

**Designing Work Organization**  
**Prof. (Dr.) Santosh Rangnekar**  
**Department of Management Studies**  
**Indian Institute of Technology, Roorkee**

**Lecture-41**  
**Innovation Management and its Principles**

In this particular session on the Innovation Management and its Principles, we will be talking about what to innovate, understanding the innovation, its importance and also the process of the innovation and how the organizations can they can go for this innovation management. We will also try to understand innovation cycle, principles and as usual the case study, research papers, book recommendations and references. Innovation involves the creation of the product, service or the processes that is new to the organization. The technology or the product need not to be novel or the groundbreaking and the innovation may be a change in industrial practice which improves the productivity. It does not have to be new to the world rather it is viewed as the first use of an idea within an organization. So, creativity is the engine of the innovation, the essence of the creativity is combining in the two or more ideas to arrive at in the entirely new one is there.

So, if it when we talk about the importance of the innovation that is why organization should go for these innovation. The first and foremost is the competitive advantages in the market, loyal customers, unique selling proposition is there and that is about the USP of the organization, enhance the brand values, constant improvement, attract the expert talent, the growth and successes creative edge and the problem solving is there. Now, the question arises what to innovate, how you make the money that there is a profit model is there and how you connect with the others to create the values are there, how you structure is organized and align your talent and the assets are there and how you do your signature or the superior method to do your work, product performance how you develop the distinguishing features and the functionality. Product system, how you create the complementary products and the services, how you support and amplify the value of your offerings, how you deliver your offerings to the customers and users that is a channels and the brand how you represent your offerings and the business are there.

Then how you are having this the faster compelling the interactions with the customer and increasing the customer engagement is there. When we talk about the innovation process, the 79 percent of the executives surveyed by the Boston Consulting Group ranked the innovation as a top three priority at their company. Yet, the despite the perceived value, how to successfully bring a new product or service to the market is still a mystery to some entrepreneurs in the executives. In fact, the research shows that 40 percent of the new products and services fall. So therefore, in that case turning any idea

into reality requires establishing an innovative process.

That process forces you to think through the different steps to ensure you are solving the right problem, regularly gathering the customer feedback, iterating when necessary and securing the right resources and method to fully realize the innovation is there. There are three key phases in the innovation process that the UDA organization typically cycle through the according to the marine is there. Discovery, the discovery phase is the one companies should spend more time and resources on. It is during this phase that ideas are generated and the vetted by the potential users and the where on the teams work to discover whether they are taking the right problems or not. Then second one is the this is where the ideation techniques such as brainstorming and the prototyping that can be used to a company advantage ideation the creative process of the generating new ideas is an important part of the design thinking process is there in which the organizations focus on uncovering the non obvious pain points their customers are experiencing and developing the new products, services and the business models aligned to their needs are there.

The development in this phase of the development where you start to spend the real money on design and engineering according to the marion. The development phase has changed dramatically over the last 10 to 15 years with the introduction of the collaborative and the digital design tools and the rapid prototyping distributed teams the innovation ecosystem and the open innovation efforts that enables the aligned design ideation faster development cycles and the increased levels of the product complexity and the performance is there. And step three is that is a commercialization at the end of the development phase the comes the commercialization where you are bringing your product or services to the market this commercialization process broken into the phases of its own from the initial introduction of a product or service in its mass production and adoption is there. As you move through each phase you will receive the additional customer feedback and will need a regularly refine your offerings are there. So, Marion recommends the companies that explore the extended pilot production although the launch will be slower the strategy provides teams with the more time to wait and problems and enables them to gain real time information on the market acceptance is there.

Companies and government agencies often make the mistakes of the viewing innovation as a set of the unconstrained activities with the no disciplines in reality for innovation to contribute to a company or the government agency it needs to be designed as a process from start to deployment. So, companies and the government agencies often make the mistake of the viewing innovation as a set of unconstrained activities with no discipline in reality for innovation to contribute to company or the government agency it needs to be designed as a process from start to the deployment is there. A canonical lean

innovation process in such a company or the government agency would look something like this innovation sourcing over a period of days group generations a list of problems ideas and technologies that might be worth investing in. Curation for a few days or even a week innovators get out of their own offices and talk to the colleagues and the customers are there. It included the both and the internal and an external survey the goal of which was to find other places in the business vision where a given problem might exist in a slightly different form to identify related internal projects already in existence and to find the commercially available solutions to the problems.

