

BUSINESS INNOVATION – AN ESSENTIAL PREMISE OF A COMPANY’S SUCCESS

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ABSTRACT:

Business' success in the competitive medium depends to a great extent on the company's capacity to anticipate the customers' needs in the future and to adapt itself to them through a suitable development of the innovation process. The paper contents: the importance and the role of the innovation, the relationship between the technology and the innovation, the principles of the innovation process, the barriers showed up on the way of the innovation, the innovation process. All these aspects entail the concern of a management team in analysis, creativity and communication, referring to the innovation in order to take advantage of the changes and to thrive.

KEYWORDS: needs, customer, medium, technology, innovation, creativity, communication.

INTRODUCTION

The objective of the work is to present some interesting points of view about the innovation process in trying and persuading anyone that the innovation is the most important factor of any successful business.

A series of basic principles about the innovation process are broadly presented in business literature, the most important of these principles are emphasized in this work.

THE PRINCIPLES OF THE INNOVATION

1. Need drives innovation.

The human needs were the mover of the innovation throughout the mankind history.

2. Innovation starts with the customer.

If successful innovation must address an urgent human need, then the front-end of the innovation process should be situated at the point of contact with the customer (sales, customer service).

Therefore, innovation must be always focused on the market.

3. Innovation must be oriented to a certain target.

Searching for a solution must be systematically directed, organized and achieved.

4. Innovation has both a perceived and a conceptual nature.

Successful innovators use both their right and left brain. They look at the figures and the people.

They go out in the field and study the customers, the users to see which are their expectations, values and needs and then they establish on the analytical basis how must be the innovation in order to make capital out of an opportunity.

5. Innovation drives technology.

Competitive advantage of a firm comes either from offerings that satisfy human needs (faster, better, cheaper etc.), or from new technology applications of new innovations. As a rule, real needs cannot be created, but they can be recognized.

Table 1 shows the way of which a part of the striking needs drove the emergence of new innovations and technologies.

6. Innovation must be rather simple than complex in order to be efficient.

If it is not simple, it will not run. Any new thing encounters difficulties in running, if it is elaborated, no one will be able to understand it and 'fix' it.

Table 1 Needs – innovations – technologies relation

	Agricultural age	Industrial age	Information age
Quality of life issues	Survival	Scarcity of food, clothing, shelter Illiteracy Work in hard conditions	Pollution Criminality Unemployment Diseases Inequitable wealth distribution
General technologies	Agriculture Livestock	Metallurgy Chemistry Electricity	Informatics Biology Composite materials
Applied technologies		Printing Alloy steels Plastic materials Electromechanics	Integrated circuits Bio-technologies Optic fibres
Products		Books, manuals Automobiles Radio-TV Synthetic fabrics	Robots Lasers Compact-disc Softs Intelligent computers Orbital stations

7. Efficient innovations start modest.

Great ideas, plans seldom appear in time and encounter new problems in implementing and running them, have the goal of revolutionizing an industry. It is much better that innovations can start with a small business which needs less money, less people and a small size limited market. If it is worked at a smaller scale, it can be said that the customer intimacy is increased, the time pressure, the fear of failure and of disappointing customers' expectations are considerable reduced by great companies.

8. Innovations are interconnected.

An innovation is often the start point for a new one. Companies must learn to see the connections, thus the explored area is meaningful extended.

9. Innovation must try to turn to the present more than to the future.

Sometimes, opportunities have long periods of capitalization, but if there is not an instant use for the moment, an innovation is 'a brilliant idea' like drawings from Leonardo da Vinci's note-books.

10. Innovation requires discipline and patience.

Without a certain rigour, an innovating idea can easily and prematurely be buried. Complacency and fear of risk are obstacles that must be exceeded within the innovation process in time.

11. Hierarchy and autocracy are the enemies of innovation.

Small, responsive organizations, that lay stress on a decentralized management, are inherently more innovative.

12. Innovation need is an urgent problem.

True innovation only occurs where there is consensus that there is an important problem to solve and a sense of urgency to solve it.

13. Cooperation within the firm activates the innovation process.

14. Innovation has effects on economy and society.

THE BARRIERS SHOWED UP WITHIN THE COMPANIES LIMIT THE INNOVATION PROCESS

- Employees hoard rather than sharing knowledge, including knowledge that could yield innovation, to protect their position and rank in the company.
- Employees rarely volunteer new ideas, fearing ridicule, retribution, being ignored, or having credit for the idea stolen by their boss if it succeeds.
- Managers safely and instinctively squelch innovative 'crazy ideas' of subordinates.
- Employees compete for credit rather than sharing it.
- Managers, fearing the wrath of shareholders, owners, are risk averse, preferring to buy ideas once they have been successfully developed by others, over incubating the company's own ideas, even though the latter is cheaper and more effective.
- Employees, since they are rated on their individual performance, consider teamwork and collaborative activities less important than individual, solitary ones.
- Managers instinctively delegate tasks in a project to individuals rather than teams, since it's easier the way to place blame if something goes wrong.

