

What is survival in business objectives?



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Survival and growth are the two main objectives of any organisation in today's competitive world. Every organisation tries to be different and accelerative from their competitors to achieve their goals and become market leaders. This starts the process of launching new products and services, value additions to current products and services, rigorous marketing activities and cost-saving measures to perform better and increase profitability. All these activities are a result of innovation in an organisation.

According to Mulgan and Albury (2003) “ Successful innovation is the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes efficiency, effectiveness or quality”.

The process of innovation of searching for opportunities and avenues of innovation, selecting the best options, implementing them and reaping the benefits of the implementation enables the organisation to reduce costs, increase efficiency, increase sales and ultimately increase profitability. But the main reason for innovation is customer satisfaction. Unless the customer is not satisfied, the organisation cannot say the innovation applied has been successful.

Innovation can be applied in each and every activity of an organisation. Just a small change in the manufacturing process of a product can be an innovation; a small change in the service delivery process can be an innovation; any change in the management of the company can be an

innovation. These cumulative activities help the organisation to create a competitive advantage over the competitors.

Innovation can take place in any organisation irrespective of the size or status. A small grocery store on the corner of the road or a departmental store giant like Tesco with a service like home delivery can increase its business. Micheal Dell started a small personal computer assembling company in the year 1985 providing cheap and customised computers to consumers at a price lower than branded computers like IBM or Apple at that time. General Electric Company started with manufacturing incandescent bulbs but today, with constant innovation is a leader in healthcare, energy and technology. Air Deccan in India was the first airline in the country to offer low cost airlines with no frills attached to the services. It relied on reduced costs and overheads caused by services like catering, baggage allowance, cabin crew low turnaround time, fleet of small aircraft which would result in higher load factor. Such a new service gave them a competitive advantage over the regular full service airlines currently in the market and made air travel affordable. Toyota Motor Corporation was the pioneer to innovate the Just in time and Six Sigma method of production which enabled them to reduce wastage and inventory thus ultimately reducing costs. Apple Computers Inc. has been in the computers business since decades together with their ups and downs but with the launch of Mac OS and Ipod and Iphone products, apple became a key player in the respective markets within a short period of time. There can't be a better example than 3M if innovation is being discussed. 3M produces over 55000 products with numerous patents and trademarks registered worldwide. The

company is so dedicated towards innovation that 30% sales of the company comes from product innovations in the past 3 years.

These examples illustrate how important is innovation is for companies from every sector to sustain the tough market conditions and remain competitive in an evolving market place while maintain smooth customer relations.

Innovation and Public Services

Public Services are those services which are provided by government organisations or authorised by government organisations for welfare of common man. These services are available to all regardless of wealth or social status.

The basic objective of commercial firms is to maximize the profit and sustain in the competitive environment. Whereas, on the other hand, public sector organisations do not exist to maximise profit but function mainly for public welfare. These public services are generally those which cannot be undertaken by private organisation due to their sheer size like NHS or their nature like defence. Generally public service organisation are complex in structure, very bureaucratic and tightly controlled. Due to this, implementation of innovation is quite a challenging scenario. In public organisations, innovation generally takes place in new services and organisations or upgrading currently placed technology. The main reason for innovation in public sector is direct comparison with performance with the private sector. Survival for public services is never an issue but costs reduction is the major criteria. The public service organisations should innovate so that they can react to the requirements of the common man

which are changing with time, reduce costs due to severe monetary situations and enhance the service delivery process and achieve their purpose

The best examples of public services which have benefitted the government and the public in the United Kingdom are NHS and the London Congestion charge. These two innovations have laid an example for public organisations world over for public welfare and government revenues.

The London Congestion Charge is a classic example by a public sector organisation to solve problems of traffic and earn revenue. It implied that cars entering a specific area in London Zone 1 in the day time had to pay a fix charge either before or after visiting the designated area. A similar concept of road tax or toll is already in place in a lot of areas but the application of such a concept in the city was used for the first time and was very successful indeed. The traffic in central London was reduced by 15%, congestion reduced by 30% and emissions reduced by 12%.