It also sought to identify the legal issues, the security issues and the support issues are there. So, what your innovation process should look like? So, solution exploration and the hypothesis testing is there. The ideas that pass through the prioritization, filter, enter and incubation process. And this 6 to 10 week process delivers evidence for the definable database decisions for the each idea the innovation team fits out a business model or for the government mission model that is Canvas. So, everything on that Canvas is a hypothesis and the I-COP model is designed to test the each one is there.

When we talk about the prioritization once a list of the innovation ideas has been refined a curation it needs to be the prioritized one of these quickest ways to sort innovation ideas is to use the McKenzie's three horizons model. Horizon one ideas provide the continuous innovation to a company's existing business model and the core capabilities. Horizon two ideas extend a company's existing business model and the core capabilities to every new customers markets of their targets are there. Horizon three is the creation of the new capabilities to take advantage of or the respond to the disruptive opportunities or the disruption is there. So, we would add a new category horizon O which refers to a graveyard ideas that are not viable to them are feasible.

Incubations once the hypothesis testing is complete many projects will still need a period of incubation as the teams championing the projects gather additional data about the application. Further build the MVP and get used to the working together. Incubation requires dedicated leadership oversight from the horizon organization to ensure the fledgling project does not die of the malnutrition, a lack of the access to the resources or becomes an orphan no parent to guide them. Next is the integration and the refactoring is there at this point it is the innovation in horizon one or two it is time to integrate it into the existing organization. Horizon three innovations are more likely status and their own entities are the least divisions trying to integrate the new unbudgeted and the unscheduled innovation projects into and engineering organization that has been the item budget for the people and resources results in the chaos and frustration.

In addition, innovation projects carry both technical and organizational depth is there.

Innovation management includes tools that allow managers and workers to use us to cooperate with a common understanding of the processes and goals. Innovation management allows the organization to respond to external or the internal opportunities and uses its creativity to introduce the new ideas, processes or the products are there. By utilizing the innovation management tools management can trigger and deploy the creative capabilities of the workforce for the continuous development of an organization. Broadly speaking innovation can be incremental breakthrough or the disruptive is there.

Now, we will talk about the incremental innovation. It is an era where the businesses are required to constantly reinvent themselves. Incremental innovation helps them thrive by the constantly improving the current products, services, processes or the methods are there. Now here when we are talking about this the technology here newness and when the business model newness is there. So, in incremental innovation we find that is a business model newness when it is low and the technology newness is also low, then it will going through the incremental innovation is there.

When business model newness is going to be low and the technology newness is going to be high, then it will be the breakthrough innovation will be there. Because we are bringing the technology newness however the business model newness is low is there. Whenever we are talking about the breakthrough innovation our business model newness that is the high and but the technology newness and that is the low. So therefore, in that case because the business model newness and the low technology is there, so it will be the breakthrough innovations will be there. And when about the business model newness is high and these technology newness is also high then it will be giving you the radical innovations are there.

Now here we have to understand that is this business model newness and technology newness both are required with this particular innovations are concerned. Now a breakthrough innovation refers to the technology advancement that can boost the level of a product or service within an existing category ahead of it is the competitors are there. When we talk about the disruptive or the radical then the disruptive innovations are ideas that are capable of radically changing the market behaviour after being implemented is there. So, as we have seen that is for the breakthrough innovation refers to the advancements that can boost the level of products or services existing category ahead of it is the competitors are there. Now innovation cycle management we will talk about that is a full implementation and the ideation is there.

So here we will find out that is the full implementation of these sources will be identification of about these how we are able to implement this idea. So first and foremost step one will be that is about the ideation is there that is how the brainstorming

sessions are there and then the ideas are created maybe by the individual maybe by the group identify the valuable and the viable ideas are there. And so there will be the number of ideas those ideas will be filtered and then we will come to the valuable and the viable ideas are there. Now we create the prototype products and the tests are there on basis of this idea which are the acceptable we will going for this type of the prototype or products and development is there and this will create finally the full implementation is there. Now we will see that is how innovation cycle is working with the innovation management principles are there.

So first and foremost is the realization of the value is there. Now we have to understand that is the whatever the innovations we are talking about whether there is a value for that or not. So we will like when we always keep on saying value for money. Similarly the value for worth of the innovation is very very important. Now I would like to give an example then when we are talking about the new generation technology.

And then the parallel researches are going on. For example, when we are talking about the pager technology and mobile technology was there mobile technology has taken over the all these pager technology is there. So question arises that is a value for the realization of value that should be very much important is there. Now we have talked about that is the our USP is to be finalized and the USP will be finalized on the basis of the future focused orders are there. That is the what will be the future focus is there and accordingly we will plan that I would like to take the example like here that is when we talk about the future focus leaders then we can take the example of the Apple company.

