



# THE FUTURE OF INNOVATION MANAGEMENT

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## ABSTRACT

*In this era of fast-paced technological change companies are frequently forced to quickly bring innovative products or Services to a competitive marketplace to retain existing customers. In the meantime, successful innovation is the lifeblood of an organization and sustaining the innovation becomes a big challenge to all organization. So most of the so called innovative companies started to focus to manage their innovation for their future. Looking back is a natural as we look to learn lessons from past activity, similarly innovative organizations turn in to their past to know the main factors that lead them to succeed in their innovation journey and improvise those factors to manage their future innovations. The main factors that are mandatory are 1. Customer-centric innovation 2. Corporate Culture 3. Employee Motivation 4. New Business model 5. Transformational Leadership*

**Key words:** Innovation Culture, Diversity, Role model, Challenges, leadership, revenue, business.

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## 1. INTRODUCTION

In general innovation management is really just a form of looking into the future, being creative and imaginative so that organization can carve out a new niche before their competitors. Business must look ahead, not behind. It is not only big companies that need to do this but also every business must innovate to compete their rivals. They must create new products and services for new markets. They must be creative, and come up with new ideas for new business that would help them to generate more tangible benefits. This is the new management paradigm. The organization that is looking for revenue growth requires to speed up processes, functions, data, inventory turns and speed to market and it will force employees to learn a whole new language called innovation.

“Management” is a term that is constantly used in companies. As a Manager, is responsible for managing a task and coordinating activities to achieve a defined purpose and goals, similarly innovation management is the systematic promotion of innovations in organizations and includes tasks of planning, organization, management and control. To manage future innovations, organizations need to concentrate on

- Customer- Centric Innovation
- Corporate Culture
- Employee Motivation
- New Business model
- Transformational Leadership

## 2. REVIEW LITERATURE

An organizational innovation is the implementation of a new organizational method in the firm’s business practices, workplace organization, or external relations (Organization for Economic Co-operation and Development [OECD], 2005). Specifically, an organizational Innovation is the implementation of a new organizational method in the firm’s which has not been used before in the firm and is the result of strategic decisions taken by management. Literature states that organizational innovation is a critical output for companies (Liao & Wu, 2010), a source of value creation (Hwang et al., 2008) and an indicator for the Intrafirm diffusion of different organizational practices (Armbruster et al., 2008). Scholars differ in assessing this (Acs & Audretsch, 1991; Baldwin & Scott 1987; Cohen & Levin, 1989) but recognize that historically, major innovations have come from both large and small firms. Notwithstanding, there exists evidence to suggest that SMEs face unique Speed-related challenges related to limited capital and human resources, firm culture, Non-professional and less-experienced management, and the general ability to develop and manage valuable alliances (Ali, 1994

Galbraith, 1952, 1968; Pavitt, 1990). Developing systematic innovation management frameworks that travel beyond the NPD function is an important goal for future business success.” - Professor Joe Tidd. Is innovation merely product development or R&D? Drucker (1998) has defined innovation as a “change that creates a new dimension of Performance”. Booz and Hamilton (1982) have defined innovation as: New to the world, new products to the firm;• Additions to existing product lines, improvements Researches have tried to answer the critical question -“What can be done to improve innovation?” (Capon et al.1992, Cooper and Kleinschmidt 1987). Companies need to harness all their resources and energy to the fullest to result in continuous improvement. Tushman and O’reilly (1997) suggest creating organizations with separate units pursuing transformational change and incremental change in the existing business model. Browne and Eisenhardt (1998) urge to keep the firms on the “edge of chaos” through, improvisation, co-adaptation, regeneration, experimentation and time pacing. Leaders are an essential element in the promotion of corporate innovation (Hemlin, 2006a) innovation in corporations as an outcome of individual, team, and organizational efforts joined to produce a new product, process, or service that is potentially attractive to a market. Corporate innovation is defined “the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations” (OECD, 2005:46). According to Denti & Hemlin (2012), “A leader supports teams and individuals as they turn their creative efforts into innovations (leader as facilitator) and manages the organization’s goals and activities aimed at innovation (leader as

manager)”. Leadership is an integral part of innovative corporate performance for at least two reasons. First, leaders construct the environments that favour creativity and ultimately innovation (Hemlin et al., 2008; Shalley and Gilson, 2004). Second, in a top-down process, leaders manage the strategic innovation goals and activities of their organizations.