The National Health Service, established in 1948 is the world's largest government funded healthcare institute providing every possible health remedy at free of cost or at a nominal price for certain services. It covers everything from antenatal screening and routine treatments for coughs and colds to open heart surgery, accident and emergency treatment and end-of-life care. These services are available round the clock for each and every one irrespective of their wealth or social status.

Case Study – Ihavemoved. com

Ihavemoved. com is an internet service developed by MBA students in London Business School as a part of their project. The original idea of a property selling website was changed to an address changing service for home movers due to its unique and innovative nature. With no such player in the market, there was huge scope for the concept to be a success. Also the dotcom boom gave the internet idea a great impetus due to which the project was flagged off successfully. But the service was not simple to develop. It took the founder's months of hard work and research before the innovative idea took the shape of a new and successful business. The result was a very successful international address notification network. Now we discuss the Key drivers for innovation for the organization, strategic enablers within the organization, strategic blockages within the organization and recommendations to ensure improvements in the innovation process.

Key drivers of innovation

Key drivers of innovation are those factors that lie outside the organization and drive the organisation to think about the need for innovation. These factors are the basis which motivate an organisation to innovate and ultimately create a product or service which would help achieve the goals of the organisation

First Movers Advantage

A first movers advantage is the benefit that a company gains by being the first player in a new and developing market segment so as to fully capitalise on the potential in the segment. When Ihavemoved. com was established, there was no other company offering such a service to consumers. This

enabled the company to establish a strong foothold in a market and create a brand image among consumers. Also being the first company, it would be a lot easier for them to establish a suitable relationship with their partners. But to continue the advantage, the company needs to continually innovate their services and add new services to retain their customers and partners

Dot Com boom

The era in which ihavemoved. com was established, was a period when internet ideas were cool and had a lot of potential considering the increasing popularity of the internet. This led to a lot of entrepreneurs taking up internet ideas relating to goods and services which were never imagined before. Ihavemoved. com was one such idea which was very innovative and had a high probability of success.

Service Differentiation

Ihavemoved. com provided a service which was much different from all other current ideas in place, rather their own idea of a property selling website. In such a case the customers would never even imagine a service which would enable them to change their address in all utility bill and other companies without the hassle of approaching all of them and also not losing out on important mail. For companies, it helped them to retain their customers thus was beneficial for both parties.

Consumer Convenience

Every customer taking up the service of ihavemoved. com just had to fill up one single form online and select the partners to change the address with. In

this way the idea of the consumers wanting less hassles while moving and changing addresses was one of the key drivers of this innovative idea.

Revenue Model

The revenues out of this venture could be received from three main sources.

The new customer commissions, the partners and ad space on the website.

Every new customer gained the company revenue depending upon the service availed. Also partners paid the company a fixed amount per notification provided the data was delivered in the format of the partners existing database. Lastly, the company had a specific target market with specified demographics which gave the company banner revenues above the average rates.

Partner needs

Every service provider today is in the process to acquire new customers as well as retain their old customers. When people move houses, they generally feel it as unnecessary to change their addresses with service providers which are not very important such as departmental stores, membership, charities etc. these organisations need to keep a track of their customers and loose the customers once they move their house. Ihavemoved. com provided the information to the partners in the format compatible with their existing database. This reduced the administration expenses of the partners such as call centres, data entry and administration.

Wide market

In the UK, every year 10% of the 60 million population moved their houses every year of which almost 80% were aged between 15 and 44. Considering

such a huge market space with no direct competition, the founders took the opportunity to be the first in the market and capitalise on the situation. Also the population of the age group 15-44 is more likely to try new things and services which allowed the founders to gain a better market access. Also in the later stage, the founders introduced a manual form based service for people who did not have access to internet. This increased their target market to people who were not accessing the internet as well.