And therefore, the every innovation which has been coming out is giving us the future focus leadership is there about that particular product or the particular technology is concerned. For this particular future focus the innovation achievement it is necessary that we are giving the our team the innovation team should get their strategic direction is very much important. So that the all the stakeholders those who are responsible for the innovation are working into the common directions are there. Then every organization is having its culture and some organizations are having the innovation culture that culture of innovation that is to be created within the organization like example the Sony is concerned we always talk about that is the it is a innovative culture is there. Now this innovative culture and innovativeness culture will be the focus on that is in the employees in the managers right from the top management to the bottom management how those practices are encouraged.

For example, idea generation is there and when basis of that particular idea you are accepting that idea from that particular person and then getting implemented into the organization is concerned. Then the exploring the insights are there that is the our

strengths and weaknesses. When we talk about the insights then please we have to understand that is the we have to do the SWOT or the TOWS of the organization. So therefore, in that case when we are talking about this particular aspect then definitely in that case we will be going for these particular the threat and weaknesses both. So therefore, in that case if we are going by these SWOT analysis we will be exploiting the insights are there that is the what are the our strengths and weaknesses are there.

Here we have to also understand because we will be talking about the strategic direction and then managing the uncertainty is there. Now the strategic directions are taken much in advance and but with the period of time there might be the required to change your direction in spite of the left you may require to go to the right. Then in that case you have to the managing the uncertainty is to be there on the basis of your internal and external environmental factors. So these environmental factors which will be creating within the organization that will be depending upon the your social, political, economical changes and specially as we have seen in the previous session that is the technological changes. Whenever there are the technological changes are there then the uncertainty that is increasing.

So nowadays the topmost challenge into the uncertainty and there is a technological changes are there. Now whatever the challenges you identify 1, 2, 3 then these challenges that has to be adoptable by the organization. It will depend upon the what type of these technology generation you are having and your employees the people those who are used to the what level of this particular technological changes. If they are highly skilled your human capital is strong then definitely adoptable structures will be developed very fast otherwise why innovation fails. Now there is a need for this particular technology and here the adaptation is not possible because our the manpower is not that strong into that particular technology or that knowledge or that skills.

So therefore in that case it becomes very difficult to make this however we are knowing what type of the technology is to be developed but still our organization is not ready for that. So readiness for the change, readiness for that particular technology that will create the minimizing of the uncertainty is there and adoptable structure will be developed. Those organizations who are faster into the developing this adaptable structure they are really becoming the innovative leaders. On basis of all this homework you will develop a system approach a practice will be developed and that practice will create this type of these emotions where they will talk about that is how we can develop a systematic approach is there. Now we will discuss all these points into the detail.

So value financial or the non-financial is there is realized from the deployment adoption and impact of the newer change solutions for the interested parties are there. So here we

especially here the interested parties will be the top management and management are the stakeholders whether they are having that realization of value or not. For example, if you are making the changes into the gen of the technology then definitely in that case that realization of value has to be acceptable by the stakeholders are there. Whenever these leaders are there and they are driven by the curiosity and courage and the challenges the status quo by building an inspiring vision and the purpose and by continuously engaging people to achieve those aims are there. So here it is a strength, strength is of that is your leaders those who are at the driving seat into the organization and they are ready and they are having that vision that is they have to make these particular changes and they accept the challenges and make sure that is organization is does not getting these left behind rather than it is competing with the current technology.

Then the strategy for this purpose the strategic directions are required, innovation activities is based on the aligned and the shared objectives. Now we have seen that is the organizational objective vision mission statements that has to be shared by the all. If somebody does not take the ownership for that then definitely it will be very difficult for an organization to be an innovative organization. And here the relevant ambition and the support is required by the people those who are the all stakeholders involved into this particular change management process are making the organization as an innovative organization is concerned. These are the practices a phenomena with the shared values, beliefs and behaviors, then supporting openness to the change that will be taking the risk and the collaboration enable the coexistence of the creativity and the effective execution is there.

Then the this exploiting the insights are there and resources which are to be going to be the used they have to be systematically build insightfulness knowledge to exploit the stated and unstated needs are there. Here as I mentioned about the managing the uncertainty in the introduction of managing the uncertainty I talked about uncertainties and risk are evaluated, leveraged and then managed by the learning from the systematic experimentation and there will be the iterative process within the portfolio of the opportunities are there. Now here this adaptability changes in the context of the organic or the addressed by timely adaptation of the structure, process, competence and the value realization models to maximize the innovation capabilities are there. This system approach innovation management is based on a system approach with interrelated and interacting elements and regular performance evaluation and the improvement of the system is there because unless and until there is not a system is developed into the organization, the organizations cannot be the successful in the pockets. So therefore, some pockets, maybe the marketing is there, maybe the production is there, but still unless and until the all other divisions they are not supporting, then definitely in that case, it will be very difficult for the organizations to be more and more the competitive and the

successful will be there.

