

**Leadership Essentials**

# Innovating

Visionary leaders recognise and nurture technological and other innovations



# 'Innovation is the process by which opportunities that have been identified through individual and organisational creativity are exploited' Lowe and Marriott, 2017

Most organisations need to adapt constantly to an ever changing business environment or customer needs. To ensure their survival and growth, new opportunities need to be exploited through effective innovation.

## What is innovation?

Innovation is the practical application of creativity in an organisation. Creativity is especially needed in the early stages of the process, whereas innovation happens much later. Successful innovation builds on the idea of an incremental and efficient manner to solve a problem or develop a new product, service or process. Innovation can be categorised most simply into two main types:

<b>Incremental innovation</b>	An improvement in an existing thing (product, service, process)
<b>Radical innovation</b>	An entirely new way of doing something

Every department of your organisation can contribute to innovation by adding value. Innovation can have an adverse effect on organisations that fail to innovate and get left behind, for example Kodak, Woolworths or Blockbuster.

### Your organisation might use innovation to:

- Bring in new ideas to ensure survival
- Meet changing expectations
- Increase efficiency / reduce waste
- Ensure regular flow of new products / services or reduce cost
- Gain competitive advantage
- Drive industry sector to further innovation

### Some questions to ask when deciding whether to innovate:

- Does it fit the strategy?
- Is it feasible in practice?
- Does it fit with the organisation's policies?
- Are there any risks?
- Who are the stakeholders?
- What other factors could have an impact

## Managing innovation

Innovation is about making sure that good ideas turn into on- time, high quality and predictable products, services or processes. This does not happen by chance. You need to manage it carefully. Successful innovation requires a balance of:

- ensuring the efficiency of the current operation, whilst
- having the capability to create and develop new opportunities.

There are four different approaches to innovation. Your organisation needs to decide which approach best suits its strategy:

Pioneers	Second-in	Imitators	Defensive
Sees market gaps or changes; follows and quickly exploits opportunities in technology. Aims to be first introducing new products, services, improvements, usually at high price and profit.	Observes Pioneers and learns from their errors. Improves on first launched and releases improved version.	Copies others' innovations. Launches low-price versions offering value-for-money.	Often operates in areas that are slow to change. Observes but ignores ongoing changes; keeps to own ways. Only participates in innovation if absolutely essential.

To manage innovation effectively, you and your organisation need to establish a thorough process that includes:

- Idea generation
- Prioritisation, in line with your organisation's strategy, customers, available resources
- Data gathering and testing
- Review and revision
- Implementation

The skills you need to manage innovation (adapted from Tidd, Bessant and Pavitt, 2005) are:

Recognise triggers of change in business environment	Align innovation with business strategy	Acquire knowledge required to fill gaps	Choose most suitable response to opportunity
Carry out action to deliver solution	Carry out any changes needed to ensure success	Learn from evaluation/ reflection to improve innovation process	Develop the organisation by embedding structures, processes & culture

## Continual and Continuous Improvement

Although sometimes used interchangeably, 'Continual Improvement' refers to changes or improvements to existing products, services or processes, whilst 'continuous improvement' is an ongoing effort that focuses on incremental improvements within existing products, services or processes through, for example, Lean and Kaizen techniques.

Continuous improvement, then, is an ongoing improvement effort through many small incremental steps rather than one overwhelming innovation. It is based on the view that incremental changes will add up to major improvement over time. It is a long-term practice that needs to spread through everything your organisation does. Ideas come from your team members and they take ownership and are accountable for improvements. Some organisations set up continuous improvement teams with considerable authority and empowerment.

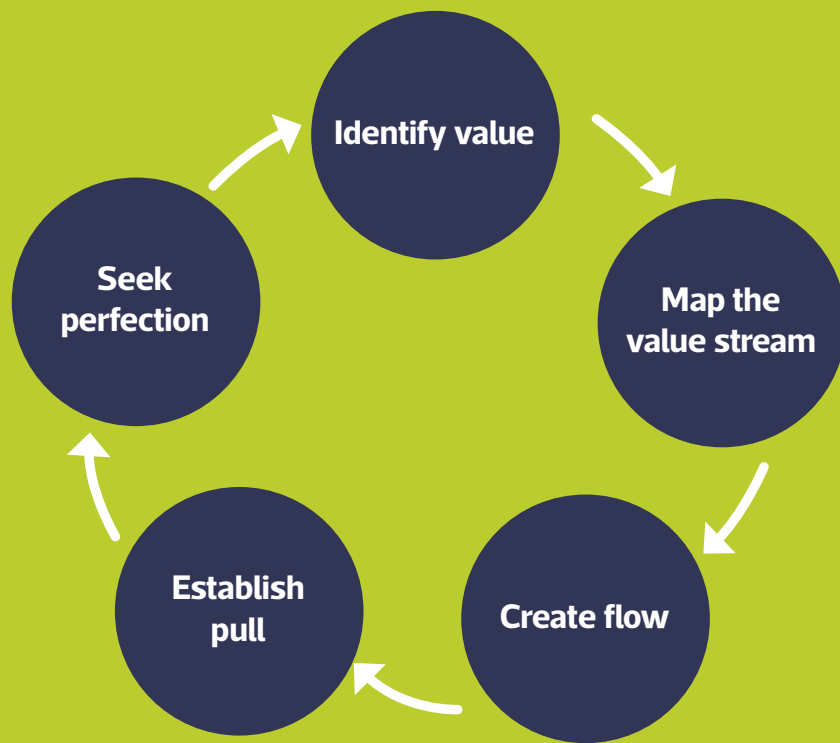
Lean thinking, for example, is described by Womack, J. P. and Jones, D. T. (2003) as "the most single powerful tool available for creating value while eliminating waste in an organization", whilst Six Sigma is a data-driven quality-control methodology for methodology for eliminating defects in a business process.

## Implementing Continuous Improvement

- Examine your processes regularly to discover and remove problems, without apportioning blame.
- Eliminate activities which provide no value, and improve customer satisfaction.
- Have regular feedback and open communication with your team members, colleagues and stakeholders; continuous improvement is reflective.
- Encourage further ideas.
- Measure the impact of the change; decide if you could use it for other problems.

## Lean Principles and Continuous Improvement

The Lean Enterprise Institute (LEI) (2017) describes a continuous five-step thought process for implementing Lean techniques, beginning with 'specifying value from the standpoint of the end customer' until 'a state of perfection is reached in which perfect value is created with no waste'. The process is then repeated.



### References

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