

Innovation Self-Discovery

The Importance of Innovation

Each day, innovators in the business world create new products, methods, and ideas. They manage to look at problems differently and come up with solutions others cannot, and they provide an endless stream of value to their companies. In fact, innovation just might be the most important component of a successful company because it helps you:

Grow in Leaps and Bounds

Sixty-six percent of respondents in The Deloitte Innovation Survey 2015 stated innovation is important for growth. Businesses that innovate are able to scale up and add more employees. That allows them to take on more customers and grab a bigger share of the market.

Innovation makes it easier to grow, regardless of the size of the business. You might have a small startup, but if you innovate, you can grow your business. The same is true for a fortune 500 company. It might be a huge corporation, but it can take even more of the market share if it manages to innovate. It's easy for innovative companies to grow.

Stand Out from Competitors

Your company fits inside of a specific niche or industry, and it's far from alone. Let's say, for example, you manufacture light bulbs. Tons of companies also manufacture light bulbs, and you need to stand out in some way. You can do that through innovation.

The right innovation will allow you to offer something unique to your customers. For instance, what if you managed to create a light bulb that automatically turned off when people left the room? That's a crazy example, but that's how some of the best innovations work. Top innovators take popular products and make them even better. That makes brands stand out in the market and makes it easy for companies to increase revenue.

Meet Customer Needs

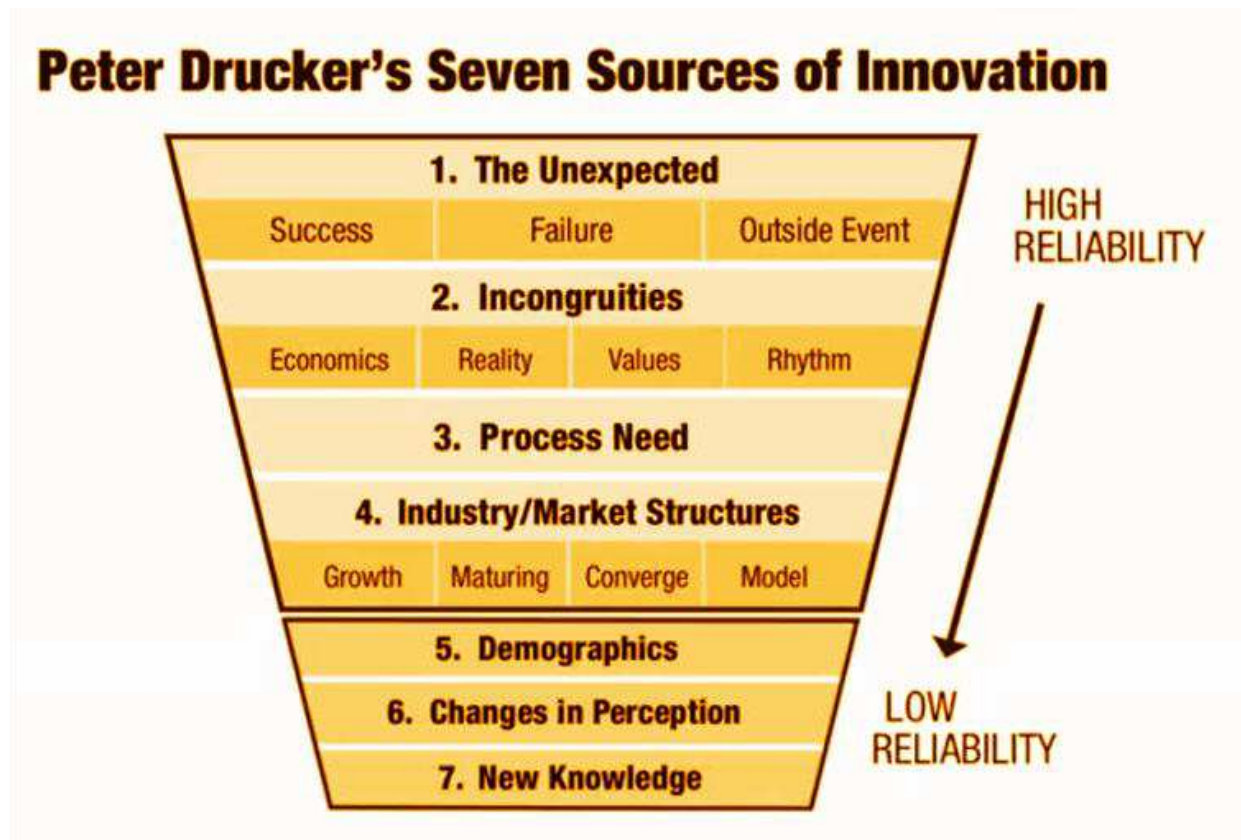
Customer needs are constantly changing. One day, your customers might need exactly what you have to offer, and the next day, they might need something else. Innovators predict changes in the market and provide solutions before people even realize they need them. You cannot meet your customers' needs on a long-term basis unless you are willing to innovate. If you remain stagnant, your business will eventually flounder. You have to come up with new ideas that excite your customers and meet their needs if you want to have staying power.

