

CHAPTER 2

Innovation as a core business process

2.1 Introduction

Chapter 1 set out a view of innovation as the core renewal process within an organization, refreshing what it offers the world and how it creates and delivers that offering. Innovation is a generic activity associated with survival and growth and at this level of abstraction we can see the underlying process as common to all firms. Figure 2.1 provides a simple map of this and we will use this throughout the book as a framework to help explore the ways in which innovation can be managed. At its heart it involves:

- Searching – scanning the environment (internal and external) for, and processing relevant signals about, threats and opportunities for change.
- Selecting – deciding (on the basis of a strategic view of how the enterprise can best develop) which of these signals to respond to.
- Implementing – translating the potential in the trigger idea into something new and launching it in an internal or external market. Making this happen is not a single event but needs attention to acquiring the knowledge resources to enable the innovation, executing the project under conditions of uncertainty, both of which require extensive problem solving, and launching the innovation into relevant internal or external markets.
- Capturing value from the innovation – both in terms of sustaining adoption and diffusion and also in learning from progressing through this cycle so that the organization can build its knowledge base and improve the ways in which the process is managed.

The challenge facing any organization is to try and find ways of managing this process to provide a good solution to the problem of renewal. Different circumstances lead to many different solutions – for example, large science-based firms like pharmaceutical companies will tend to create solutions which have heavy activities around formal R&D, patent searching, etc., whilst small engineering subcontractors will emphasize rapid implementation capability. Retailers may have relatively small R&D commitments in the formal sense but will stress scanning the environment to pick up new consumer trends, and they are likely to place heavy emphasis on marketing. [The case on the website of Tesco's Fresh & Easy store development gives a good example of this.](#) Consumer goods producers may be more concerned with rapid product development and launch, often with variants and repositioning of basic product concepts. Heavy engineering firms involved in products such as power plant are likely to be design intensive, and critically dependent on project management and systems integration aspects of the implementation phase. Public-sector organizations have to configure their innovation process to cope with strong external political and regulatory influences. [The cases on the website of the RED and Open Door projects give some insights into these issues.](#)



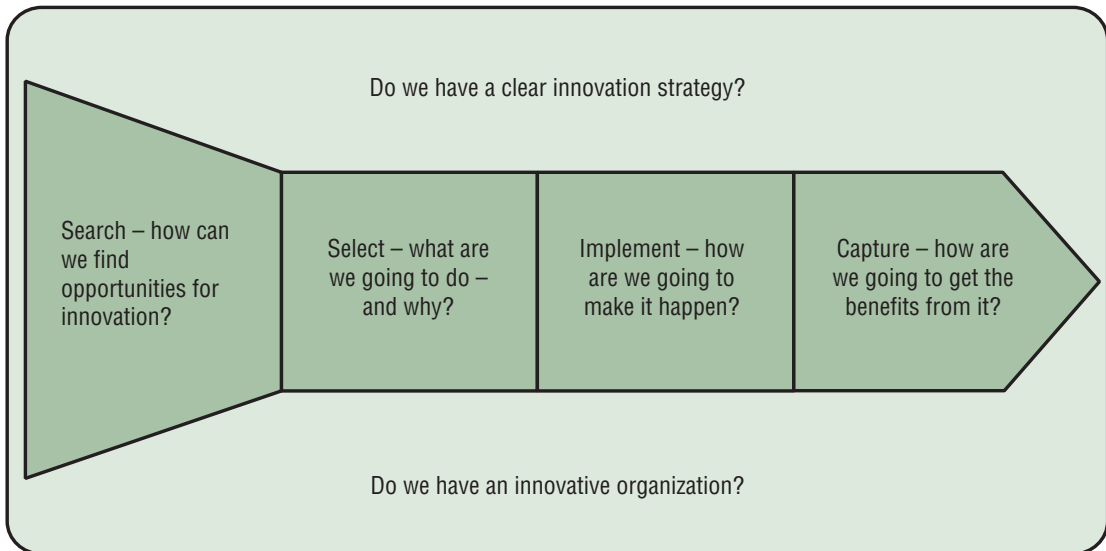


FIGURE 2.1: A simple model of the innovation process

Despite these variations the underlying pattern of phases in innovation remains constant. In this chapter we want to explore the process nature of innovation in more detail, and to look at the kinds of variations on this basic theme. But we also want to suggest that there is some commonality around the things which are managed and the influences that can be brought to bear on them in successful innovation. These 'enablers' represent the levers that can be used to manage innovation in any organization. Once again, how these enablers are actually put together varies between firms, but they represent particular solutions to the general problem of managing innovation. Exploring these enablers in more detail is the basis of the following chapters in the book.

Central to our view is that innovation management is a learned capability. Although there are common issues to be confronted and a convergent set of recipes for dealing with them, each organization must find its own particular solution and develop this in its own context. Simply copying ideas from elsewhere is not enough; these must be adapted and shaped to suit particular circumstances.