THE STAGES OF THE INNOVATION PROCESS

Figure 1 illustrates the stages of the innovation process within an organization.

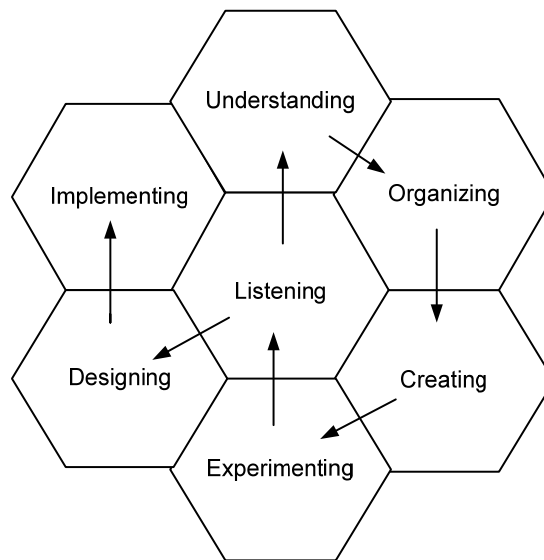


Fig. 1. The stages of the innovation process

Understanding, organizing and implementing have an *analytical* character, well-suited to the left-brained deductive thinkers who predominate in most organizations.

Creating, experimenting and designing have a profound *creative* character, better suited to right-brained inductive thinkers who are relatively scarce in most organizations.

The two listening stages take as a basis *communication*, that need to involve customers and other stakeholders, and everyone in the organization involved in the

□ Listening

innovation process. Identifying the right people for each stage in the process is essential to speak about the existence of an innovation process within the firm. As a rule, large organizations may benefit from having a dedicated innovation team responsible for this. We cannot say the same thing in the small organizations, where the aspects of innovation are a scheduled part-time task of the whole management team. Each stage shows a series of steps mentioned below.

1. Listening broadly for ideas.

This requires a permanent environmental scan, the identification of needs and various recent innovations not only in the business area but also at the national and international level. Involved persons have to read much, learn about, improve and develop interpersonal relations.

Inputs: readings, newsfeeds, specialized reviews, newspapers, books, conferences, interviews, meetings.

Outputs: a manageable inventory of ideas and insights, categorized and contextualized appropriately so that they can be simply understood and practically applied.

2. Listening to customers, end-consumers, distributors, suppliers, competitors.

Set a minimum time quota for everyone in your organization to spend face-to-face with business customers. Identify the customers who are most attuned to change and to their customers' customers. Appointed persons have to bring up a subject, communicate, be fluency, start a discussion, listen, ask questions, tell stories and draw a conclusion. Listening to the customer is an iterative process, that entails learning about the customer's business, understanding the

□ Understanding

4. Understanding 'who are the actual and potential customers?'

Studying the well-known companies that know their customers, their needs, their buying preferences and criteria intimately. Identifying and talking to potential customers as well, trying to understand why they're not already customers and current customers of your company. Tending to potential customers that are not served by either your company or your competitors.

Inputs/Outputs: talks, list of actual and potential customers and what they currently buy, could be buying, and will and won't be buying in the future, and why.

5. Understanding and respecting what end-consumers want and need.

It is starting with the end-consumer because he/she will determine the success of your customers, and that will in turn determine your company's. Their needs, preferences and buying decisions can be often partial and

things that keep them awake at night, suggesting a lot of new solutions, proffering opportunities, points-of-view and possibilities, not just asking baldly about needs. It is also emphasizing the connection with the customers indirectly using phone surveys, e-mail, website surveys, customer satisfaction surveys (with lots of open-ended questions), self-diagnostic tools, videoconferences, etc., to capture as much information as you can.

Inputs: conversations, interviews, surveys.

Outputs: needs, ideas, stories, industry future state visions.

3. Listening to the employees, especially those to the front lines.

The front lines employees have to be asked every day or weekly about what they're hearing, and what they think most needs improvement or rethinking. Each employee who wants to speak one's mind, communicate an idea or an identified need has to be encouraged and stimulated for this purpose. People must know that the management team gives them time and resources to focus on and to be creative.

Inputs: conversations, idea and collaboration spaces, interviews.

Outputs: needs, ideas, stories.

they cannot be recovered among the ones identified by your company.

6. Understanding and respecting what current customers want and need.

It is continued by the current customer analysis due to the lack of interest compared to their wants can lead to the failure of business.

Inputs/Outputs: current state analysis and future state vision of wants and needs for both end-consumers and current customers.

