

What are the key aspects of innovation management?

Introduction

The Economist recently noted that innovation management is no longer an art, but is ‘becoming a practical science’. So, to get ahead, managers need to quickly develop the range of skills they need to be able to manage innovation effectively. Innovation is a capability to be developed and companies need to decide when and where to apply this capability. Too many companies focus on just one area of innovation management – typically ideas generation – although there are other aspects that are equally important. Leading organisations (which are not necessarily larger ones, merely innovative ones) take a broader view, and consider such areas as selection, innovation strategy, implementation and organisational structure, which includes corporate culture. This is illustrated below.



Furthermore, to produce a robust innovation strategy or make good selection choices, it is necessary to fully understand the different dimensions and degrees of innovation.

Dimensions of innovation

There are many definitions of innovation, and I do not intend to describe the myriad of them. Suffice it to say, that for me, innovation can be simplified to invention + successful commercial



exploitation. Once we understand what innovation is, it is much easier to understand the various dimensions of innovation:

- Revised/new products;
- Revised/new services;
- Revised/new business processes;
- Revised/new manufacturing processes;
- Revised/new business models.

Whilst it is easy to think of new or revised products as the only form of innovation, it is very easy to miss opportunities for sustainable competitive advantage if the organisation solely concentrates on this dimension. A review of the above list clearly demonstrates the opportunities available for innovation within an organisation and whilst this is a generic list, it should be clear that any organisation should be able to identify specific dimensions relevant to their own circumstances.

Degrees of Innovation

In addition to the different dimensions of innovation, there are different degrees of innovation. Innovation is not only radical (which tend to capture the public imagination) – think of the first MP3 player – but can be incremental – minor revisions to a service or product. The following list gives some some degrees of product innovation:

- Improvements and revisions of existing products;
- New products that provide similar performance at lower cost;
- Existing products that are targeted to new markets;
- Addition of products to an existing product line;
- Creation of new product lines;
- New-to-the-world products.



Dimension and Degree Analysis

Understanding both dimensions and degrees can allow a company to help analyse the competitiveness of individual innovation projects and also help a company understand its portfolio of such projects. Adopting such analysis helps to force an organisation to think how they can innovate across the various dimensions.

Phases of Innovation

As can be seen in the graphic above, there are three phases of innovation: ideas, selection and implementation. This is the traditional new product development funnel. Added to this is that it is necessary to have an **innovation strategy** (a framework for innovation), and to set the organisation up to support innovation.

Conclusion

This post is entitled: What are the key aspects of innovation management? A summarised answer is that the key aspects are an understanding of the different dimensions and degrees of innovation, coupled with an understanding of the three phases of innovation together with the need for an innovation strategy and organisational structure and culture.