### 3. CUSTOMER- CENTRIC INNOVATION

If any organization understands customer problem and do innovation based on the customer problem then it will be very easy to implement the same in customer side also because those innovations are very much important for them. Clayton Christensen, author of *The Innovator's Dilemma*, underscores this point when he encourages innovators to understand the jobs a customer needs to get done. The great Car manufacturer Ford once said, “If I asked customers what they wanted they’d have said faster horses.” And Steve Jobs was famous for saying, “It isn’t the customer’s job to know what they want.” So it is our responsibility to identify customer critical problems and the same could be solved by our innovation.

That means, if organization understand their customer problem, and if it can bring them a solution based on technologies, products and services, then they will pay money. And if organization can bring them a really valuable solution, it will get payment for its innovation and it can make a bigger profit. But the way to figure out those problems of customers, organization should know about their ethnography and the challenges they are facing by their end customers. Either by observation or listening, organization would come up their challenges which would be a real opportunities to innovate and attain exact solution of their problems.

Successful innovations means that are not ones to solve engineering challenges, they should generate a long-term competitive advantage, provide value to their customer by making their lives easier and more fun. Customer-centric innovations really very useful for managing futuristic innovations and it will really make a huge impact by solving problems.

### 4. CORPORATE CULTURE

Culture denotes a set of ‘mental models’ implicitly shared by the members of that organization. “A mental model is nothing more than the beliefs about an issue and are synonymous with rules and regulations, habits, managerial processes, assumptions, mindsets, paradigms, conventional wisdom, industrial recipes, customs, institutional memory, and so on.” Organization’s mental model is manifested in the culture through routines and unwritten rules of behavior.

Behavior in every organization is governed by its ‘dominant mental models’ (Spender 1990, Barker 1992, Grinyer and McKiernan 1994). McKinsey & Company has expressed it in a very simple but effective expression, “The way we do things around here”.

Many researches articulate that a stable culture and a set of values enhance an individual’s capability to innovate. Culture is vital because it provides a sense of permanence, direction and a marketplace identity and helps in finding ways to proceed towards future accomplishments. A strong corporate culture would have system in the place, guides how people are to behave most of the time. It enables employees to feel better about what they do, so they are likely to work harder and exhibit their creativity. When these needs are nurtured in the corporate environment the employee is more likely to innovate to the best of his ability.

All the time mental models does not facilitate innovative thinking and help to get new ideas. At the time of crisis, organization should avoid conventional process and discover new

ways of doing things and involve new strategic plans. That may help employees think differently and come-up with new ideas. To sustain existing customers and gain potential customers the company must create an innovative climate throughout the company ((Humble and Jones, 1989).

The essence of corporate culture of creativity and excellence consists of (Rastogi, 1986, 1988) a high orientation towards work excellence, a feeling of duty towards the attainment of the goals of the organization and cooperation amongst the employees in the performance of their tasks based on mutual trust and regard. If these are not widely shared by the members of the company, the organization will not be able to move towards sustained high performance based on creativity, excellence and innovation achievement in future.

## **5. EMPLOYEE MOTIVATION**

If organization desires to be great innovative company, then employees should be motivated. Really speaking motivated employees really want to be productive staff. So while preparing annual strategy of innovation, there should be a plan for motivating employees for their innovation cultures. Most of the time, not every employee got inspired by the same thing. So there should be list of motivational programs should be in place. It may be monetary award, rewards during town hall meeting, special trip to some educational spots along with family, free lunch with leader of the organization or free innovation course to develop employees innovation horizon.

