

# Concepts of innovation for business expansion



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## 1. 0 INTRODUCTION

This assignment looks at the all innovation aspects involved in the influence of the Bakhresa Group of Companies expansion in the East African region and beyond. The assignment considers the position of the company in relation to its environment at this current time and offers possible innovation aspect solutions to its growth possibilities. It has grown out of the need for a strategic look of the company at this time of global change and seeks to find out what the position of the company will be in the future.

The work done of this assignment generated from main five questions that have been asked here in this assignment, and answers of each question have been discussed, The questions involved in this assignment as following:

1. Bakhresa Identify the strand of organisation structure and innovation approach used by the group. Is it 'organic' or 'mechanistic' structure followed by the bakhresa group? Which one is more suitable to innovation and why?
2. How can bakhresa group manage the tension between the need for creativity and efficiency?
3. Discuss the main organisational characteristics that facilitate the innovation process in the bakhresa group.
4. Explain the key individual roles within the innovation process and the activities they perform in the ipp group.
5. How did bakhresa group establish innovative environment that propagates the virtuous circle of innovation? Explain its features

## 2. 0 BACKGROUND OF BAKHRESA GROUP

Said Salim Bakhresa & Co.'s and Bakhresa Food Products are a collection of companies each of which is part of a whole that forms the Bakhresa group. It has steadily been expanding its borders from Tanzania to the neighbouring countries and has been gaining a lot of market force over time. Countries operated in currently are: Tanzania, Malawi, Uganda, and Zanzibar

This group of companies has specialised in undertaking certain projects in the neighbouring projects while at home, in Tanzania, it has diversified into the making and distribution of various products. Products made include the following: Maize flour, White bran for livestock, Biscuits, Bread (white, brown), Puratha (chapati) Ready to drink beverages

It has also invested in the operation of a marine service that has tours to and from the island of Zanzibar. The main offices are on the mainland coast of Dar-es-Salaam where one can process tickets and further information necessary for future trip

### **3.0 REVIEW OF ENTREPRENEURSHIP AND INNOVATION**

#### **ENTREPRENEURSHIP**

Gibb and Hannon (2006) have defined entrepreneurship as a way of thinking, reasoning, and acting that results in the creation, enhancement, realization, and renewal of value for an individual, group, organization, and society. At the heart of this process is the creation or recognition of opportunities followed by the will and intuitive to seize the opportunities.

Hisrich and Peters (2001) Entrepreneurship is the process of creating something different with value by devoting the necessary time and efforts,

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assuming the accompanying financial, psychic, and social risks, and receiving rewards of monetary and personal satisfaction and independence.

Entrepreneurship involves the creation process – creating something new of value. The creation has to have value to the entrepreneur and value to the society for which it is developed. Entrepreneurship requires the devotion of the necessary time and effort. and involves assuming the necessary risks. These risks take a variety of forms depending on the field, but generally risks centre around: Financial, Psychology, and Social areas.

Also entrepreneurship involves rewards such as: High degree of independence- freedom from constraints, Get to use a variety of skills and talents

## **INNOVATION**

Innovation can be defined as utilization of inventions to produce new and better quality of products that give greater satisfaction to the consumer and high profits to the entrepreneur.

Innovation is the management of all the activities involved in the process of idea generation, technology development, manufacturing and marketing of a new (or improved) product or manufacturing process or equipment.

Innovation is the successful implementation of novel and appropriate ideas (creativity) within an organization.

Common causes of failure within the innovation process in most organizations can be distilled into five types: Poor goal definition, Poor

alignment of actions to goals, Poor participation in teams, Poor monitoring of results and Poor communication and access to information

Inventions are new discoveries, new ways of doing things and that products are the eventual outputs from the inventions, that process from new discovery to eventual product is the innovation process.

