

THE MANAGEMENT OF INNOVATION : UNRAVELING THE ENIGMA



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INNOVATION



It is the means by which a person creates new wealth producing resources or endows existing resources with enhanced potential for creating wealth

Peter F. Drucker

HBR 1985

THE OTHER SIDE OF INNOVATION : VIJAY GOVINDARAJAN



- I for ideation, I for invigoration and I for Incubation
- We miss the I for implementation
- Genius is 1 % inspiration and 99% perspiration
- Innovation is not equal to ideas
- Innovation is ***Ideas + Execution or Implementation***



Innovation

- Transformation or application of knowledge to a novel and useful end. It is the integration of the utilitarian element and the exploitation of both newly discovered and well established sources of knowledge
- Innovation that does not make money is merely an invention

Innovation management

- The business process that converts a bright idea or knowledge into an innovation



INVENTION AND INNOVATION

- **An invention is an idea that can solve a practical problem in a new way, while innovation is the action needed to put it into practice**
- **The greater the scientific knowledge of the inventor, the greater is his or her range of potential inventions**
- **Innovation may take place centuries after the invention because the knowledge was not in the right place, the materials and processes were lacking or because there was not a big reward**
- **Predicting the future of invention/innovation is important, but it is rarely correct**



TYPES OF INNOVATION

- **Product or Service Innovation**
 - *New offerings that consumers willingly pay more for*
- **Process Innovation**
 - *New ways of producing and delivering these offerings to reduce costs*
- **Business Model Innovation**
 - *New ways of reconfiguring the entire businesses*

THREE STAGES OF INNOVATION



- **Reconnaissance**
 - **Scouting for new markets and technological possibilities**
- **Evaluation**
- **Investment**

Opportunities are often uncovered by people who were not looking for them

SOURCES OF INNOVATION



- **Unexpected occurrences**
- **Exploitation of incongruities**
- **Process needs**
- **Industry and market changes**
- **Demographic changes**
- **Changes in perception**
- **New knowledge**



NATURE OF INNOVATION PROCESSES

- **Breakthrough or radical innovation**
 - Knowledge intensive
 - Long term returns
 - High risk R&D
- **Incremental innovation**
 - Practice intensive
 - Short to medium term returns
 - Low risk R&D



RADICAL INNOVATION

- **Balance between short term and long term**
- **Balance between efficiency and innovation**
- **Ability to reconfigure resources quickly**
- **Ability to collaborate**

C.K. Prahalad

SEVEN PRINCIPLES OF INNOVATION



- **Curiosity**
 - Finding the question
 - Continuous learning
 - Emotional intelligence
- **Demonstration**
 - A commitment to test knowledge through experience, persistence and willingness to learn from mistakes
- **Sensation**
 - Looking, seeing, visualization
 - Listening and hearing
 - Touching and feeling
- **Sfumato**
 - A willingness to embrace ambiguity, paradox and uncertainty
 - Confusion endurance

Contd....

SEVEN PRINCIPLES OF INNOVATION



- Incubation / intuition
- Solitude
- Art and science
 - Balance between science / art, logic imagination
 - Whole brain thinking
- Corporalita
 - The cultivation of grace, ambidexterity fitness and poise
- Connessime
 - Systems thinking
 - A recognition of and appreciation for the interconnectedness of all things and phenomena

(from How to Think Like Leonardo de Vinci, M.J. Gelb, 2000)



INNOVATION PROCESS

- **Competence : Creativity**
Process : Innovation
Outcome : Invention
- **Good ideas follow smart people**
- **Question the status quo**
- **Challenge the assumption**
- **Encourage contrarian thinking**
- **Ensure a free flow of ideas**
- **Engage with others to gain new perspectives**



DRIVERS OF INNOVATION

- Religious belief (Sociologists)
- National Culture (Psychologists)
- Property Rights(Legal)
- Distance from the Equator(Geographers)
- Labour and Capital (Economists)

Investment in R&D, higher education, tax policies or improvement in intellectual property laws are some of the measures which can improve a country's competitiveness



KEY DRIVERS OF SUCCESS IN INNOVATION

- **Committed champions**
- **Personality of champions**
 - “Out of box” thinkers
 - Intimate knowledge of organizations
- **Accessibility to top management**
- **Significant or serendipitous events**
- **Idea generation through networks**

SEVEN HABITS OF INNOVATION



- 1. Challenging assumptions, defining the problems correctly, “out of box” thinking**
- 2. Welcoming chance intrusions, practising serendipity**
- 3. Listening to the depth of your mind**
- 4. Suspending judgement**
- 5. Using the stepping stones of analogy**
- 6. Tolerating ambiguity**
- 7. Ideas banking**

KEY PLAYERS IN INNOVATION



- **Creative thinker**
- **Innovation**
- **Inventor**
- **Entrepreneur**
- **Intrapreneur**
- **Champion**
- **Sponsor**

FACTORS INHIBITING INNOVATION



- **Negative attitude**
- **Fear of failure**
- **Stress**
- **Following rules**
- **Making assumptions**
- **Over reliance on logic**



Innovation is the responsibility of every individual, and it begins with a conscious search for opportunities. Those opportunities can be categorized but not predicted. Finding those opportunities and exploiting them with focussed practical solutions - requires disciplined work

***PETER F. DRUCKER
HBR May-June 1985***



THANK YOU

