

PRINCIPLES OF INNOVATION

The purpose of an organization is to create wealth. Not just wealth in the sense of money, but in its original meaning that is prosperity, well being, and health -- the common weal. And, the organization creates wealth, not just for its owners, but its employees, stakeholders and the community at large. In order to create wealth the organization must innovate.

The four principles of organizational innovation are:

1. Seek Change
2. Gain the Vantage Point
3. Motivate Freedom
4. Delight People

SEEK CHANGE

Innovation both causes change and takes advantage of change. Innovation that takes advantage of change that is occurring or will occur, is far more likely to be successful than innovation that seeks to cause change. This type of innovation, that takes advantage of change, is market driven. The market consists of customers, competition and technology all interacting to cause change. The needs of the customers, the responses of competitors and the capabilities of technology all must be understood independently along with their interaction as a market. In addition, this market is embedded in an environment of driving forces that channel this interaction of needs, responses and capabilities. Social, political, economic, demographic and scientific driving forces for change must be understood in order to determine how the market is going to change over time and where the opportunities for innovation lay.

GAIN THE VANTAGE POINT

A vantage point is a place where one can see clearly. It can yield a competitive advantage. To gain the vantage point, an organization must balance four factors -- the opportunities and threats in the market, the desires of the organization's stakeholders, the capabilities of the organization and the capacity of the organization for development. Resulting from this balance is an innovation strategy that can give competitive advantage, fulfill the desires of the stakeholders, utilize the organization's current capabilities, and stretch the organization to develop beyond its present limitations. The result of this analysis and synthesis is a strategy that is composed of a vision, mission, goals, and plan.

MOTIVATE FREEDOM

To motivate freedom means to go through a process of ennobling, enabling, empowering and encouraging the members of the organization. Ennoblement provides the purpose of the organization and how it relates to creating wealth. Enablement provides the knowledge, skills and abilities required for the innovation program. Empowerment gives the people the freedom and responsibility for their own actions. Encouragement is the role of the management team as the organization goes through the innovation process.

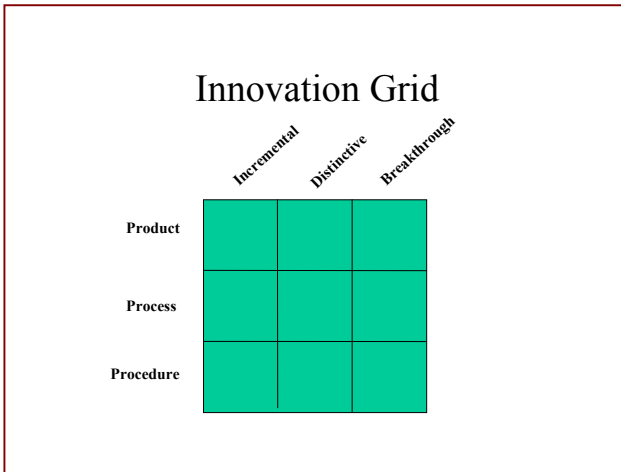
DELIGHT PEOPLE

To satisfy people is to put an end to their desires, which you really do not want to do. When a person is delighted, they want more. Delight, in the business context, is an ongoing process of

anticipating needs and providing solutions just before people realize that they need something. Using innovation to delight people assures a technology transfer in the easiest possible way.

THE INNOVANTAGE GRID

There are two different categories of innovation -- nature and class. The nature of innovation is its focus -- product, process or procedure. In general product innovations relate to things interacting with things. Process innovations relate to people interacting with things. And, procedure innovations relate to people interacting with people.



The second category of innovation is its class -- incremental, distinctive or breakthrough. Breakthrough innovation is the first of its kind. Distinctive innovations are others like the breakthrough but are distinctively different. Incremental innovations are small changes on distinctive innovations. By combining these two categories together a matrix of nine different types of innovation is created. We call this matrix the InnoVantage Grid.

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