



OMT GROUP GRASPS THE INNOVATION NETTLE

WHY INNOVATE ?

“Like short skirts, innovation has traditionally swung into and out of fashion: popular in good times and tossed into the closet in downturns. But as globalisation tears down the geographic boundaries and market barriers that once kept businesses from achieving their potential, a company’s ability to innovate – to tap into the fresh value creating ideas of its employees, partners, customers, suppliers and other parties beyond its own boundaries – is anything but faddish. In fact, innovation has become a core driver of growth, performance and valuation.”



So says the McKinsey Quarterly 2008 Number 1 and in Ireland we seem to be waking up to the fact that creativity, research and innovation are critical to our future prosperity. We now have a Minister responsible for Science, Technology and Innovation, there is a proliferation of Innovation Seminars, Enterprise Ireland is increasing its funding support and the Government has an Advisory Council for Science, Technology and Innovation. So what is Innovation?

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Innovation Is...

‘Innovation is transformation of existing knowledge and ideas into new or better commercial products that add value to the customer.’ Carter Evans & Koop 1990

‘Innovation is a new way of applying knowledge or application of already existing knowledge to a different situation or problem.’ Zeljka Sporer and Bhanu Bhatia

‘Innovation, like many business functions, is a management process that requires specific tools, rules, and discipline.’ Davila et al (2006)

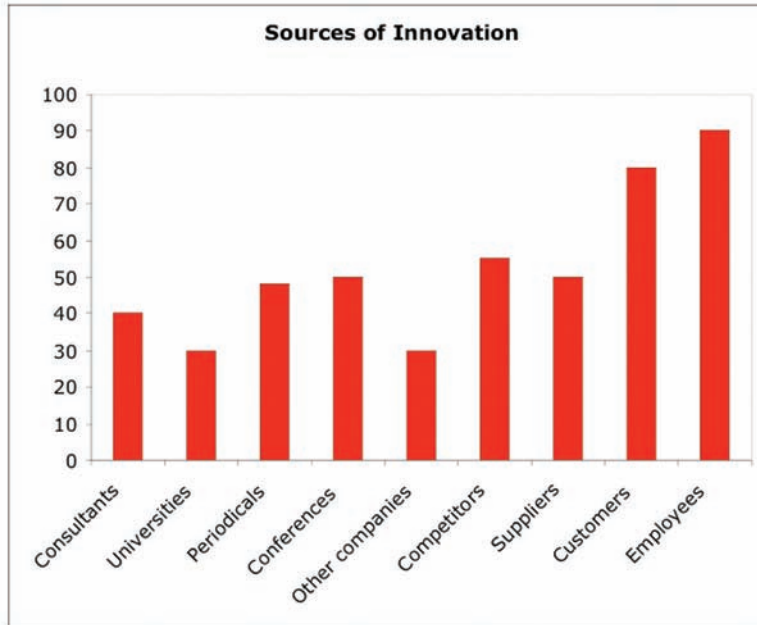
‘Discovery is seeing what everyone else has seen but thinking what no one else has thought’ Albert Szent-Gyorgyi

‘Innovation means invention implemented and taken to market’ John Seely Brown Xerox PARC

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SOURCES OF INNOVATION



Sources of Innovation

According to Jørgen Rosted (2006) the most effective sources of innovation are your customers and employees, but according to professionals in a 2007 survey on 'How companies approach innovation':

- 22% believe they have the right people
- 25% think they have the right innovation leadership
- 8% say that people are not allocated to innovation
- 30% have the right people but the culture inhibits innovation

