

Chapter 2

Information Management in Innovation Management

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ABSTRACT

Innovation is today condition sine qua non for any company that wants to survive in a competitive environment. It is important for the company to know the changes in the market more deeply: in the expectations of the customers, aiming to adapt its products to these changes, innovating both the portfolio and the processes, and therefore seeking better results. In this sense, it is imperative to include in the company's strategy the information management, which maximize the chance to provide correct information to the managers, at the right moment, subsidizing their actions. This chapter aims to present how the information management is inserted in the context of the organizations' innovation management. To this end, it will present theoretical concepts and models that allow managers to implement effective information management, searching better operational results.

THEORETICAL REFERENCE

Innovation Management

Innovation has played a mandatory rule for a company to survive in the market, especially in crisis. According to Drucker and Krames (2010), most companies has failed to keep in business because they are stuck with products that have been “successful in the past.” For Drucker, “executives who cannot rule out the lucrative deals of the past, despite growing signs of failure in the present, will be held accountable

DOI: 10.4018/978-1-5225-3012-1.ch002

for the poor performance of the future.” Only knowing how to make the disposal of products outdated will enable the innovation in the organization.

However, whenever one talks about innovation, it is common to find the thought that, innovating is synonymous of inventing something completely new. This statement is not true, and not always innovating is creating something new.

It could be noted in bibliography that the concept of innovation came with the theory of Joseph Schumpeter, developed in 1911, where the author presents his concept of “circular flow”, where the economy runs naturally and without modification; that is, all the goods that are produced, will be consumed. According to Schumpeter (1997, page 28), “the economic system will not be arbitrarily change on its own initiative, but it will always be linked to the previous state of affairs.” This is where innovations come about. For economic growth to take place, something new must happen and stop this circular flow.

According to Schumpeter (1997), this innovation will not happen from the outside to the inside, but from the inside out. According to Schumpeter (1997), “development only can happen when economic life changes are not imposed from outside but from within, on its own initiative.” These innovations produce qualitative changes and lead to the disruption of the “circular flow”, consequently, leading the company to innovation.

It is important to note that this concept was developed at a time when the market was in the process of growth, where competition was small, and there was a pent-up demand.

Later in time, due to the changes that happen in the market and in the organizations, the concept of innovation was adapted. Based on Barbieri (1997), Tomael, Alcará and Chiara (2005) stated that the concept of innovation can vary, depending on the area studied. In the marketing area, innovation is considered any modification perceived by the user, even if nothing is done that physically modifies the product. In the production area, innovation can be understood as the introduction of novelties materialized in products, processes and services, new or modified.

Opposed to Schumpeter, Drucker (1950), states that managers’ concern must be different due to the growth of competition in the market. It is no longer the company that will create innovations and will put them for the market to buy. According to him, the fierce competition gives the customer the power to transform the market, that is, the customer is who defines what he buys and the quality of the product he intends to buy, thus changing the cycle said by Schumpeter

Therefore, it is up to the organization to get to know better its client in order to meet their expectations. For Drucker, the power at this time is in the hands of the market. According to Drucker and Krames (2010), “the right product for the right customer, with the right distribution, at an appropriate price and in a timely manner, will make sales efforts close to zero.”

At this point, the concept of innovation becomes directly linked with information and knowledge. In order to achieve success in a new market, organizations need to get to know the real expectations of their clients, thus seeking to develop innovative solutions that differentiate them from their competitors.

The concept of innovation has therefore taken a new turn, as seen in Girole, Lima and Patah (2012, p 618), where innovation is “the creation of a new knowledge, or the combination of existing knowledge, that can be transformed into new products that have economic value.”

It is, therefore, necessary to know the concepts of Information Management to understand how to use it in the search for innovation.

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