

S 2 I NEWS

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S2I News is a monthly publication of Strategies 2 Innovate. It aims to present information on topics important to today's business leaders. We hope these articles will help you develop a clear framework useful for guiding your organization's innovation and strategy.

This is the second of a three-part series on best practices for managing innovation in your organization. Our past series on developing a core competence strategy included issues such as: Feb/Mar 2003 "Identifying Your Core Competencies: Pt-1&2." Apr 2003 "Leveraging Your Core Competencies."

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Management Practices That Boost Innovation: Pt-2

Now that the summer months have sped by us ever so quickly, its time to give fresh thoughts to how we can enhance and improve the innovation capability of our organizations. Innovation is the lifeblood of our organizations and is at the very heart of our ability to create profits.

Eleven Strategic Practices Cont'd

We continue from the last newsletter by addressing item 7 below. Managers must determine whether to focus on Architectural or Component Innovation³⁴ or a combination of both. Component innovation is either a continuous enhancement of a specific component without changing the core design concept or the application of a new

core design concept that serves the same function of the component.

Conversely, architectural innovation changes the way in which components of a system are linked together, while leaving the core design concepts untouched. It destroys the usefulness of a firm's traditional architectural knowledge but preserves the usefulness of its component knowledge. The firm must determine which type of innovation to pursue and whether it has the capabilities to do so. A decision to pursue architectural innovation may provide a significant competitive advantage in that new architectures developed decrease the value of their competitors system knowledge.

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11 Strategic Practices That Will Boost Your Innovation

| | ACTION | STRATEGIC PRACTICE |
|----|------------|---|
| 1 | Define | Strategic Intent |
| 2 | Perform | Technical Innovation Audit |
| 3 | Develop | Core Competencies |
| 4 | Identify | Core Products |
| 5 | Design | Strategic Architecture |
| 6 | Share | Values |
| 7 | Decide for | Architectural / Component Innovation |
| 8 | Foster | Radical Innovation |
| 9 | Apply | Combinative Capabilities |
| 10 | Continue | Incremental Innovation |
| 11 | Move | Designers upstream to conceptualisation |



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Larry van den Berghe is the Founder and Principal of Strategies 2 Innovate. He has 20 years international experience in the aerospace and information and communications technology industries in England, Australia, Singapore and Canada. He has been an active manager and contributor in R&D and new product development in electronics, VLSI and software. He holds two US patents, one UK patent and has a number of publications. He is a Chartered Engineer (UK) and a Fellow of the Institute of Electrical Engineers.

Larry is also an adjunct professor for the Management of Technology @Distance graduate program at the University of Waterloo and a past faculty member with the Technical University of British Columbia. He has developed courses in new product development, strategic management of innovation and technology, entrepreneurship and knowledge management. His recent research on core competencies examined the adoption of emerging technologies for product innovation within the Canadian information and communication technology industry.

He holds a Ph.D. in Management Sciences (Management of Technology) from the University of Waterloo, a M.Sc. in Microelectronics (with Distinction) from Middlesex University, London, U.K. and a B.Appl.Sc. in Applied Physics from Curtin University, Perth, Western Australia. Larry has served as Chairman, Board of Directors, serves on the Education Committee of the Saskatchewan Advanced Technology Association and is V.P. Public Relations of a Toastmasters International Club.

Eleven Strategic Practices

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Such a focus, however, comes at an investment cost of pursuing continual change that will more likely result in Radical Innovation, i.e., a total change in the core concepts as well as in the whole architecture of a system³⁴.

Nevertheless, in order to obtain maximum leverage from its investment in innovations, the firm must be prepared to maintain a strategy of continual Incremental Innovation³⁴ by developing its Combinative Capabilities⁴⁰ or ability to innovate incrementally on its innovations. Such incremental innovation introduces relatively minor changes to existing product and exploits the potential of the established design. Finally, in order to meet the fierce challenge that rapidly changing technology brings, the firm must move its designers from the mainstay of technical development to participate further upstream into the formulation process⁴¹ where concepts are being developed.

Thirteen Operational Practices

We can now discuss operational practices that help boost innovation. The development of absorptive capacity (AC) is the first one. AC is

SPEAKING ABOUT INNOVATION

Larry is a Competent Toastmaster and an enthusiastic speaker when it comes to innovation. He addresses critical issues such as core competencies, technological innovation, new product development, strategic technology planning, testing innovative business concepts through research, etc. Bring innovation to the *TOP* of your next speaking agenda. Call toll-free 1-866-978-8242 to discuss these possibilities.

defined as the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends⁴². It is important in as much as firms need to be able to identify important information or cues regarding potential user-needs, changes in technological trends, the competitive environment and many other aspects. The firm must develop this capability through constant learning and exposure to the environment as well as develop the ability to assimilate and apply this external information.

In line with a strategy for architectural innovation, the firm must acquire and build up detailed architectural knowledge about the ways in which the components are integrated and linked together into a coherent whole⁴¹, and foster the flourishing of innovative ideas for new architectural combinations. As part of the constant learning process, key technical personnel and others must be involved in Boundary Spanning and environment scanning in order to understand rapidly changing technology trends, user needs and product evolutions⁴³. Management must allocate specific time and effort to achieve such spanning and build in appropriate reward systems to ensure their effectiveness.

Next month we will look at the remaining operational practices that will boost your innovation. See you then!

Larry van den Berghe

For more information and for references to the literature as identified by superscripts notations (e.g. ¹) please visit our innovation strategy knowledge portal www.strategies2innovate.com and follow the links to "Knowledge References."