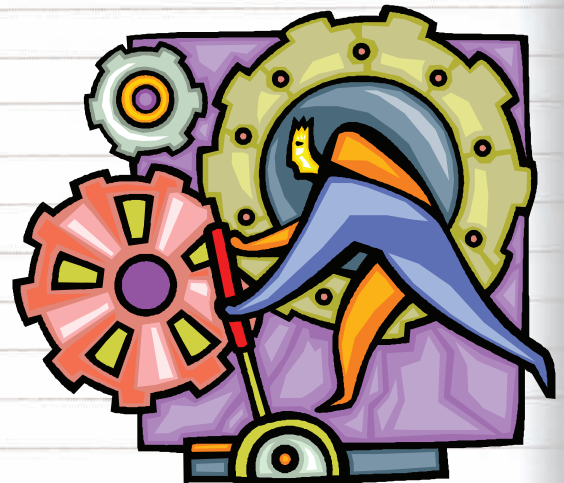
What kind of Innovation?

Product Innovation - the introduction of a new product or service or a significantly improved product or service with respect to its capabilities.

Process Innovation - the introduction of a new or significantly improved production process, distribution method, value chain, business models or support activity for goods and services.

New to market innovation - the introduction of a new product or service onto the operating market before other competitors.

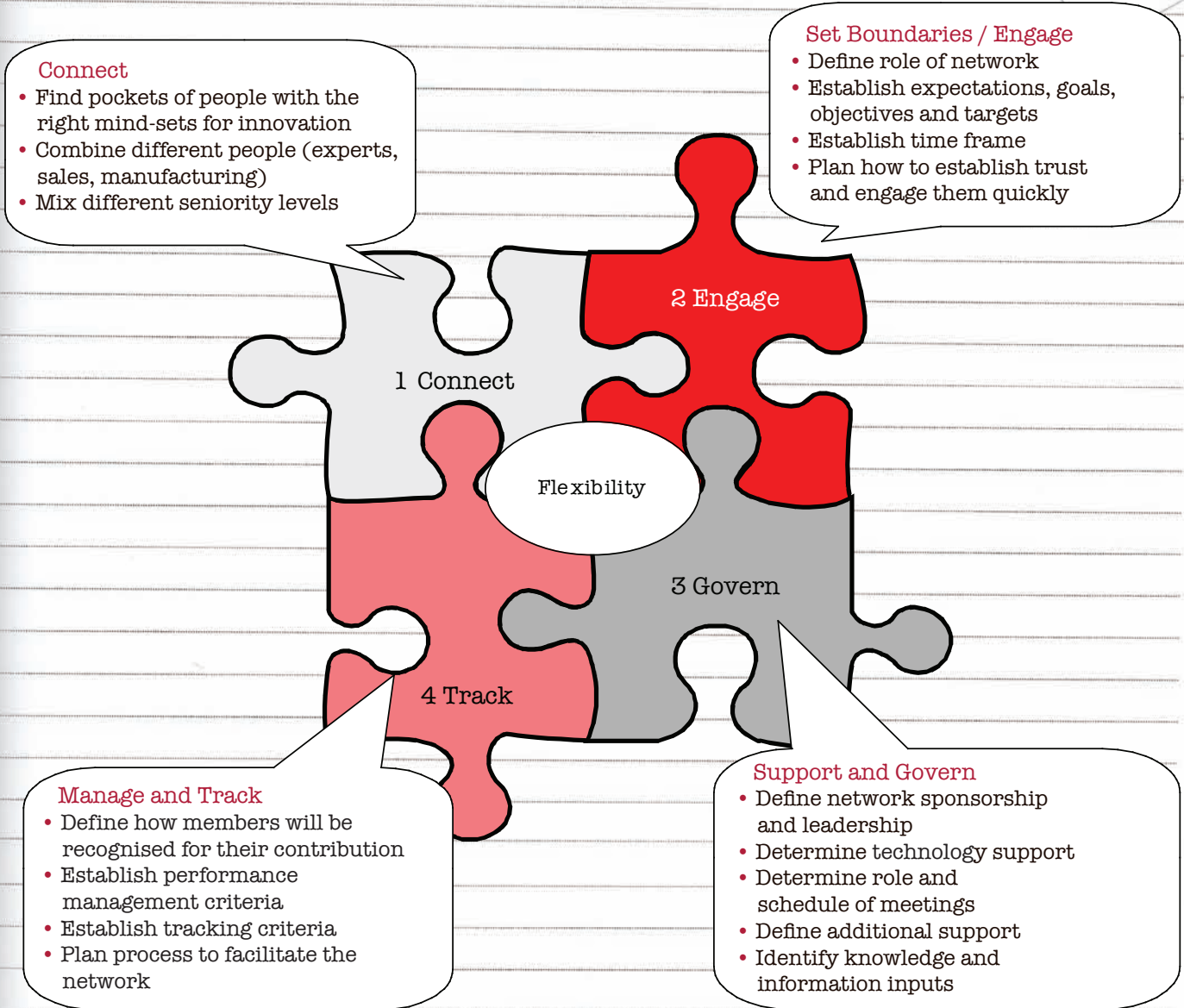
Where money is spent - Research and Development, Engineering and Development work, Acquisition / Purchasing Machinery and Equipment, Software and Licenses, Knowledge, Training and Development, Design and Marketing.



