

*Businesses
need to build
high levels of
innovation
capability*

FACT SHEET #4

Are you creating high value from your innovation efforts?

IN OUR BUSINESS WORLD TODAY, INFORMATION IS SO READILY AVAILABLE ACROSS THE WORLD THAT IT IS RELATIVELY EASY FOR BUSINESSES TO FIND OUT WHAT THE COMPETITION DOES. **By Suzy Roden**

This situation, along with rapid technological and other business environment changes, means that businesses need to build high levels of innovation capability. It also means they need to go beyond the usual **business process improvement** and **continual improvement** in their innovation efforts, to stay ahead in the market place. Let's focus on a few reasons why innovation efforts often don't produce high value to the business.

PRODUCT IMPROVEMENT

Innovation can happen in different forms. But by far the most common form of innovation is around product improvement. And yet, this is often the least effective type of innovation in terms of creating real value to the business. Interestingly, the most value creating types of innovation generally are the least often attempted. One of the reasons for this is that businesses in particular industries tend to 'get stuck' in their thinking around how the business should operate. Businesses need to examine their thinking to see if they are being confined by conventional thinking, rather than looking at whole new ways of doing business.

ORGANISATIONAL CULTURE

Another reason that innovation is a weak link in the business is that the organisational culture does not encourage it. It can be too threatening to some leaders if people 'below them' come up with thinking that they did not come up with themselves. Or, the organisation is so focused on 'doing' the usual business activities, that it does not take time out or give priority to looking to the future and creating business sustainability. Or, there is little reward provided – either formal or informal – for coming up with new ideas. Or, if people do experiment and it doesn't work out, they are severely rapped over the knuckles in some shape or form.

IMPLEMENTATION

Yet another reason for lack of successful innovation is that the innovation process falters before the innovation is successfully implemented. Lots of good ideas may emerge for innovation but they are left as ideas and never developed into real opportunities. And then in the future when someone else comes up with the same good idea, they are told, "We tried that and it didn't work," even though the idea was never followed through.

THE INNOVATION PROCESS

Various aspects of the innovation process may not be addressed successfully. For example:

- Have you spoken in depth with your customers and non customers to find out what their needs are, and might be in the future?
- Is valuable information provided by customers brought back to the organisation and shared with others to stimulate thinking around innovation?
- Are ideas well explored so that the idea grows into an even better idea?
- Are prototypes developed and tested in the marketplace and then adapted accordingly?
- Are good project management systems put into place to follow through with the innovation to implementation stage?
- Are people led well through the change process to create capability and buy in to the new way of doing things?
- Are systems and processes developed and maintained that support the innovation?

These are just a few stumbling blocks to successful innovation. **What is stopping value-creating innovation in your business?**