Chapter 105
Staying Ahead in Business Through Innovation

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ABSTRACT

Globalization has created new trends such as market consolidation, vertical market strategies, and mergers in the business world. These trends have forced many business enterprises to adapt themselves to these new phenomena. Now it has become a necessity for many business enterprises to look for a "new approach" that can help them to face new realities in business. The most talked about and discussed "new approach" in the business world is "innovation management." Some enterprises have started declaring innovation as their objective, but they do not seem to follow it up with any concrete action or support of their objective, some of them being under the impression that somehow someone will find an idea that would help their enterprise to improve their revenues and reduce their costs. This approach clearly indicates the lack of clarity on innovation management. This chapter explains the various forms of innovation and discusses a case illustration in respect to an innovative approach followed by a textile mill in India.

INTRODUCTION

Many business enterprises rush into generating ideas to become more innovative before clearly identifying the problem in their enterprise. If the enterprises expect their employees to come up with ideas that would work, the employees need to know the business problems faced by their organization. The employees must have access to the information pertaining to the problems of their organization. It is the practice of many enterprises that their organization's information is considered as important and is also kept as secret. It is meant for the management's view only. The environment in enterprises must be friendly instead of closed. Then only the employees will associate themselves with their organization. This would facilitate them to integrate creativity and strategic thinking. Creativity is certainly a part of innovation but innovation is much more (Tocci, Chesbrough, & Piller, 2016).

It is observed executives in enterprises are under the impression that innovation is associated with new products, new technology, and research development activity. This view is too narrow in the presence of business scenario. Innovation can be applied broadly across all aspects of an enterprise. They are such as existing products, services, business processes and business models.

Peter Drucker in his article on the discipline of innovation says that innovation is real work. It should be managed like any other corporate function. Further he explains that it does not mean the same as other business activities. He stresses that innovation is the work of knowing rather than doing. He argues innovative business ideas come from methodically analyzing seven areas of opportunity. The areas are 1) Unexpected occurrences 2) In Congruities 3) Process Needs 4) Industry and Market Changes 5) Demographic Changes 6) Changes in Perception and 7) New knowledge. He groups the above areas of opportunity are under within a company or industry and outside a company in its social and intellectual environment. The first four areas fall under the group one and the balance three fall under group two. The glass is half full and the glass is half empty are the descriptions of some phenomena, but have vastly different meanings. Changing a manager's perception of a glass is from half full to half empty opens up big innovative opportunities.

BACKGROUND

Globalization has created new trends such as market consolidation, Vertical Market strategies and mergers in the business world. These trends have forced many business enterprises to adapt themselves to these new phenomena (Estrim, 2009). Now it has become a necessity for many business enterprises to look for "New Approach" which can help them to face new realities in business. The most talked about and discussed about the "New Approach" in the business world is "Innovation Management.

History of Innovation

Innovation has always been part of mankind. Since the discovery of fire by rubbing two stones together, human beings have been innovating. Innovation is probably the oldest known process. In other words innovation is an extension of a person's creativity. Human beings have been using their inner skills to create many new things to help mankind.

Historical Background of Knowledge Management

The concept of knowledge management is not new. The focus and approach has been changing over a period of time. One may observe from the literature on the history of information and knowledge that the basic patterns of behavior remained constant over a period of centuries concerning the role of information and knowledge. History provides many examples. Emperors in the olden days always surrounded themselves with advisors who were scholars first and politicians second. Roman emperors like the ancient Greeks consulted educated priests to gain an insight into the possible future. Indian Kings seemed to be concerned with creation of knowledge among people by allocating places for schools and libraries. Julius Caesar used innovative construction methods and advancements in ammunitions to achieve military success. Napolean made use of the advancements in artillery to defeat his opponents. Cornelius Vanderbilt had taken advantage of the advancements in rail road wheels and brakes to create

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