Innovation as a process and not as a single event within organizations helps individuals who define problems, have ideas and perform creative linkages and associations that lead to inventions. Moreover, within organizations it is individuals in the role of managers who decide what activities should be undertaken, the amount of resources to be deployed and how they should be carried out. This has led to the development of so-called key individuals in the innovation process such as inventor, entrepreneur, business sponsor etc.

Amabile et al. (1996) propose:

“ All innovation begins with creative ideas . . . We define innovation as the successful implementation of creative ideas within an organization. In this view, creativity by individuals and teams is a starting point for innovation; the first is necessary but not sufficient condition for the second”.

For innovation to occur, something more than the generation of a creative idea or insight is required: the insight must be put into action to make a genuine difference, resulting for example in new or altered business processes within the organization, or changes in the products and services provided.

## **4.0 ORGANISATION STRUCTURE AND INNOVATION**

### **QUESTION 1**

Identify the strand of organization structure and innovation approach used by the Bakhresa group. Is it 'organic' or 'mechanistic' structure followed by the Bakhresa group?

#### **INNOVATION IN BAKHRESA group**

Bakhresa Group applying innovation has linked to performance of different and growth through improvements in efficiency, productivity, quality competitive positioning, market share etc.

Innovation helps a Bakhresa Group business house to survive when the winds of change hinted the market caused by economic and social fluctuation of their environment; in fact Innovation has been used by Bakhresa Group as the process of conceptualizing an idea and then transforming an idea into a product/service. This leads the Bakhresa Group to develop and expand their activities in different parts of Tanzania and beyond neighbor countries.

Bakhresa Group has succeeded by having a number of different disciplines such as commercial scanner, project leader contribute to understanding of the innovation process. Firms involved in Group they do not operate in vacuum. They trade with each other; they work together in some areas and compete in others. The role of some other firms is a major factor in understanding innovation.

Organizational behavior of the Bakhresa Group had an important role on playing to understand and implement activities which has been necessary to ensure success. Significant discoveries and innovations have been associated with Bakhresa Group .

## **ORGANISATION STRUCTURE AND INNOVATION APPROACH USED BY THE BAKHRESA GROUP**

The structure of an organization is define by Mintzberg (1978) as the sum total of the ways in which it divides its labour into distinct tasks and then achieves coordination among them. There have been numerous useful studies exploring the link between organizational structure and innovative performance.

‘ Organic’ versus ‘ Mechanistic’ Organisational structures:-

### **Organic**

#### **Mechanistic**

1, 0

### **Channels of ? Communication**

Open with free information flow throughout the organization

Highly structured, restricted information flow

2. 0

### **Operating styles**

Allowed to vary freely

– Must be uniform and

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restricted

3. 0

### **Authority for decisions**

Based on the expertise of the individual

- Based on formal line

management position

4. 0

### **Free Adaptation**

By the organization to changing circumstance

- Reluctant Adaptation

5. 0

### **Emphasis on getting things done**

unconstrained by formally laid down procedures

- Emphasis on formally laid

down procedures

6. 0

### **Loose informal control**

with emphasis on norm of cooperation

- Tight control

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7. 0

### **Flexible on-job behaviour**

permitted to be shaped by the requirement

- Constrained on-job behaviour

8. 0

### **Decision Making**

participation and group consensus

- Only superiors make decisions

Source: Trott P.,(2004) Innovation Management and New Product Development.

Mechanistic organization tends to offer a less suitable environment for managing the creativity and the innovation process.

## **Organization Structures vis-à-vis Innovation**

### **Formalisation**

There is some evidence of an inverse relationship between formalization and innovation. That is an increase in formalization of procedures will result in a decrease in innovative activity.

### **Complexity**

Where there are several different types of professional groups working in an organization, it would represent a complex organization

## **Centralisation**

It refers to the decision making activity and the location of power within an organization. In a decentralized organization fewer levels of hierarchy are usually required: This tends to lead to more responsive decision making closer to the action.