Now I will like to talk about this particular case study about the amazon.com and the here we find it is the Jeff Bezos use of the internet to sell books can probably be regarded as a quantum innovation in this industry. However, innovations at the amazon.com has not stopped there. Bezos and his top management team have engaged in a series of incremental innovations to grow and expand the Amazon's core.

Although competencies is an online retailer, although the Bezos initially choose to focus on the selling books, he soon realized that the Amazon's information technology could be used to sell other kinds of the products also. He began to search for the products that could be sold profitably over the internet is there. Nowadays we are talking about that is Amazon is coming out with the groceries are there and therefore, in that case, even the daily routine the items which are required including the grains and all that is also possible to go for the Amazon is there. So, here we have to understand that is the here we have to explore the companies like the Amazon that is what are the there is a profitability over the internet is there by adopting this particular system or method and that value addition that has to be achieved. First is choose the series when we were when DVDs became the popular Amazon began to sell them is there.

So today, Amazon also has online storefronts of offering music and the video downloads of all kinds and gives it to the customers the opportunity to store their purchases online through its expansion into the cloud computing services. All these new goods and services reflect its desire to offer the widest range of the products possible to attract the customers and especially to encourage the repeat the business. So that then can continue in its mission to become the biggest global book music and the video store. In other ventures, Amazon has opened a holiday gift store to entire customers to send gifts as well as the books and DVDs as presents offered a gift wrapping service and launched a free electronic greetings card service to the announce the arrival of the Amazon gift today. Today it has over 40 different product storefronts are available.

Visuals has moved the aggressively to use the Amazon's developing expertise in the virtual storefront retailing to offering a consulting service to organization that wish to develop its own customer. Friendly storefront that we made Amazon to popular it is also used its IT competence to widen its products line is there. So therefore, we have to understand that is the here the Amazon has seen its core competency and to keep its line up to the data with regard to the ongoing changes electronics and the digital technology that are constantly altering the mix of products is often to use its virtual store. As a result of these incremental innovations to the Amazon's business, Visuals has transformed his company from online book seller to the leading internet product



producer is there. The company's share price has soared in the 2010s the Amazon has become the most profitable online retailer and the investors believe the company has left the skill and competencies to return and strengthen its dominant positions.

The fact that it has overtaken eBay in recent years to become the online retail storefront of these choice also suggest that in the next challenge will be to take on the Walmart's as it expands its storefronts to offer the customers more products and services, including the delivery of the thousands of different kinds of these food products and the flowers, territories and the other kinds of the basic consumer goods are there. This is a research paper, the evolution of the innovation management towards the contextual innovation and in recent decades innovation management the change in this article provides an overview of the changes that have taken place. Focusing on the innovation management in large companies with the aim of the expanding that innovation management has evolved towards a contextual approach, which it will be explained and the illustrate among the using these two cases are there. So here we find that is the, this is related to the existing literature innovation management research and development, you can go through this particular paper and you will find that is a finding of this particular the research it will be talking about that is the what type of the organization is particularly has that has far been the investigated further separately. So, here we find out that is the particular and scientific value of this paper is to that that describes an integrated approach to the contextual innovations are there.

This is the another research paper principles for the innovation management in the family firms is there and this paper reveals a considerable heterogeneity in their innovation behavior and due to the successful long term persuasions of their innovative capacity via the special resources and the routines, multi generation of IT are of these special interest in terms of the learning from the good practices are there. Here the findings of this paper that will also encourage you to use to the derive practical suggestions to understand that is how there are the different principles, which was a form of the 11 principles for the Family Firm (FF) taking a proactive interest in the innovations are there. This paper will be giving you the value that is the how the innovations that are based on the innovation principles that they are making the organization more competitive is there. This is the book building the innovative organization management systems that encouraged innovation.

I am sure this book written by the James A. Christiansen when you will refer you will be able to understand more in details about the innovative organizations is there and the findings of this book that will be helping you that is how to make the change management practices to be the more innovative is there and how to take the leadership for bringing the changes into the organizations are there. These are the references you

can go into the details of these references and find out the different innovation principles and practices and how to create an innovative organization. So by going through this particular literature, I am sure you will be able to understand how to make your organization as an innovative organization is there. Thank you. Thank you.