

What does "strategic innovation" mean?

Business



What does "strategic innovation" mean? What are some of the ways to achieve a strategic innovation? Give some examples. Creating value for the customer is the objective of strategic innovation. It is often done either by creating novel products, experiences, or modes of product delivery eg as how Starbucks innovated the idea of buying coffee.

The idea of a cup of coffee for \$4 was innovative but more than that it was strategic as it has created an experience based on new and exciting product offerings in an environment that is attractive and comfortable due to a number of bundled products and services.

Another way in which value is created is through re-designed processes and novel organizational design. For example Google's matrix and small team based approach to organizational structure allows rapid innovation which fuels many of the product offerings including Android, their mobile operating system. Similarly Richardson, re-designed its processes to improve the quality of its products.

According to Grant, new industries ("uncontested market space"), new customer segments and / or new sources of competitive advantage are all areas or dimensions of strategy along which firms pioneer strategic innovation.

Examples Apple's iPad; Urban Outfitters various customer segments eg hipsters (Urban Outfitters), fashionable middle-aged mothers (Anthropologie), or trendy young women (Free People) with plans for a new wedding line and Terrain, a store for gardeners; and Netflix cannibalizing its traditional rental through the mail strategy to pioneer innovation via net

streaming allowing unprecedented market access, including plans to enter Canadian and international markets. Summary: Strategic innovation refers to any new ways of designing and implementing strategy.

Many ways exist to achieve innovation in this area, which all ultimately seek out the creation of greater value for the customer, such as: a/ the creation of new experiences, products, or product delivery systems, b/ the redesign of technological processes or organizational processes, and managerial innovations, c/ the creation of a new business model, d/ the reconfiguration of the industry through a new value chain, e/ the combination of dimensions considered as conflicting in order to increase customer satisfaction and f/ the creation of new industries or the rejuvenation of existing industries.