

Analysis of creative and innovation management



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According to Tidd, Joe and Bessant, John, innovation management is defined as the “ discipline of managing processes in innovation”. It is essentially a process within an organization that embarks on new models and ideas that deploy the creative juices of the work force towards a common understanding of goals and processes. (more in Appendix A)

Why is it important?

The importance of innovation is ever so increasing. In this day and age, innovativeness has come to become a force in wealth creation and business success. It leads to new business ideas and technological revolutions.

According to management expert, Peter Drunker, he stressed the survival aspect that an established organization would need to innovate or face the consequences of extinction. In line with this point, many organizations today are upping their efforts measures to strengthen their ability to innovate.

Innovation, besides the products and services, also includes the new processes, new supply chain systems, new marketing methods and new leadership/management styles, which would ultimately have a significant impact on productivity and growth.

Today, more than ever before, the importance of innovation cannot be overlooked. With the impact of globalization, coupled with technological and knowledge revolutions, organizations and businesses will be have to constantly adapt to the ever changing business climate. Innovation will help add value and propel organizations forward towards overall improvement.

This report extends research into Heathrow Terminal 5 (T5), College of Central London (CCL) and the Gilt Groupe.

Heathrow Terminal 5

The Heathrow Terminal 5 (T5) project was a megaproject launch in the United Kingdom to “ increase the current capacity of 67 million passengers a year to 95 million passengers a year”. It was a £4. 6 billion project that was large, complex and expensive. In its initiation phase, the BAA, the owners of Heathrow Airport and Laing O’Rourke push forth with a novel approach to extend the scope of existing research to build on the new project capabilities. The end result: it meets expectations and it is on schedule, within budget and has a high safety record. This represents a major breakthrough in project management practices of the UK construction industry.

The T5 utilized state-of-the-art systems and technologies that would indefinitely make T5 one of the most modern and efficient major airport terminal in the world. It incorporated several innovative methods gathered from other industries which included Lean techniques in areas within the IT and infrastructure. For example, the BAA created incentives for contractors to work together, introduced digital tools to facilitate the collaboration between designers, engineers and project managers. It also took advantage of the revolutionary single ‘ design visualization system’ which in effect “ replaced numerous proprietary in-house IT systems with standard software linking into the logistics systems”. Today, the T5 is “ running beyond expected levels of efficiency in all areas of customer service, and it regarded as an exception achievement”.

Gilt Groupe

Gilt Groupe is an e-commerce retailer based in the United States. Established in 2007, its business model centers in the provision of “ invitation-only access to highly coveted products and experiences at insider prices”. It stages online ‘ flash’ sales that offer its members luxury merchandise, including apparel, accessories and lifestyle items, at a bargain price for a limited period of time. For example, it will inform its members of the launch of a sale beginning noon which typically lasts for 36 hours, with bargains on luxury merchandise at up to 60% off.

The Gilt Groupe is the brainchild of Alexis Maybank, a former eBay founding member, and Alexandre Wilson, a merchandising executive at Louis Vuitton and Bulgari. Long time friends, it was not until 2007 that these entrepreneurs brought their complementary strengths, interest and areas of expertise to create something innovative together. With plenty of momentum going forward, the Gilt Groupe’s innovative business model has attracted a total of \$48million to date, and its considering a public offering in 2012.

1. 2 Leading and Embracing Innovation and Change

As the world economy progresses forward, evolution in organizational design continues to take on new configurations. Organizations today are eager to jump on major opportunities and embrace innovation as changes unfold. We are seeing the proliferation of good ideas that could potential become successful innovations. However, more often than not, there exist strategic barriers and bottlenecks to obstruct the implementation process of valuable innovations. Thus, organizations are willing to invest to enlist the right

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people and ensure the optimal use of their knowledge and experience. In leading the case for innovation, there are several approaches to embracing creativity and innovation.