## **Organisational Size**

A small business with fewer employees differs significantly on terms of resources from an organization which is big size is a proxy variable for more meaningful dimensions such as economic and organization resources, including number of employees.

## **ANALYSIS OF BAKHRESA GROUP**

The structure of Bakhresa Group controlled by the activities had performed by company under mechanistic structure caused by division of labours and their tasks, Innovation has being made up of a series of linked activities within a group. The environment of mechanistic has been offered less suitable condition for develop of innovation in Bakhresa Group Business.

**The culture of the Bakhresa Group is mechanistic structure are characterized as following:**

**The channel of communication is highly structured,**

In organization structure based in MECHANISTIC, There is restricted information flow, there is no any free chance for information to pass from inside to outside of organization or vice versa.

Bakhresa Group under mechanistic structure have been applying implication of restrict information flow with other companies. They making their

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information have secret issue within Bakhresa Group business and they had not allowed receipt of any information from outside that could influence changes within Group business.

### **Operating styles are uniform and restricted.**

Bakhresa Group operating their activities under uniform and restricted styles, this style leads the operations being unique by influenced of the ability of making analysis of produce consistent quality products from different entities located in different areas to ensure high level of satisfaction needs to customers spread over, not only, in Tanzania but also in the neighboring countries where their business activities are operate.

### **Authority for decision**

Based on formal line management position, the authority decisions taken by Bakhresa Group has depend on how it had being reviewed by managers and directors by following steps between low position up to highest position which has been undertaking into the particular organization and seems they can contribute positive results. After being reviewed, the authority for decisions for to be implemented must also proposed by the managers up to the top manager.

### **The management is reluctant to adapt changing circumstances.**

Change management affects organizational behavior. Because those behaviors are rooted in emotional and psychological responses, leaders and managers of Bakhresa group find them difficult to manage. They understanding that there is an underlying consistency to many of these

behaviors help demystify them so they can be proactively managed.

Effective change management strategies incorporate an understanding of these common behaviors in deciding change initiative priorities, scope and scheduling, and they include explicit activities to manage the phases of these cycles as they occur throughout the change execution process

### **Which one between mechanistic and organic is more suitable to innovation and why?**

It suggests that organic is more suitable to innovation, this organic is flexible structure, characterized by the absence of formality and hierarchy, support innovation more effectively than do mechanistic structures. The latter are characterized by long chains of command, rigid work methods, strict task differentiation, extensive procedure and well defined hierarchy.

Nevertheless, flexible rather than mechanistic organizational structures are still seen, especially within the business management literature as necessary for successful industrial innovation, In general, an organic organization is more adaptable, more openly communicating, more consensual and more loosely controlled. The mechanistic organization tends to offer a less suitable environment for managing creativity and the innovation process.

## **5.0 CREATIVITY AND EFFICIENCY**

### **QUESTION 2**

#### **How can bakhresa group manage the tension between the need for creativity and efficiency?**

Bakhresa Group managing the tension between the need for creativity and efficiency has been categories as following:

## **Efficiency gains within the bakhresa Group**

The efficient day to day operations within company have been conducted by application of stable routines which had been achieved in stable and controlled environments in.

## **Creativity gains within the Bakhresa Group**

Creativity can be defined as the process of developing an original product, service or idea that makes a socially recognized contribution

The development of new products/services requires creativity and room to try out new ideas this is achieved in a loose and flexible environment

The creativity supported with actions and resources with the time to be creative: organization can try to build sufficient slack into the system to allow for creative thinking and tolerates errors and mistakes and successful ideas need to be rewarded

However the long-term economic growth within Bakhresa depends on the ability of firms to make improvements to products and manufacturing processes. The firms has need to make room for creativity and innovation, that is, allow slack in the system. These then is the dilemma: how do firms try to reduce costs and slack to improve competitiveness on the one hand and then try to provide slack for innovation on the other?

