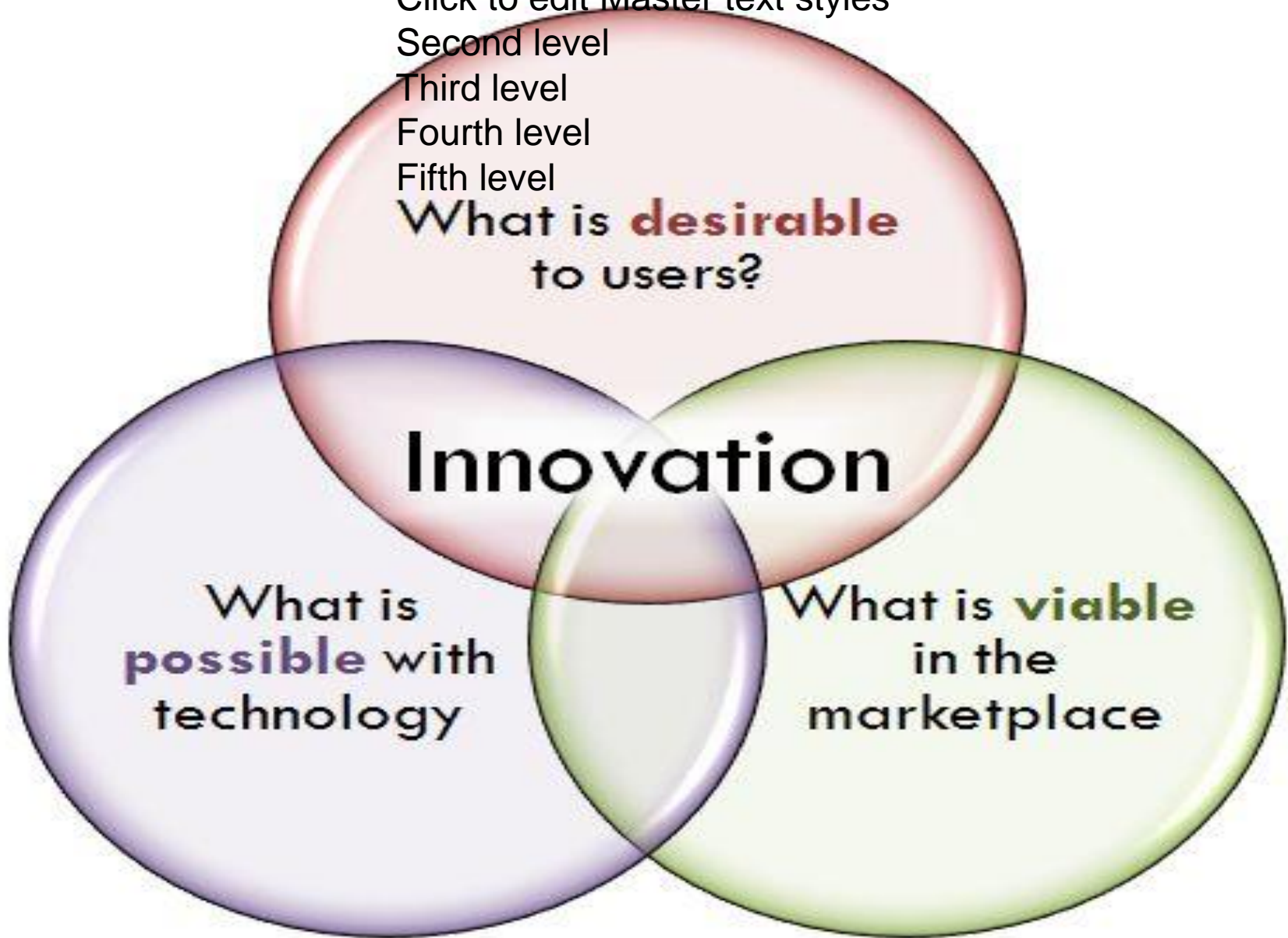
Fifth level

What is **desirable**
to users?