Strategic Enablers of Innovation

Strategic enablers of innovation are those things within an organisation that help innovation to happen. They act as catalysts in the innovation process and enable the organisation to achieve their goals. The following are the factors which facilitate the innovation drive within a company.

Business Strategy

The business strategy of ihavemoved. com was very well designed with the founders knowing exactly how to go about the idea. They spent a whole lot of time in fine-tuning the idea, seeking appropriate legal advice and developing a website which would be simple, customer friendly and cater the needs of partners and the company.

Entrepreneur's skills

The founders of ihavemoved. com came from diverse backgrounds and experience in various organisational fields. Onic Palanjian had prior sales experience which enabled him to secure partners and alliances for the company, David Antsee had exposure to financial aspects which empowered him to look after the financial performance of the company and investor

relations, Francesco Benincasa had knowledge of the internet business due to his prior consultancy business which made him in charge of marketing and white label integration with key partners and Nicholas Komninos had prior marketing experience which made him in charge of key marketing activities and human resource management. Also Andrew Day who was appointed as a Chief Technical Officer redesigned the website and saved the company a lot of money.

Management Synergy

The various skill sets of the entrepreneurs were complimentary and very effective for the smooth functioning of the company on the whole. Also the entrepreneurs formed a very close bonding amid each other which enabled them to avoid complications and provide a boost to the fast-growing business. This created a passion amongst them to perform and excel to innovate for best customer services.

Value proposition

The service provided by ihavemoved. com gave the partners information in a format which could be directly integrated into their database. The movers could easily change their address with all the service providers and partners they are registered to, free of charge and without any hassles. This service gave the company high gross margins from notifications and commissions and a database which would be beneficial in the long term. Thus this proposition was beneficial for all the parties involved thus resulting in a successful service.

Initial funding

Financial resources are very essential for any organisation to start off and especially for a new service which needs to be developed from scratch. A lot of test runs and demonstration activities are undertaken before the actual service is launched. The founders of ihavemoved.com invested their own wealth in the company to start it off and later on got £30, 000 unsecured finance from HSBC bank under the UK government Guarantee Scheme. This helped the company to retain the web designing company Bluewave to further develop and expand their project and launch it at a larger scale.

Identifying needs of customers

The founders of [Ihavemoved.com](https://ihavemoved.com) first proposed to first launch a website which would be listing and selling properties. But later they came up with a better idea of setting up a service that would enable home movers to change their address with multiple partners without much hassle and give the partners data in the exact format that matches their database. This shows that the founders were very apt in identifying the needs of their clients which enabled them to launch such a successful service which was profitable as well as helped them to accumulate a lot of valuable database which would be beneficial in the long run.

Collaborations with PowerGen

[Ihavemoved.com](https://ihavemoved.com) made collaboration with PowerGen under which Powergen incorporated the services of ihavemoved.com with their own website. This meant customers could change their address with PowerGen using the service of ihavemoved.com. This step provided a new outlook to the company wherein collaborations with various partners could provide fixed

income on the basis of their services and a higher rate of commission for notifications and other services.

Strategic Blockages for Innovation

The innovation process in an organisation can face many blockages or obstacles which hamper the innovation in an organisation. A more in-depth understanding of these blockages can enable the process of innovation to continue and get the most out of it.

Limited resources

The founders of ihavemoved. com started the company with their own funds and resources in the initial stages. They had maxed out their credit cards and sold their houses to fund this project. Even the loan from the UK government Guarantee Scheme was not very sufficient to meet their rapid expansion policies. They needed more staff, new premises, a major upgrade to the website and a marketing campaign to keep subscriptions going on. For all this they required funding which was very difficult to procure under current market conditions. This hampered their innovation process and growth plans. Also more concentration on the managing the current operations put innovation on the secondary preference.