Bakhresa Group done balancing: the working to ensure there is a constant pressure to drive down costs and improve efficiency in its operations. At the same time it needs to provide room for new product development and improvements to be made the most obvious way forward is to separate

production from r & d. However there are many improvements and innovations that arise out of the operations of the firm.

## **6. 0 ORGANISATIONAL CHARACTERISTICS**

### **QUESTION 3**

#### **Discuss The Main Organisational Characteristics That Facilitate The Innovation Process In The Bakhresa Group.**

Process innovation means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment and/or software). Minor changes or improvements, an increase in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, regular seasonal and other cyclical changes, trading of new or significantly improved products are not considered innovations. innoviscop.

#### **The main organizational characteristics that facilitate the innovation process in the Bakhresa Group as following:**

Growth orientation;- long term grow rather than short term profit.

It is characterized by a commitment to long-term growth rather than short-term profit. Not all companies' first and foremost objective is growth. Some companies are established merely to exploit a short-term opportunity, other companies would like to maintain the company at its existing size: the objective of innovative companies is to grow the business the actively plan for the long-term.

## ANALYSIS OF BAKHRESA GROUP

Bakhresa Group started in a humble manner with a small restaurant in the Port City of Dar Es Salaam, Tanzania, in mid seventies, it has now emerged as a respected business group in the Region. The Group has its operations spread in Tanzania, Zanzibar, Uganda, Kenya, Malawi, Zambia and most recently in Mozambique. Plans are in place to spread its wings to other countries. The group now boasts of a turnover of more than Three Hundred Million United States Dollars and is a proud employer of more than two thousand employees associated directly. There are several companies under its umbrella and have investments mainly in Food and Beverage Sector, Packaging, Logistics and Real Estate

Bakhresa Group has been working to expand their business by long term growth by emphasis long term vision and making implementation of it, those implications have been taken a long time, and some of them are still need a time to be implemented. Bakhresa succeed to making steps on growth of the manufactures of Food and Beverage Sector, Packaging, Logistics and Real Estate, product, which leads to the expand of branch company in different parts in Tanzania and beyond Tanzania. Bakhresa offers two groups of product and services: Food & Beverages and Services.

### **Commitment to technology**

It is characterized by the willingness to invest in the long-term development of technology. Bakhresa Group has exhibit patience in permitting ideas to germinate and develop overtime. this needs to be accompanied by a commitment to resources in terms of intellectual input without a long-term

approach it would be extremely difficult for the company to attract good scientists. Eg: Azam Bakeries Company Ltd

Azam Bakeries, the largest bakery in Tanzania, produces the popular Azam brand bread, cakes and donuts. The state of the art technology is used for producing the bakery products making the company proud of supplying essential food in the country.

It has a modern biscuit factory producing the finest varieties of biscuits. Many varieties of biscuits such as Chai, Creams, Glucose, Coconut, Nice, Marie, and Shortcake are popular in the country. The plant and equipment consists of the latest technology from Italy and has a high capacity automatic packing system capable of producing up to 300 packets per minute.

## **Vigilance**

It is characterized by the ability of the organization to be aware of its threats and opportunities. vigilance requires continual external scanning e. g. within the marketing function the activity would form part of market research and competitor analysis collecting valuable information is one thing, but relaying it to the necessary individuals and acting on it are two necessary associated requirements.

Bakhresa Group has working to ensure that they got all external knowledge by doing analysis and researches that has been helping to known new strategic which required to be implemented for the results of achieving goals.