Innovation

What is
possible with
technology

What is **viable**
in the
marketplace



CHARACTERISTICS OF INNOVATION

- ❖ There is an object or target which is being changed.
- ❖ It can be a product, a process, an individual's lifestyle, an organization's strategy, a society culture.
- ❖ Innovation vary in extent or magnitude i.e. degree to which one deviates from the past.
- ❖ It is closely related to problem solving since generation & implementation of ideas for change never transpire without difficulty.
- ❖ A final characteristic is the impact of the change, the significance or range of its effects.

Difference between Innovation & Invention

Invention	Innovation
1. It's creation of new product, service or process.	• It is the introduction of new product, service or process into the marketplace.
2. May not be commercialized	2. Results into commercialization
3. It can be autonomous or induced	3. Usually induced
4. Can be for economic or non-economic motive	4. Economic motive
5. Usually restricted to R&D centre	5. Spread across the organization
6. May bring few changes in organization	6. Brings organizational change
7. Precedes innovation	7. Succeeds invention



WHY INNOVATE ???



GOALS OF INNOVATION

- Improving quality
- Creation of new markets
- Extension of the product range
- Reducing labor cost
- Improving production process
- Reducing materials
- Reducing environmental damage
- Replacement of products/services
- Reducing energy consumption
- Conformance to regulations

SOURCES OF INNOVATION

➤ **Organizational Structure.**

- Organic structures positively influence innovation. As there is lower vertical differentiation, formalization, centralization. Organic organizations facilitate the flexibility, adaptation & cross-fertilization.

➤ **Long tenure in Management**

- Managerial tenure apparently provides legitimacy & knowledge of how to accomplish a task and obtain desired outcomes.

➤ **Slack Resources**

- Having an abundance of resources allows an organization to afford to purchase innovations, bear the cost of instituting innovations & absorb failures.