Anchor Innovation in Strategy

According to the Boston Consulting Group (BCG) and McKinsey & Co, their joint-surveys have indicated that innovation is in fact one of the top three strategic corporate priorities. Looking at some of the pioneer of visionary companies, they found a common trait whereby innovation is imbued in the organization's strategy, from top to bottom, and from the delivery to its execution. It maintains center stage in Board agenda, and is regularly discussed in meeting on equal footing with sales, finance, marketing and operations. Similarly, these forward thinking companies strive to shed visibility on innovation by their implementation of new technologies to achieve marked improvements in the facilitation, management and measurement process from idea generation to its final implementation.

Build an innovation culture on participation

Another novel approach would be to infuse innovation within the company's corporate culture that encourages participation. In this setting, individuals are most highly incentivized by the power to make autonomous decisions and respect knowledge and a willingness of cooperation towards a joint goal of future value creation. The organizational culture should foster a comfort in employees to freely articulate challenges and express their ideas, regardless of the feasibility. Leaders should encourage the participation and allocate time and resources on innovation through developing a system of

recognition that fosters and rewards all kinds of constructive behavior that would enrich and shape the culture of innovation.

Make innovation a well-managed process

Despite innovation clearly being one of the top three strategic corporate priorities, few if not any would actually manage innovation as a process. What's most important here is to set in motion initiatives to garner ideas from within the organization. This could be as simple as gathering one idea per employee, and handling these suggestions to explore areas of improvement within the business processes. This will enable an organization to “ advance the entire innovation process, from idea capture, enrichment and evaluation through to decision-making and implementation”.

Presentation on ‘ The Importance of Creative and Innovative Management’

Task2

2. 1 Influence of Vision and Mission

In any leadership position, people count on the leader to set the direction and provide a bearing for the future. In broad terms, this is usually expressed and articulated in the vision or mission statement to serve as a guiding post for the organization. It sets the stage for the strategic planning and objectives, and illustrates a vision that is desirable, challenging and believable.

To address the creative and innovative management processes of an organization, I will extend research into a third organization, which is a small-medium size enterprise (SME), The Dance Studio.

The Dance Studio

The Dance Studio is a leading retailer in Singapore, offering a myriad of latest collection dance apparel and shoe wear. Established in 2009, The Dance Studio was founded by Sally Teo to fill in the gap in providing an affordable option for all dance enthusiasts. A passionate dancer for several years, she noticed a lack of quality in affordable Latin and Ballroom competition gowns in the marketplace. Her vision was to create a niche store that understand the needs of dancers and allow them to shine on the dance floor.

Since its initial launch two years ago, the retailer has embraced innovation and expanded into providing dancing shoe-wear and customized costume outfits. It also took advantage of the internet and launched an e-commerce website to expand its geographical reach to its customers.

The Dance Studio has come a way in establishing their presence and constantly reiterate its vision through its support in dance events in the community. Thus far, they has sponsored two major events: (i) The “ Lush” event at the Zouk Club, in conjunction with Imperial College London UK Boudn Event, (ii) The National University of Singapore (NUS) Social and Ballroom Club Dinner and Dance event. The Dance Studio today follows a relatively lean organizational structure, where employees hold multiple responsibilities in their contribution to the firm’s success.

2. 2 Analytical tools to identify potential innovative ideas

Leaders should inspire employees to search for innovative ways of doing things. This refers to lateral thinking, which is defined as a “ set of

techniques and approaches to look for radically new ways to approach the problems". In the case for the Dance Studio, we could identify that the use of lateral thinking in their focus of bringing their vision to fruition. They have achieved organic growth by the expansion into dance shoe-wear and customized professional dancing costumes market.

In the application of analytical tools available on the Dance Studio, it can be illustrated in the four quadrant diagram SWOT analysis in the following:

Strengths:

Niche market

Very focused approach

Lean corporate structure

Flexible organization culture; ease of implementing change and ideas

High profit margin business

Weakness:

Lack of economies of scale

Vulnerable to currency fluctuations; since goods are sourced from the United States and China

Opportunities:

New markets to explore and expand towards

Expand its geographical reach by opening retail stores in other countries

Development of their brand as a niche provider to the professional dancing scene

Threats:

Low barriers of entry; easy penetration into this markets by competitors

Business model is easily imitated.