"Innovation has nothing to do with how many R&D dollars you have. When Apple came up with the Mac, IBM was spending at least 100 times more on R&D. It's not about money. It's about the people you have, how you're led, and how much you get it." - **Steve Jobs - Fortune, Nov. 9, 1998.**



DESIGNING AN INNOVATION NETWORK



Old Approach to Innovation	New Approach to Innovation
Inside Out and Outside In	Boundaryless
Creativity versus Productivity	Learning and Change
Functional Roles	Networked Communities
Research and Development	Experiment and Experience
Process	Occurrence
Return on Investment	Investment on Return



Innovation – The Irish Approach

According to a Forfás September 2006 report:

- 52.2% of all firms were classified as innovation active
- The chemicals sector was the most innovative with 80% of them carrying out innovation activities
- 37.9% of firms were “product” innovators.
- The three largest factors hampering innovation active firms, were identified as lack of funds, high costs of innovation, and lack of skills
- Total spending on innovation activities across the Irish economy is estimated to have been €5.72 billion in 2004
- The weakest rate of innovation activity in the services sector was for those firms in the financial services sector with an activity rate of just 30.5%.

IDA Ireland used a full-color painting of U2’s Bono along with the following text to call attention to the nation’s innovation potential during a recent innovation-themed marketing campaign in the US:

“The Irish Mind. An abundant supply of that rare commodity you’ll need to bring your business to peak performance. The Irish. Creative. Imaginative. And flexible. Agile minds with a unique capacity to initiate and innovate without being directed. Always thinking on their feet. Adapting and improving. Generating new knowledge and new ideas. Working together to find new ways of getting things done. Better and faster.”

TOP TEN TIPS For Innovation

- 1. Look for Innovation everywhere in your organisation** – especially in the ‘corridors of indifference’
- 2. Define the kind of Innovation that drives growth and helps meet strategic objectives** – Communicate to others the type of Innovation you expect from them.
- 3. Most innovation is evolutionary but sometimes it needs to be revolutionary** – The introduction of the Fosbury Flop dramatically raised the High Jump Bar.
- 4. Engage your employees** – They know your organisation best and where the improvements need to be made
- 5. Ask your Customers** – What would they like to see you changing and doing better
- 6. Add Innovation to the formal agenda at your Management Meetings** – It sends out the right message
- 7. Think in other boxes** – Wear different hats to look at things differently. Invite different people from different functions and levels to your next management meeting.
- 8. Set performance measures and targets for Innovation** – What gets measured gets done.
- 9. Develop Partnerships** – How can you profitably allow others to use your ideas and you theirs?
- 10. Challenge the status quo** – You are right to be dissatisfied with current reality, to question authority and routine and to confront assumptions – to be ‘a pain in the Ass’

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