➤ **Interunit Communications**

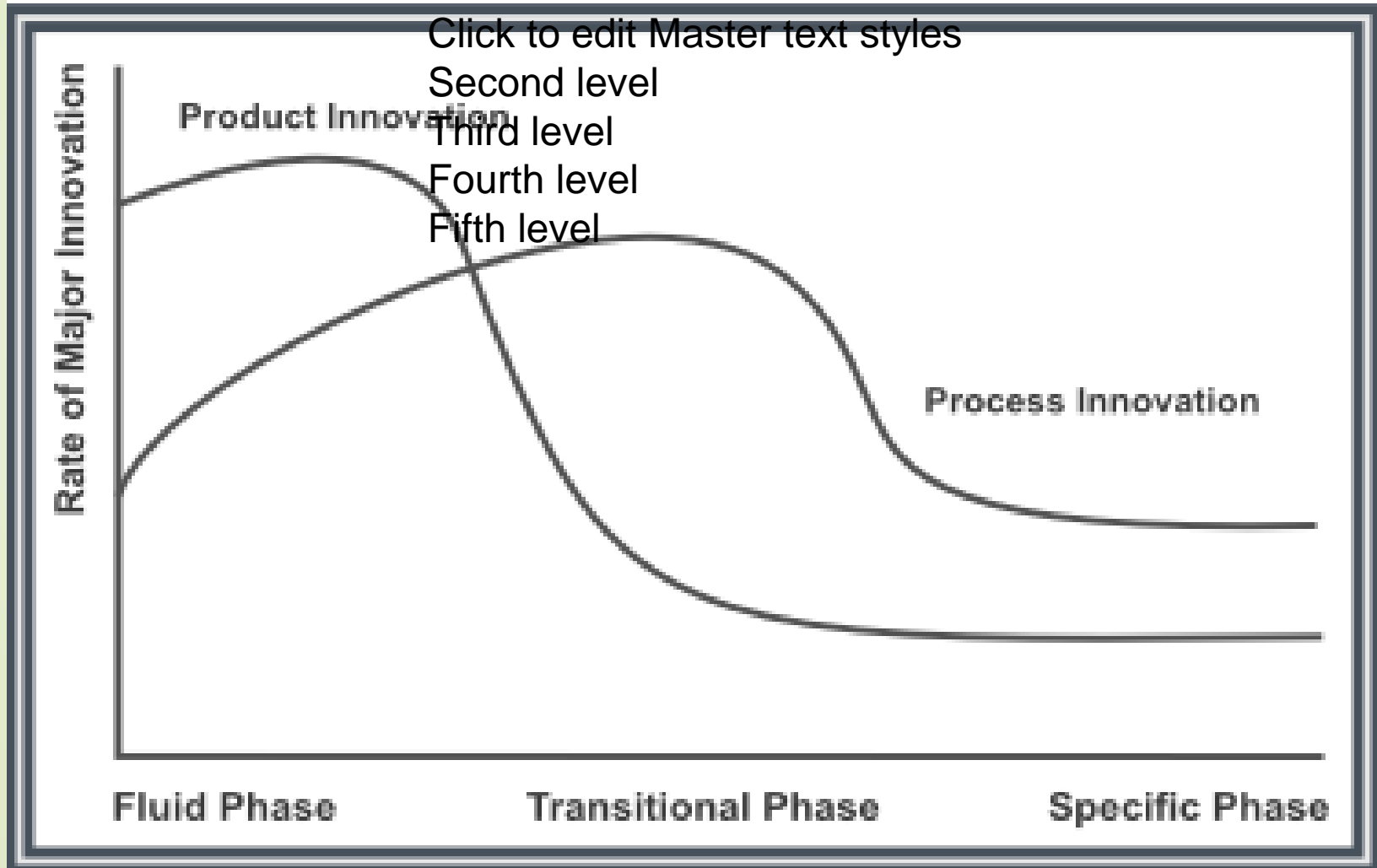
- Innovative organizations are high users of committees, task forces, cross-functional teams that facilitate interaction across departmental lines.



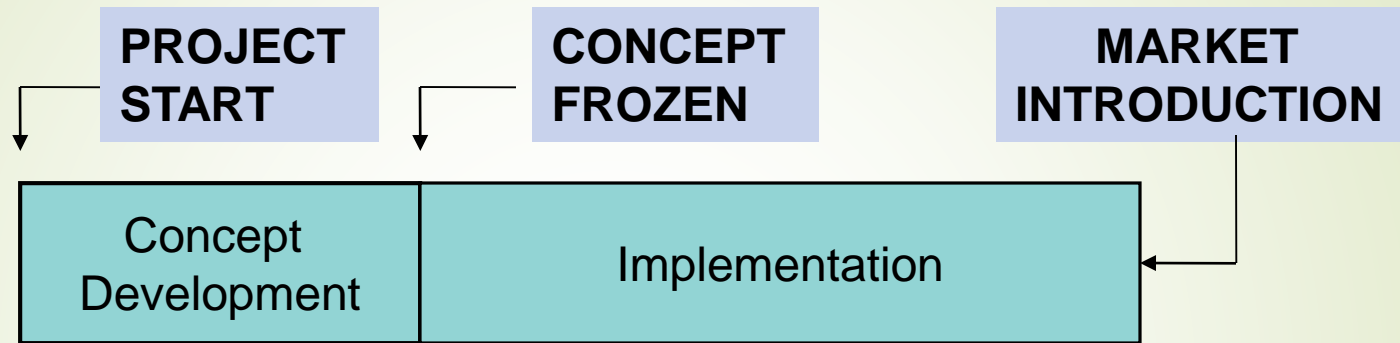
TYPES OF INNOVATION

- Product & Process Innovation
- Open & Closed Innovation
- Incremental & Radical Innovation
- Modular and Architectural Innovation