Bakhresa Group has been facing with some opportunities and threats as indicated below:

## **Opportunities**

- Appreciation for high-quality local produced raw material such as maize, mills
- The new generation of individuals and companies has a far greater positive reception of domestic produced starch
- Current drive by government through the Tanzania Investment Centre and EPZ towards export of locally manufactured agricultural products
- Current government motive of Kilimo kwanza to promote agro-production
- Presence of export opportunities such as AGOA, SADCC, EAST AFRICA COMMUNITY, COMESA, etc
- Climate that favors large scale production of raw material throughout our country
- Raw material such as rice, maize, mill production initiatives that have started to emerge in different regions in Tanzania
- Availability of cheap manpower and fertile land for raw material production locally such as maize, white

## **Threats**

- The present growth in the market may result in market saturation, through competition. This competition could emerge from a variety of given sources including; Established mass market companies that imports

- Development of new lines and vertically integrating so as to be totally in control of supplies and products being sold on the respective markets
- New marketing strategies and tactics by established products and companies
- Existing competition.
- Intolerable price increases by foreign suppliers may occur
- Farmers may decide to take their produce for food in case of hunger

## **7.0 INDIVIDUAL ROLES WITHIN THE INNOVATION PROCESS**

### **QUESTION 4**

#### **Explain The Key Individual Roles Within The Innovation Process And The Activities They Perform In The Bakhresa Group.**

Innovation process is essentially a people process and that organizational structure, formal decision making processes, delegation of authority and other formal aspects of a so-called well run company are not necessary conditions for successful technological innovation. The study of Rubenstein has revealed that certain individuals had fulfilled a variety of roles that had contributed to successful technological innovation.

Here's the list of roles individual playing within Bakhresa Group facilitate the innovation process by engages;-

**Commercial scanner:**

This individual acquires vast amounts of information from outside the organization, often through net working. This may include market and technical information.

Bakhresa Group have been working in finding and making analysis of the information from other successful same companies which operate the same products. The access of new ideas could be the very

**Gatekeeper:**

This individual keeps informed of related developments that occur outside the organization through journals, conferences, colleagues and other companies. Passes information on to others, finds it easy to talk to colleagues. Serves as an informed resource for others in the organization.

**Project leader:**

This individual provides the team with leadership and motivation. Plans and organizes the project ensures that administrative requirements are met. Provides necessary coordination among team members sees that Project moves forward effectively. Balances project goals with organizational needs.

Examine and analyze the project for patterns to determine what is and is not working and help you tune your process so it's most efficient and so you understand where to focus your resources on opportunities and to correct problems.

**Sponsor:**

This individual provides access to a power base within the Bakhresa Group: a senior person. Buffers the Project team from unnecessary organizational constraints. Helps the project team too get what it needs from other parts of the organization. Provides legitimacy and organizational confidence in the project.

Here's the another addition list of roles individual playing in innovation process and: 2005 (innovationtools)

**Connectors**

A key element of innovation is building bridges to connect distant worlds- industries beyond your own-to generate new products/services and building networks to connect people to create and distribute the new offering. Combining these attributes with several other characteristics results in what we call a Connector.

Connectors have these characteristics:

Are a mile wide and an inch deep. Connectors have the ability to connect departments, organizations, and industries that normally would not be connected. Although they may be an expert in their own field, Connectors are generally people you'd describe as a mile wide and an inch deep. They know things about a variety of fields and industries and can connect them.

Are one degree separated. Think of the person or people you know who can get anything through the system. They know the person in the mailroom who can expedite getting things delivered fast, they know the administrative

assistants that wield the power, and they know the person in purchasing who can order the thingamabob you need. They know everyone inside and outside the organization and can connect you with them.

Build networks. Connectors build networks. Their ability to do so means that once an idea has been captured and evaluated (or even during evaluation), they can help you build the network of people to deliver the offering.

Jump the tracks. Connectors can jump the tracks, making connections with other people, industries, technologies, ideas, distribution, partners-and they bring others along-which is critical. Because they connect with people, they have the ability to get others to see the benefits for jumping the track.

Skyscraper. Connectors, because of their position or people they know in key positions, can easily get or make connections to the upper reaches of an organization.

It's likely that you will need several Connectors, since not everyone has all the characteristics above. The person who knows how to work the internal system is usually not a skyscraper-they usually work behind the scenes.

