Manage the innovation process

Describe the practices and routines that an organisation can implement to help manage the innovation process and, in so doing, maximise the probability of success in innovation.

In global market with shortening product life cycles for example when the life of some models of mobile phones or computer is just few months.(Tidd 1997) In Kucrmarshi (2003) opinion innovation could generate new way to extend profit margins if it successful and could became very powerful competitive weapon.

Innovation in nowadays is the most important competitive advantage for a company. The future of many businesses depends on their ability to innovate, to be ahead of their competitors. Organisations have to go through a process of practice, mistakes and to bring together different knowledge, skills and ideas to manage innovation process to success.(Tidd and Bessant 2010)

This essay will try to describe the practice and routines that any organisation can follow to achieve success in the innovation process.

Definition of innovation

The word innovation comes from the Latin word " innovare", which means " to make something new" (Tidd and Bessant 2010).

Innovation is a deceptive thing. People usually relate it to a development of a new or better product or process, but it is only one part of process called innovation (Trott 2008).

Porter, M., 1990 defined "…approach innovation in its broadest sense, including both new technologies and new way of doing things."

Looking at the different definitions we can see that all the researchers measured innovation as a process, which has to be established in the company for continued enhancement. In reality, a view of innovation as a single action can never make the company to succeed in the long run. There are two different types of innovation; radical and incremental. Incremental innovation consists of small changes or of upgrading an existing product, service or technology. The incremental innovation involves less risk and easy to implement, but delivers low financial result. In contrast , the radical innovation involves large changes, inventing something new, completely different to what the organization was doing before. The radical innovation is very difficult to manage, requires better knowledge of the costumers, competitors and company recourses , but has the potential to deliver a huge economic result.(Dewar and Dutton 1986)

Radical innovation can create a lot of uncertainty, especially within technical and market areas, Katz(2004) Successful radical innovation starts with choosing a right technology and target market from the very beginning, as well as successfully dealing with all the organizational challenges. To put it simply, it is all about choosing the right , highly skilled team, who have the knowledge and the ability to work and finish a complex project. The team has to find out what is the priority in the project, select better ideas and have the determination and ability to complete it. (Boone 2001) Thinks the most important uncertainties in innovation to be concerned are technology, markets demand and time to market. Furthermore the innovation company

have to take in consideration the life cycle of a product. Company have to research the market and life cycle of product from the past with great scrutiny. As well as making decision when it is the better time to launch product in order to increase chance for new product to be successful in the market.

There is four board categories of innovation :

Product (service) innovation- simple organisation changing provided product or service for example Tetley tea introduced its first decaffeinated tea in 1988, or launched first " No Drips , No Mess" in 1998.(Tetley History , available online at http://www. teaexperts. co. uk/Tetley-Marketing/Tetley-History)

Process innovation- changing how to create the product and delivery for example self-service for booking travel tickets online, e-tickets in nowadays adapted by majority of airlines.(Tidd and Bessant 2010), or self check in CitizenM hotel – easy and quick service for guests(CitizenM)

Position innovation- introducing product in a different way or changing the concept of it. For example, Southwest Airlines, the most effective USA airline, managed to achieve their success by cutting airport turnaround times. Or Swiss watch industry produced watches as the luxury goods.

Paradigm innovation – changing the way how organisation looks or what customers think about the product, for example again low-cost airline different way of looking on business, or how LEGO involves customers as builders and designers.(Tidd and Bessant2010)

Businesses have to recognise and understand effective routines to have successful innovation management. For example some organisation are not aware they have to change, while others for instance are aware about the necessary changes in their organisation , but do not have the capability to make the changes.(Hobday and Bessant 2005)

One of the key ideas behind successful routines, is changing and adapting throughout the process by learning over time, evaluating and improving all the time to achieve greater success. " Developing an integrated set of routines is strongly associated with successful innovation management and can give rise distinctive competitive ability…"(Tidd and Bessant 2010) For example to launch product faster than competitors or use technology better, or provide more useful and better service .

Also the majority of researches point out that even the organisations with a good innovation management can fail. Innovation has to be a part of company's strategy. Companies have to cooperate with external and internal sources. Be prepared to share knowledge that is a better way to encourage others to share.(Tidd and Bessant2010)

The effectiveness management is a four core generating process that includes Search, Selection, Implementing and Capture.