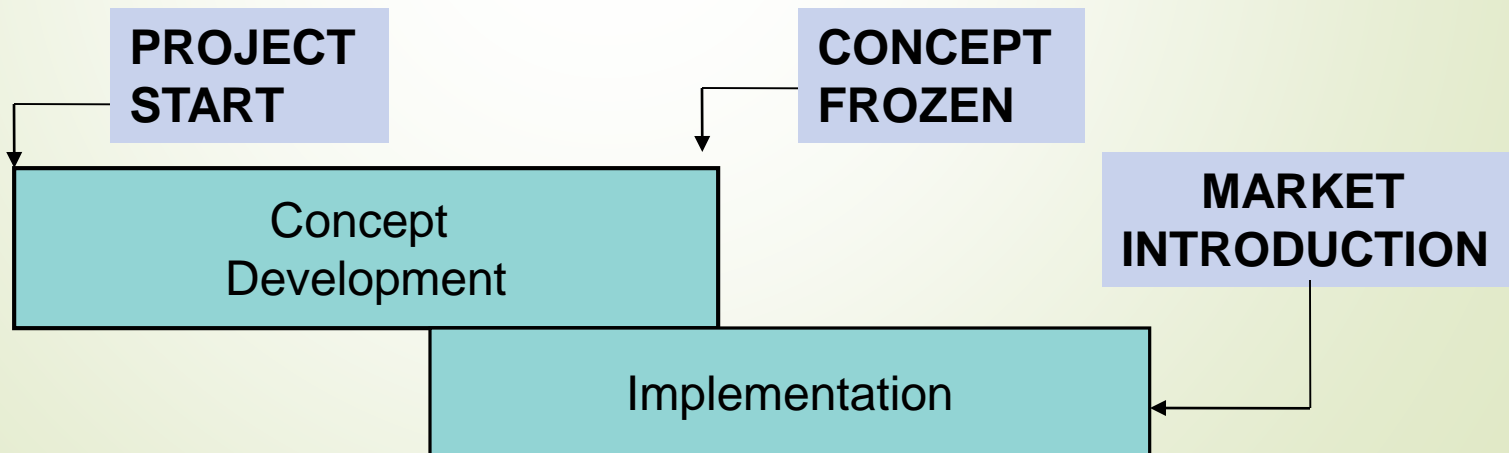
PRODUCT & PROCESS INNOVATION



Open & Closed Innovation

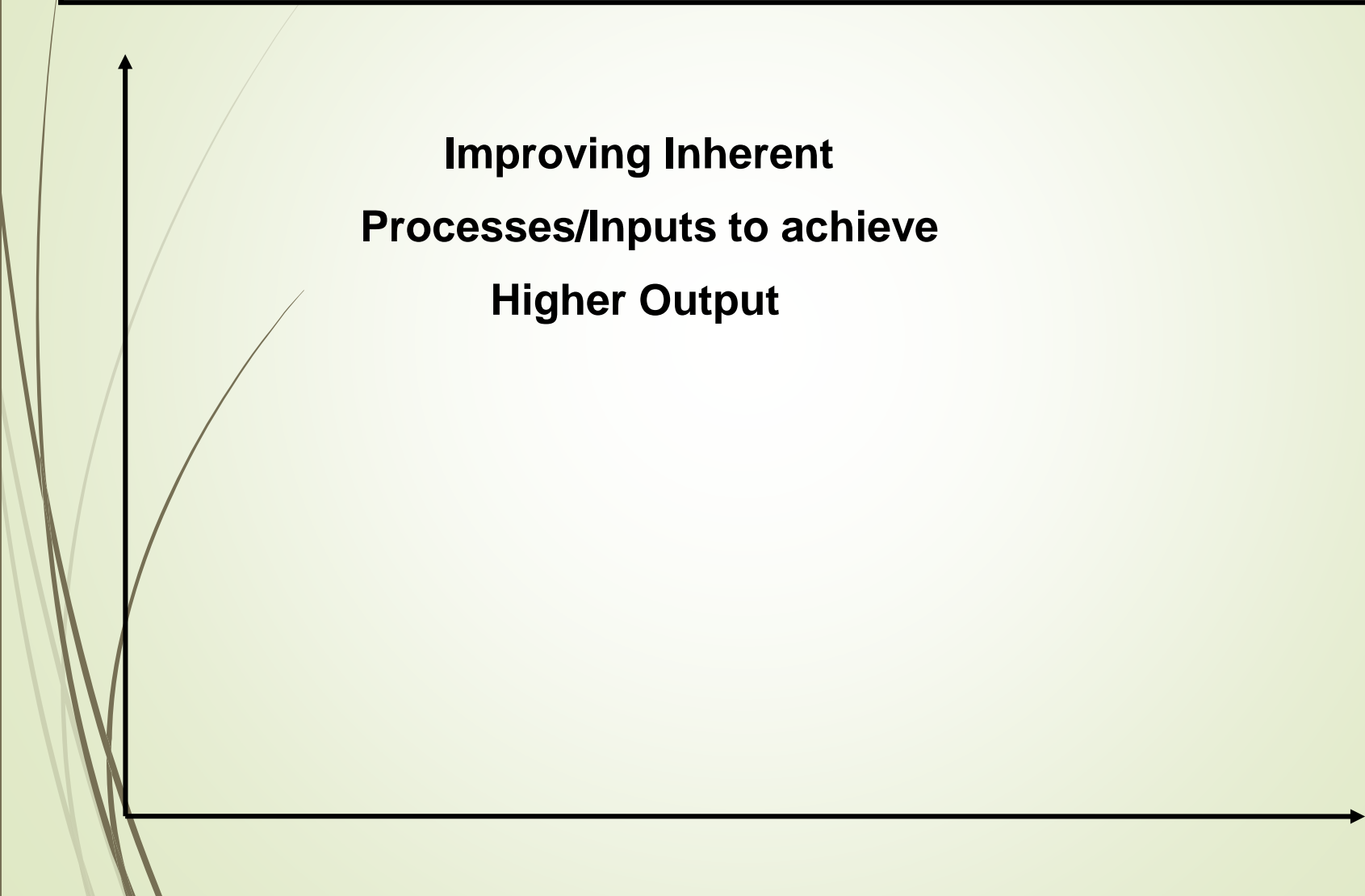


Closed Model For Innovation



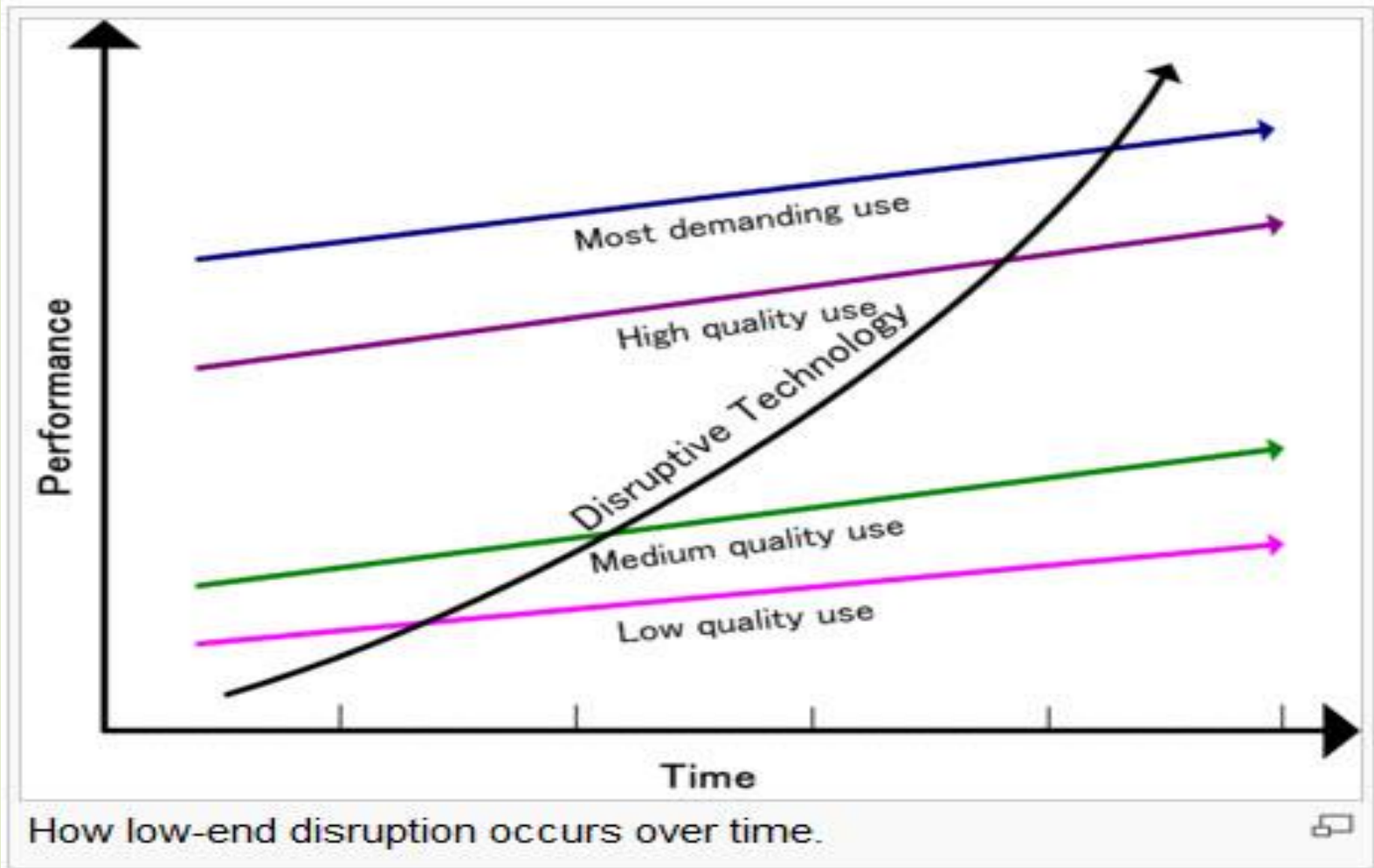
Open Model For Innovation

INCREMENTAL INNOVATION