These types of programs include anything from bonus pools, rewards recognitions such as "Employee of the Month", to spotlighting employees on corporate websites or internal intranets or circulating newsletter about their contribution in innovation and make them proud of their accomplishments. These will make employees feel connected and part of the success of the business by innovation.

To cut short, nowadays employees want transparency and freedom to express their ideas and face to face feedback from higher officials. Highly motivated and finely tuned workforce are very important to operate company effectively and smoothly. The real fact is motivation of employees is directly linked with business profits.

## **6. NEW BUSINESS MODEL**

Business model is one of the essential forms that depict the development of a firm. The business model is the predominant way a business creates value for its customers and captures some piece of that value for itself. It defines how to create and capture value within domestic business market as well as global market to reap benefits. So the strategy is based on bring up new value by incorporating new business model, process, operation and convincing innovation management approach. These should be sufficiently systematic and repeatable to generate new, innovative business models.

While invention is all about creating something new, innovation is about making it useful for a large set of people and creating value in the process. Companies' investments in Innovation are becoming more and more global, primarily for companies in developed countries. Asia has seen by far the largest inflow of R&D investments from 13% in 2002 to 19% in 2007 of total world R&D expenditure, according to the UNESCO institute for statistics.

As part of the business model innovation process, organizations will need to identify new types of value and purpose-driven stakeholder transactions and also understand the

unarticulated needs of the customer. Always Customer may not express his requirements precisely, that is the reason we always go for requirements change. The need to be global and act local greatly increases the managing the innovation. We expect that companies will increasingly need to take a modular approach to business models – innovating such that different modules can be used as building blocks in a range of market environments, each supporting the overall strategy of the company.

## **7. TRANSFORMATION LEADERSHIP**

Leaders are an essential element in the promotion of corporate innovation (Hemlin, 2006a). Innovation in corporations as an outcome of individual, team, and organizational efforts together to Produce a new product, process, or service that is potentially attractive to a market. Therefore, it's immensely important to keep employees alive, aligned, engaged and enthusiastic for fostering their never giving up mindset towards their innovative journey. This sole responsibility on the shoulders of the leader.

The organization needs to drive employees from creativity mission to continuously innovate the things. Organizational climate and transformational leadership role were increasingly used for Instigating KS, creativity, and OI (Amabile, 1988; Ekvall, 1996; Jaiswal & Dhar, 2015; Oldham & Cummings, 1996; Qu, Janssen, & Shi, 2015; Sethibe & Steyn, 2016). It is advised to create such a climate by organizations for practicing TL leadership to enhance KS and OL towards OI and OP.

Organizations also need to store and share the KM, and TL is learning to transcend them for the future. Academics should conduct more research on the usefulness of those variables to amalgamate those into real practice

Transformational leaders have the skill needed to transform an organization if they can effectively communicate a vision that inspires and motivates their team. For effective communication to occur, they must build trust in their team and show authentic interest in the person as an individual. They used to foster diversity and ready to take risk to implement new innovation model. They never criticize the ideas of their team and encourage them for their ideas as well as provide time for their implementation. They should be role model in innovations.

## **8. CONCLUSIONS**

The next decade is to be tougher than the last terms in managing innovations. Since globalization all organization would like to be in top in their position, they need to adapt new business models, and ready to provide opportunities for diversified workforces. Apart from internal system, future trend emerging in fashion, space and luxury plays vital role in adopting new technology and making owners to be pride in their modern trendy possessions. The major sectors such as Insurance, Health care and financial institution are going for new innovation and automatic applications which will mainly focus on customer- centricity. These will develop relationship with customers as well as different corporates.

As a transformational leader, need to identify what is their innovation role is and what they are capable of achieving. They can be catalyst of innovation and also responsible for being. They should be stalwarts in new technology and in a position to develop a culture which encourages and enables innovation. They should also plan to sustain existing innovation for future innovation management of organisation to take the company in a proper track to reap permanent revenue generation

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