That's ok. It's likely the Connectors you identify will know each other already.

Here's what the Connector can do for your innovation initiative: create connections to other people and technologies within your organization, and connect you to customers and business partners who can help you outside your organization. Connectors dramatically reduce the time to find the appropriate connections and improve the chance you'll make a valuable connection.

## **Librarian**

The Librarian holds the key position of collecting ideas and providing organized access to others who can help build the library and make sense of the current collection. The Librarian provides an easy way to check in, check out (as in examine), and add to ideas, solutions, problems, technologies, and needs. Think of a library where you can write in the books or write your own books, put them back on the shelf, and allow others to do the same.

Librarians have these characteristics. Librarians:

Define the “ meta-data”. Librarians determine what information is important to capture about an idea. Librarians determine what information is necessary to capture about an idea and to evaluate it. They determine the formats for the information.

Help store and retrieve information. As the number of ideas grows, so does the complexity of storing, finding and retrieving information about those ideas.

Help others help themselves. The capture of information, storage, searching and information retrieval should be a self-help mechanism. A good librarian works themselves out of a job.

Here’s what the Librarian can do for your innovation initiative: define a consistent data model to help document and capture your ideas. Provide the meta-data and information tags to search and find ideas, and ensure easy retrieval. Help others in the team and associated with the team find information and add to it.

## **Framer**

The Framer works with business functions and management to determine the appropriate evaluation schemes and frameworks teams should use to evaluate ideas fairly, transparently and consistently. The Framer:

Understands where the organization is trying to go. The strategic direction is critical in evaluating ideas, because new products and services will dictate how fast and far the organization can go in that direction. All evaluations must be made relevant to that direction.

Understands who needs to be involved to make the evaluation meaningful. If key individuals or groups are left out of the evaluation, the idea may fail in execution because a key element is missing. Absent heads mean absent hands.

The evaluation should include everyone who will be involved in executing and no more. The Framer needs to make sure all heads, hearts, and hands are accounted for in the evaluation process.

Understands the need for transparency. Contributors need to understand the evaluation process and the rationale behind it. This will help ensure that ideas are contributed because contributors understand the process is fair; it will also help contributors provide information to make the evaluation easier.

Understands how an idea should be evaluated. Different classes of ideas need to be evaluated different ways, but within those classes ideas should be evaluated consistently and in a way that allows ideas to be compared against each other so that the desired portfolio may be achieved.

Here's what the Framer can do for your innovation initiative: construct the evaluation frameworks which your team will use to evaluate your ideas, and ensure the evaluations are consistent and transparent.

## **Judge**

The Judge evaluates the ideas, using the Framer's framework. Generally speaking there are many "Judges" for any idea - often representing business functions (sales, marketing, R&D), regions or other business silos. Judges follow the evaluation criteria set by the Framers, who worked with all the entities involved in setting the evaluation framework.

Judges have these characteristics. Judges:

Evaluate ideas and determine which ideas should move forward to prototyping, which should be tabled until an internal or external criteria is met (e. g., good idea when the price of memory falls to one dollar per terabyte), and which should be shelved.

Provide the verdict on which ideas merit further investigation and development by the organization.

Document their decisions for posterity. Too often decisions are made about initiatives and ideas, and those decisions are not documented. Eventually the idea will be considered again. Without the documentation for the decision, a team may be forced to reconsider an idea that was previously rejected.

Here's what a Judge can do for your innovation initiative: evaluate the idea against a standard framework and ensure all the business functions

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responsible for the idea have weighed in. Establish a verdict on the idea, to move the idea into production, end evaluation of the idea, license the idea to someone else or continue evaluation until conditions change. Document the rationale for the decision so that others can understand why the idea was approved or why it failed the evaluation.

## **Prototyper**

Many organizations are comfortable with their new product development (NPD) process.

Once