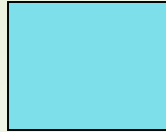


**Improving Inherent
Processes/Inputs to achieve
Higher Output**

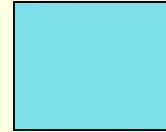
RADICAL INNOVATION



Displacing Existing Technology



**Architectural
Innovation**
Change in
Product Structure



**Steam Engine
of Car**



**Modular
Innovation**
Change in
Component
Technology



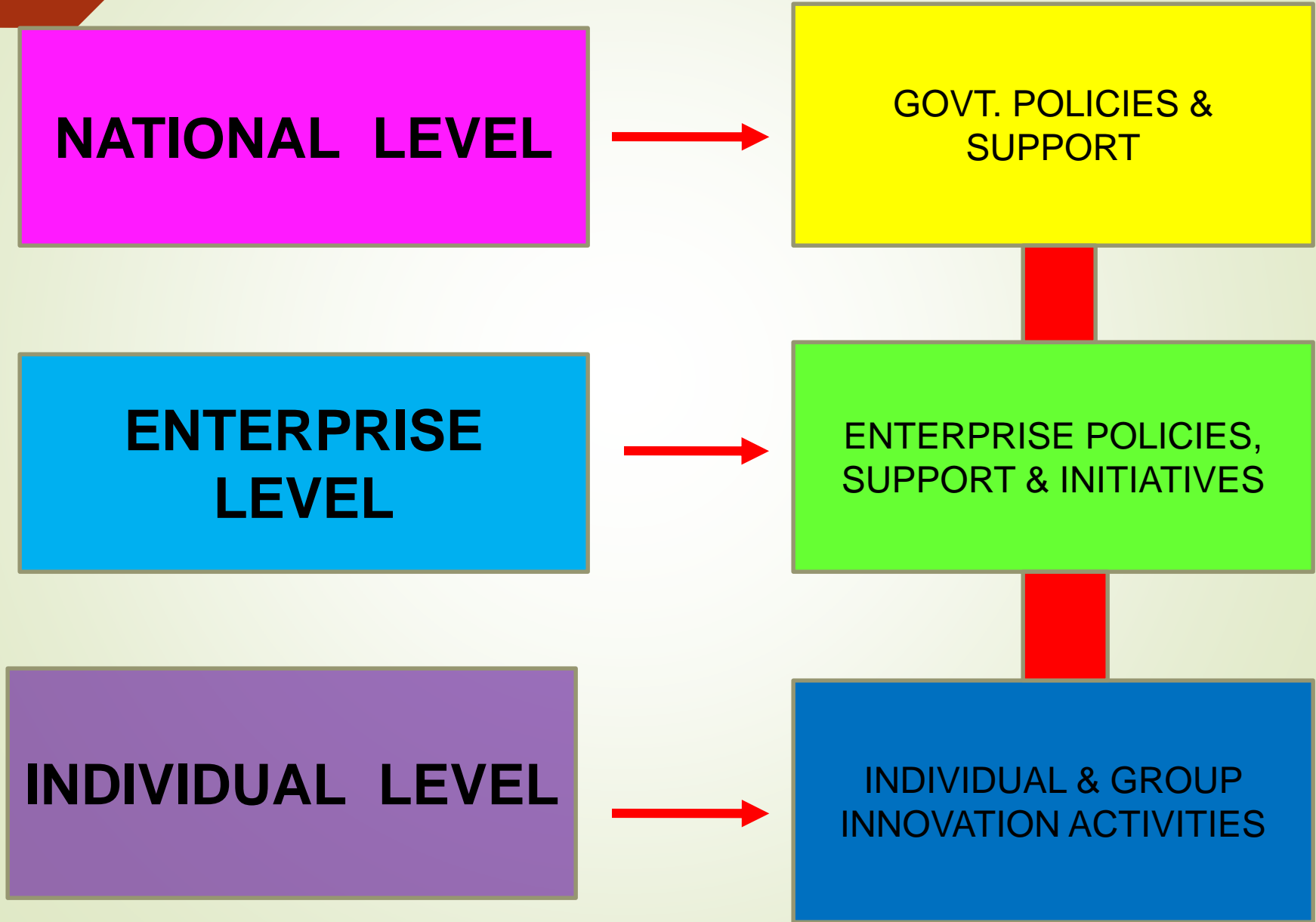
**Fuel Engine
of Car**

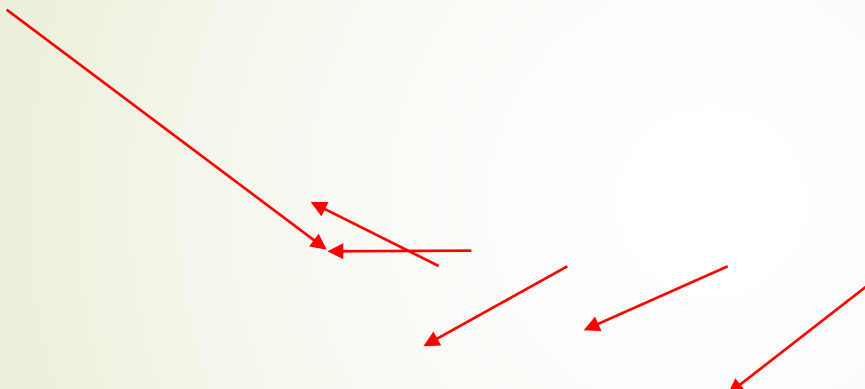


INNOVATION PROCESS

- ❖ Recognizing or scanning the environment.
- ❖ Aligning the overall business strategy & proposed innovation.
- ❖ Acquiring technology from outside.
- ❖ Generating technology in-house.
- ❖ Exploring & selecting the most suitable response to the environment.
- ❖ Executing & implementing innovation.
- ❖ Learning lessons for improvement.
- ❖ Developing the organization.