Collaborations

Collaborations of ihavemoved. com with particular companies in a sector like PowerGen was a great development but that increased costs of the company because every partner associated in that way would need dedicated designs and maintenance. Also this would affect the other partners in the same industry as they would not like to be associated with the company wherein

the other partner has a special collaboration with the company. This would affect revenues as well as partner number within the industry. Also

Approach to Innovation

The founders of ihavemoved. com did not did not take up a formalised approach to innovation. The idea was actually accidently developed after the original idea was rejected. Even in the later stages, if the founders had little knowledge about the innovation approach and followed the process, the outcome could have been better in all aspects.

Lack of technical expertise

After procuring funding for their company, the next target was to redesign the website with the help of Bluewave. But even after putting in the extra resources and funds, Bluewave was struggling with technical flaws and design issues which was looking difficult to rectify before the deadline of the launch of the new website. None of the directors had a technical expertise to identify or fix the issues. For this, they had to hire a Chief technical officer, Andrew day who helped the company to meet their time constraints. If it was not for him, the launch would have been delayed and ultimately affected the company's reputation.

Recommendations

Formalised Approach to Innovation

Entrepreneurs with a new service idea generally are driven by a fresh drive to get the project off with the help of their expertise in the particular sector. Hardly have they taken into consideration the need to take a formalised approach to innovation in their project. This can be due to a confidence on

their skill sets and initial idea which puts innovation on the secondary list. This is not always a downbeat for the idea on the whole but a formalised approach can help the entrepreneurs to analyse the idea in a better way and thus reduce the chances of error or failure in the project. The stages of idea screening, selection, implementation and results in the innovation process can be of great use in putting the project into a proper place so as to get optimum feedback for the idea and best results from the project. At ihavemoved. com, the founders did not take up the formalised innovation process but did a detailed analysis of the idea and only then launched the project for their clients.

Human resource Management

An ideal management team is always essential for any organisation to function to its optimum level and grow at its ideal rate. Along with a perfect human resource team, it is very essential that the employees and management of a company are motivated and believe in the values of the organisation. Motivation should also be in the sense of innovation in the current activities and process to increase efficiency. This is only possible when the right people are recruited which have an inner drive to excel in their position. Along with the best employees, the managers also need to be at their best in harvesting talent and inculcate innovation amongst their employees to get the best out of them.

Incorporation of Innovation Culture

Innovation within an organisation can only be fostered when the organisational values and culture are so incorporated. The culture in an organisation is set up by the top management taking into consideration the <https://assignbuster.com/what-is-survival-in-business-objectives/>

type of organisation and its objectives. The culture should always be such that employees have that instinct to innovate in every aspect of the organisation, be it marketing, sales, clients, partners, etc. It is the duty of the top managers to see to it that the organisation culture is such set that all employees have a say in process they are incharge and change them for good.

Effective Public relations and marketing

Public relations and marketing are very essential for a service which is new. For the best results, the marketing campaign should be such designed that the target audience is reached in the least possible resources and cost. Also the campaign should be focussed not only on mainstream methods like billboards or radio but also other mediums of advertising like online, mobile advertising on cars, events sponsorships, flyers, mascot, etc. These mediums can be cost effective as well as more effective than traditional mediums of advertising.

Client led Innovation

Innovations in the service industry always need to be customer centric and oriented towards customer satisfaction. Since there is no tangible transfer of any goods, the service delivery plays a very important role in defining whether the service delivered was satisfactory or not. Customer feedback in every step and its adaption in service delivery and define whether the service is acceptable or not. It helps bridge the gap between expected service and service delivered. This gap can be closed by applying service innovation and consequently customer satisfaction.

White label Integrations

White label integration takes place where one company rebrands the service of another company to make it appear as their own. This is a very innovative method to gain greater market exposure and customers due to the goodwill of both the brands. PowerGen incorporated the services of ihavemoved. com for their own customers. In such a case ihavemoved. com would lose its branding and the only reference would be ‘ powered by ihavemoved. com. The company needs to be more careful in future for white label integrations so that the goodwill increases and its name is not hidden behind the partner’s goodwill. Also collaborations with other partners need to be in such a way that both parties