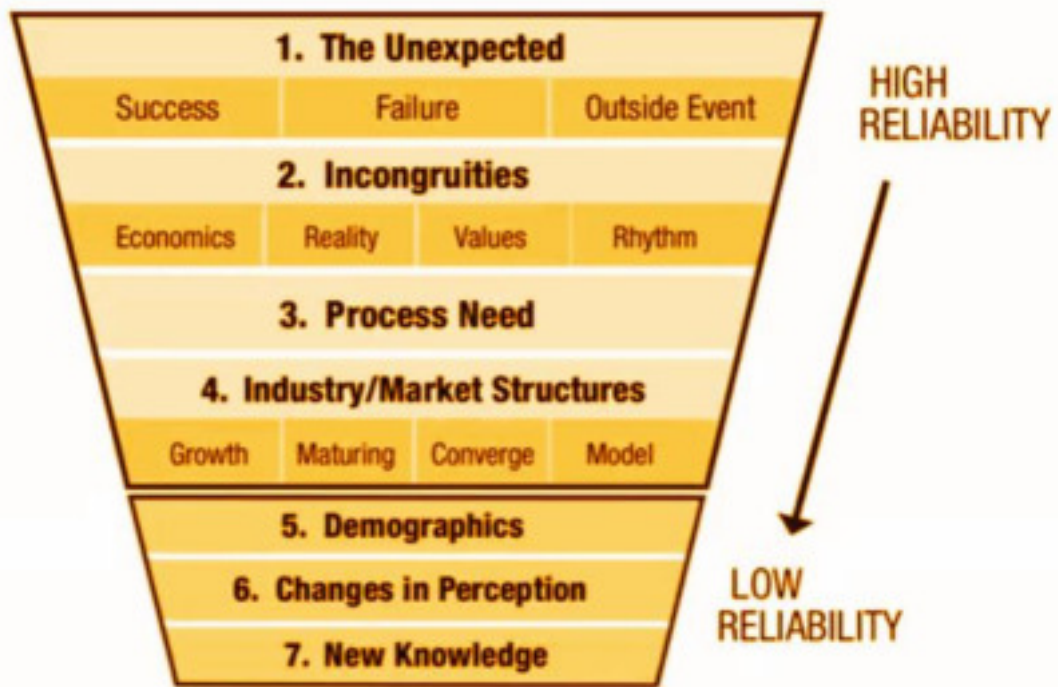


# Innovation Into Practice

## 7 Sources of Innovation

### Peter Drucker's Seven 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

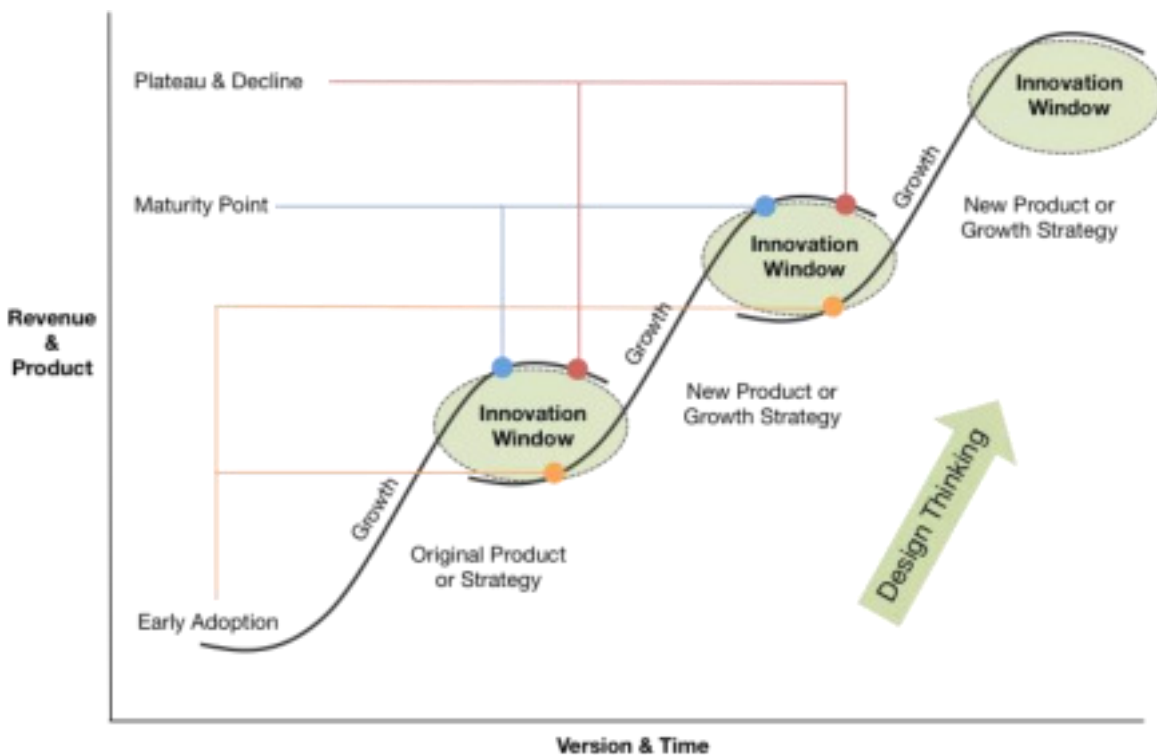
As the speed of technological revolution increases there will be an ever increasing number of opportunities that open up. The internet has been the most notable one in the last couple decades but there have been a plethora of other industries and opportunities pop up as a result of this technological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

### S Curves

It is used to determine performance in regards to time and effort. It assists in determining the level of maturity of the industry / product.



## References

- The 7 Sources Of Innovative Opportunity. (n.d.). Retrieved from <http://www.incrementalinnovation.com/innovation-management-development/7-sources-innovative-opportunity>
- Why S-Curves Are Probably the Most Important Concept in Entrepreneurship. (2018, September 21). Retrieved from <https://innospective.net/why-s-curves-are-probably-the-most-important-concept-in-entrepreneurship/>