Large retailer with economies of scale could easily gain market share.

Additional section on PESTLE analysis is included in the appendix

2. 3 Assessment of risk and benefits of creative and innovative management ideas

Risk management techniques could be applied in this case in the provision of creative and innovative management ideas. According to the ISO, it is defined as the “ identification, assessment and prioritization of risk as followed by the application of resources to minimize, monitor and control the probability and/or impact of unfortunate events”.

In any organization, it is vital to have risk measurement in place to deal with the creative and innovative management ideas. An approach will be to impose a structured platform to guide the innovation process by including mandatory steps such as organization of ideas, researching of patents, exploration of new markets and competition and evaluating the overall risks to ensure the most lucrative ideas are undertaken. This will enable the organization to have enhanced risk management capabilities and safe measures in place designed to make innovation a process that is sustainable and repeatable. In this aspect of pursuing these ideas, it is important to

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analyze all risks in this process as the higher the degree of innovation will mean the higher level of uncertainty. The sub-factors of risks can be concluding in the table:

Factor of risk

Sub-factor of risk

Technological risk

This risk arises from the feasibility in technical terms, the rate of advancement of technology, uncertainty of middle test and production. This could refer to high difficult in R&D, insufficient anticipation of key techniques, methodology, etc. This type of risk will be more evident in technological innovation.

Market risk

This risk arises from the uncertainty of the market size and the industry. This includes the general economy, customers' demand, competitive advantage in products, and lifespan of new products. This component is usually broken down to three aspects:

Market demand risk – difficult to access the market size and capacity prior.

Market competition risk – new entrants usually face severe competition as similar products or providers could already exist in the market.

Market risk of entering the market – difficult to decide on the ideal time to introduce products, timing here plays a critical role.

Organizing risk

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This risk arises from the organization activity of running the company. It includes all functions within the organization structure such as:

Decision-making risk – leaders making wrong decision should they lack foresight and long-term view.

Capability risk – lack of capability and expertise in the product development process would hinder the creative and innovative management ideas.

Human resource risk – the diathesis and availability of employees, the retention of good people.

Financial risk – the available of capital and the management of finance.

Information management risk – lack of sufficient information of market demand could lead to innovation failure.

External environment risk

This risk arises from the macro political, economic, social and technological environment that could potentially cause external environmental risk. It includes a very broad view and awareness of the external environment, from the stability of national political situation to the changes of the economic cycle and the social and cultural factors that was identified in the PESTLE analysis.

The 4 major components here are:

Political and legal environment risk,

Economic environment risk

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Social and culture environmental risk

Technological environment risk

To conclude, the innovation process with its main risks should be analyzed in detail. It is crucial for an organization to pay attention to the possible relation among different risks and assess the full extent of uncertainty.

2. 4 Using Change models

In order to support the implementation of creative and innovative management ideas, models of change management could be applied as it simplifies a process to allow the follow through implementation success of these ideas. These models were created to cope with the unpredictability of implementing change. In reality, there is no right or wrong. It is the way to go about implementing change that would differ depending on the model utilized. The IDEAL model, for example, is an “organizational improvement model that serves as a roadmap for initiating, planning, and implementing improvement actions”. IDEAL refers to: initiating, diagnosing, establishing, acting, and learning.

The IDEAL model essentially provides a structure to allow organizations in the planning and implementation process. It allows firms to effectively integrate the creative and innovative management ideas with the organization’s strategy to establish a successful improvement programme. It comprises of a five phases that has proven beneficial in many improvement efforts through establishing a foundation for long-term improvement strategy. The five phases of IDEAL:

I – Initiating

“ Laying the groundwork for a successful improvement effort”.

D – Diagnosing

Determine current position and set a target for future position.

E – Establishing

Planning the necessary steps to reach the target destination.

A – Acting

Follow the schedule according to the plan.

L – Learning

Learn from experience and improve on your ability to adopt new technologies in the future.