Attract the Best Talent

Talented, innovative people want to work for innovative companies. You aren't going to attract someone who is going to create the next big thing unless your company has a history of creating. Innovators want to be challenged and encouraged to create on a regular basis, so you need a culture of innovation to recruit that talent. Make a name for your company by being innovative and then watch the resumes pile in. Innovators from all over will want to work with you, and then something magical will happen. Your company will become even more innovative. You will experience more growth, stand out from competition even more, and meet your customers' needs in ways you never imagined. That's when your company will reach an entirely new level.

It's normal to want to maintain the status quo. You assume that since it's worked for you in the past, it will work for you in the future. In reality, the status quo only works for so long. If you're going to keep your doors open, you have to innovate. You need to take the risks that come with innovation so you can enjoy all of the rewards.

7 Sources of Innovation



The 7 sources of innovative opportunity were listed by Peter Drucker in his book “Innovation and Entrepreneurship. If you’re unaware, Peter Drucker is considered one of the truly great management consultants. He wrote 39 books and is considered a seminal thinking in the field of management. The following are his 7 sources of innovative opportunity.

The Unexpected

The market place is the number one area to look for opportunities. A good manager should be constantly studying the market. Is a particular product or service in greater or lesser demand than anticipated? Why? Is there a way we can exploit this unexpected success? What has to happen if we want to convert this success into an opportunity?

The Incongruity

There is a discrepancy between what is and what should be. This is a key to developing wildly successful businesses but it’s tricky. Facebook is a company that nailed it. Prior to the social network’s prolific rise Myspace was the dominant player, but it had its downfalls.

Facebook wisely noted what Myspace was vs. what should be and built that platform. The end result? A company that just had an IPO versus. one that has fallen off considerably. One of the best places to look for incongruity is in your own customers. Their complaints and unmet wants are all the hints you need.

Process Need

Process need involves identifying your company’s process weak spots and correcting or redesigning them. This is a task oriented solution meaning that the source of innovation comes from within your existing capabilities and ways of doing business - not the market.

An example might be a restaurant that identifies that people wait too long for their entrees and so decides to hire another chef to speed up creation times. Essentially your company will want to look for all weak links and eliminate them.

Industry and Market Structure Change

Your industry and the market are in continual flux. Regulations change and some product lines expand while others shrink. Firms should continually be on the watch for this. One example is deregulation. When a previously regulated industry becomes open there is historical precedence for companies that enter early to be very successful. Other things to watch out for are the convergence of multiple technologies and structural problems that occur from time to time (often immediately following an industry boom).

Demographics

We constantly see changes occur in populations, income levels, human capital (education) and age ranges. Smart firms are constantly paying attention to this. When it comes to the baby boomers businesses have been following them constantly as they got older. At present they are one of the largest as well as the most affluent demographic groups with high levels of disposable income. Combining demographic data with segmentation and targeting is a powerful method of accurately meeting a target market’s desires.

Changes in Perception, Meaning, and Mood

Over time populations and people change. The way they view life changes, where they take their meaning from, and how they feel about things also is modified over time and smart companies must pay attention to this in order to capitalize (and avoid becoming forgotten, a relic of ages past). Here are two really good examples. First is a principle called “downaging” which refers to people who look at 50 as being 40. Industries have responded to this, most notably in the cosmetic and personal care industry which provides plenty of solutions to help these people look younger. Full industries are creeping up that

make people feel younger. Have you spotted any lately? Religion is another example. Across the world we've seen Islam and atheism rise. Companies should adapt as overall meaning changes in culture.

New Knowledge

As the speed of technological revolution increases there will be an ever increasing number of opportunities that open up. The internet has been the most notable one in the last couple decades but there have been a plethora of other industries and opportunities pop up as a result of this technological revolution.

New knowledge is about more than just technology though, it's about finding better ways of doing things and improving processes. Your company should look to this new knowledge for ways it can improve incrementally.

Intel does this constantly and it's a major part of why they're the leading processor manufacturer today. Constantly paying attention to the latest in both academic research as well as investing heavily in their own R&D, the company has managed to find continual sources of innovation, driving its success.

Tredgold, G. (2018, January 17). 4 Reasons Why You Need To Focus On Innovation. Retrieved from <https://www.inc.com/gordon-tredgold/4-reasons-why-you-need-to-focus-on-innovation.html>

The 7 Sources Of Innovative Opportunity. (n.d.). Retrieved from <http://www.incrementalinnovation.com/innovation-management-development/7-sources-innovative-opportunity>