7. Understanding why these wants and needs aren't already met.

It's a difficult step because once the reason is identified, the company is launched in satisfying the need without a relevant preliminary analysis. After a careful examination emerge questions, such as 'Does the technology exist?', 'The solution would be very costly or risky to develop?', 'The solution is too radical for customers to

accept or too complex for them to understand?', 'The organization currently lacks the capacity or competencies to produce the solution?'. Be aware of the fact

❑ **Organizing**

8. Organizing those with a stake in solving the problem.

Once the needs are known, the next step is to organize the persons who can help solve the problem, assess the alternatives, provide the needed resources.

Outputs: project team member list, the project team is responsible for solving a specific problem or need, while the innovation team has oversight over the entire innovation effort of the organization.

9. Organizing the program for solving the problem.

Creative persons need a lot of freedom to figure out how to solve the problems. It is emphasized the self-organizing, self-

❑ **Creating**

11. Creating an environment and capability for innovation.

Give the innovation team and the project teams permission to fail. Admit that these teams fail early and inexpensively. Prevent having 'pet' projects, hoarding of ideas and knowledge or inter-department 'charges' that block knowledge transfer and cross-functional collaboration. It is very important to provide rewards and incentives for team members, and for other contributors to the innovation effort. As a result of applied innovation, quotes of profit will be shared by the people involved that in turn will determine the enhancement of the interest and effort. Creative, intelligent people have to be helped and let to promote 'crazy' ideas without fear of ridicule. The innovation team and the

❑ **Experimenting**

13. Trying the alternatives, learning fast from failures, correcting, combining, transferring.

❑ **Listening again**

14. Listening to potential customers and help them imagining how the solution responds to the need.

that if the challenge was easy someone else would have already done it.

Inputs/Outputs: list of challenges.

managed innovation project teams. In some situations it can insist on imposing a certain discipline on the process, such as existing deadlines, control points and early-stage go/no-go filters. In this case people must understand the importance of these constraints.

Outputs: project schedule, budget, program.

10. Organizing the resources needed to solve the problem.

The project team needs sufficient tools and knowledge to be able to understand the problem and the variables that could impact the potential solutions.

Inputs: all the outputs from steps 1-7.

project teams will be free to use techniques that will stimulate the creativity and encourage them to try to discover other techniques, too. Give ideas sufficient time to find their market and learn from failures.

Inputs: time, training, tools, space, leadership and resources.

Outputs: people who are inspired, capable and encouraged to contribute productively to the innovation effort.

12. Creating lots of alternative solutions.

Don't put everything at risk on one option. Don't reject the really far-out alternatives prematurely, because there is the chance that the customers to be interested in a share of these (see step 15).

Outputs: alternative solutions.

Try several alternatives simultaneously in different markets to speed up the assessment process.

Outputs: prototyp, test results.

Use prototypes and stories to make the product/service or the innovative technology as easy as possible to be understood by the potential customers. The potential customers

are often tempted to easily accept the proposed solution when there isn't a buying commitment. It will be emphasized the communication, it will be patiently explained how the innovative solution addresses the basic need and it will be objectively listen the customer in order to eliminate the possible misunderstandings.

Outputs: customer evaluations.

15. Listening to acceptance criteria -- the 'if's.

If the product appears to meet the need, the next task is to assess the customers' buying criteria: price and affordability, features, options, ease of use, delivery time etc. Some of these criteria may be show-stoppers that will require re-invention.

Designing

17. Considering customer-valued attributes.

The designer has to know, in no uncertain terms, all the important attributes to the customer. Products are often designing again and again because additional features are omitted or it is coming to an over-engineering

Implementing

18. Making the final go/no-go decision, then implementing.

If the previous steps have been done properly, this step should be the easiest. Once the decision has been made to go, it is

CONCLUSION

Innovation tending to a purpose resulted from analysis, systematization and sustained work, it is an essential premise of a company's success. Innovation has both a perceived and a conceptual nature. Studying the customers, the users to see which are their expectations, values and needs, then to establish on analitical basis how the

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Outputs: customer buying criteria, new alternatives in case of re-invention.

16. Listening to 'what could go wrong'.

Here's some questions: 'Is there the possibility that the company cannot run due to the provided resources necessary to production and commercialization at present and in future?', 'What competitive threats exist or could arise?', 'Is the innovation vulnerable to disruptive innovation from unexpected sources?', 'Are or can occur factors with major impact from the political, regulatory, economic, natural, social and demographic environment?' Some of these questions may lead to obstacles that cannot be easily tide and they require re-invention.

Outputs: list of threats and weak points of the company, re-inventions.

due to the additional features added on one's own initiative which lead to further costs and complexity.

Inputs: specifications based on outputs from steps 12-16.

Outputs: completed designs, projects.

necessary to involve all the employees from functional areas of the company to implement the product/service or the innovative technology.

innovation must be done in order to enhance an opportunity, all this represent the core of the innovation process within any company.

By way of conclusion, it is well to know that the innovative companies don't focus on risks, but on opportunities, preferring to determine the risks and to limit them.

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