INNOVATION OCCURS AT THREE LEVELS





LEARN

TIME

INNOVATION MANAGEMENT

- ❖ Innovation management is all about
 - 📖 learning to find the most appropriate solution
 - 📖 to the problem of consistently managing aforesaid process
 - 📖 doing so in the ways best suited to the particular circumstances in which the organization finds itself.
- ❖ It is the search of effective routines.
- ❖ It is about managing the learning process to deal with the challenge of the innovation process.



Innovation Management

- **Management of Innovation comprises three things:**
 - linking of engineering,
 - science &
 - management disciplines
- to plan, develop & implement technological capabilities to shape & accomplish the strategic & operational objectives of an organization.

Need/Objectives of Innovation Management

- ❖ To reap in the economic benefits of new technological inventions by commercializing them on time
- ❖ To integrate technology into overall strategic objective of the organization.
- ❖ To get into and out of the technologies faster and more efficiently.
- ❖ To accomplish technology transfer.
- ❖ To reduce new product development time.
- ❖ To manage large ,complex & interdisciplinary projects and systems.

Organizational Process for Innovation Management





VALUE INNOVATION(VI)

- ★ One of the most prominent programmatic approaches to innovation currently in use.
- ★ It is different from building layers of competitive advantages & does not mean segmenting market & accommodating customer needs.
- ★ It's main focus is on offering those products & services which creates a **superior buyer value** in existing markets & enables a quantum leap for the firm to create new markets.
- ★ Value Innovation also differs from technology innovation. New technology developed does not become a value innovation unless it is cheap enough for **MASS BUYERS**.

Three Basic
Building Blocks
of Strategy

Conventional
Focus

Value Innovation
Process

Competition

Outperforming the
Competition

Seeking Radically Superior
value to capture the entire
mass market

Customers

Retaining & better
satisfying existing
customers

Targeting the mass of buyers by
following non-customers closely
& willingly losing some
existing customers

Corporate
Capabilities

Leveraging & extending
the current capabilities
of with other companies

Willing to combine
a company
capabilities



CHALLENGES FACED WHILE MANAGING INNOVATION

1. Why Change?

- Only innovation matters.

2. What to Change?

- Ranging from changes in product & service to the ways(i.e. process innovation).

3. Understanding Innovation.

- Understanding common problems associated with partial views of innovation.

4. Building an Innovation Culture.

- Managing Innovation is all about creating firm specific routines(i.e. repeated, reinforced patterns of behavior) which define its particular approach to the problem.

CONTD.....



5. Continuous Learning

- Firms constantly needs to develop their routines to deal with the environmental challenges.

6. High Involvement Innovation

- Higher level of participations in innovation represents a competitive advantage.

7. Managing Connections

- In current scenario business organizations are required to operate in relationship with others rather than in splendid isolation.

BARRIERS TO INNOVATION

❖ External Barriers

- Market-Related Barrier
- Government & its Policies
- Others (Technical, Societal, & Inter Organizational Barriers)

❖ Internal Barriers

 People Related

 Structural

 Strategy Related

LEARNING TO MANAGE INNOVATION



HOW TO OVERCOME THESE BARRIERS

CONTD.

K
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CONCLUSION

Enterprises should emphasize

Planning &
Controlling
Systems
With high
degree of
Flexibility

Respect for
Individual
Initiative
And
Personal
Growth

Tolerance for
mistakes
And
Allowing
Room for
Failure



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Thanks