Search is the beginning stage in innovation when organisation (business) becomes aware of the necessity to make changes, to have a better success on the market. One of the sources of innovation is the scientific research. Academics and universities regularly come up with new ideas, knowledge and technology. This is often one of the main factors to " push" organisation

to making changes. For example in technology push, it is supposed that after unpredicted findings by scientists, technologists make the most of them to improve product ideas. The technology push model controlled industrial policy after the Second World War.(Trott 2008)

In many cases organisations come with innovative ideas, but it is not always guarantied they could adapt them. Great idea is not enough for success , organisations have to pull operates to develop understanding of requirements and discover approach to meet this needs. Innovative organizations need to have knowledge from " outside the box". They have to be alert about the signals that can be as threats or opportunities. When collected all that signals, companies have to communicate them throughout their organizations. (Tidd et al. 1997).

Furthermore there are other searching strategy used by different business to find ideas: sending out scouts -straightforward sending people out to dig for new ideas to drive the innovation process.

Exploring multiple futures – using web-based interactive technology to generate radical futures scenarios, for example Shell's " GameChanger".

Using the web- using internet power to search for new ideas and new trends around the world. For example BMW uses its website forum to allow the users to share their ideas.

Working with active users – communicate with users to pick up ideas , create new market, product or service. For example Microsoft has a group of users

so-called Microsoft buddies- they use beta version of the product to find ways to improve it.

' Deep diving'- this method was adapted by most companies. It helps to hear the ' voice of costumers' by using focus groups and interviews. For example Heathrow terminal 5 building plan involved building more toilets, because of the behaviour of the older population, who were using restrooms more often, But in reality, when someone followed the customers in the airport, they have come to the following conclusion – a restroom in the airport was the most quiet place, where elderly people could hear the announcements the best.

Probe and learn- create a pilot product and send it to be tested by the shareholders.

Corporate venturing – searching for new technology around the world , for example SAP Inspire- invested and started up a new interesting technology.

Use brokers and bridges- connect those who have ideas or solution with those who invest or need fresh ideas. (Tidd and Bessant2010)

Selection – a difficult and risky phase of the process, that involves choosing the new technology, considering the processes and strategies to be used, assessing the potential markets. Must have the knowledge about the product or service that company decides to develop. Also must have the knowledge about the people and process involved. The aim of the decision making is to provide a clear understanding of the process for all participants and ensure

that, organisation has the necessary capability and recourse to complete the process. (Tidd and Bessant2010)

Implementing- this stage can be seen as one which adds together different bits and pieces to create a draft of the planned innovation. There is three core elements of this stage; acquiring knowledge; executing the project launching and sustaining the innovation.

Acquiring knowledge – involves putting together active and new knowledge from internal and external sources to resolve the problems. Providing the first draft of solutions. At this stage the process could go forward or could be abandoned, approved or revised. Some innovations can and will fail because of the lack of skills, lack of communication, technology or resources. (Tidd and Bessant 2010)

Executing project launching forms is the middle of innovation process. It is developed innovation and preparing external and internal market to ready for final launch. Again this process involves the problem solving, collecting the information and focusing to launch final product to meet customers' needs. New product going trough process of awareness, trial, interest, evaluation and adoption by market. It needs to be based on a series of ' probe and learn' trial approaches. Involving users in the earlier stages give opportunity to make changes to improve the product or service to successful innovation. (Tidd and Bessant 2010)

Capture- the reason of innovating is to generate profit, create market advantage or grow the business , or to change the world, or be a famous. History had some examples when innovation was successful in technical

level and failed to deliver value. It provides a valuable lesson if a product or a service fails, it still have valuable information what to do differently the next time and what needs to be changed. According(Rothwell and Gardiner 1985) it is ordinary scenario call ' reinnovation'. Actually all project successes and failures need to capture all the lessons for the future and next generation.

Idea of this model of learning through probe and learning from the mistakes which could improve the chance of successful innovation. To make changes for what is already invented, make it better, just repeating continuous innovation. For example mobile phones companies innovated product , upgrading it to attract more customers and making product more efficient and simple to use.(Tidd and Bessant 2010)

To conclude, looking through the different routings and tools to achieve success in innovation. Process of innovation has a number of elements that have to be considered by a company to reach success. Choosing the right team able to finish the project, possessing the right skills and knowledge. Able to establish good communication between internal and external players. Each level of innovation process has to be carefully evaluated to detect and correct errors and make necessary changes as early as possible. Company needs to learn from successful innovation as well as from the failed ones.