



INNOVATIVE PRACTICES IN OTHER AREAS OF MANAGEMENT

Prin. Dr. Rajkumar M. Kolhe

Founder President, Jahnvis Multi Foundation, Vande Mataram Degree College of Arts, Commerce & Science, Kopar.

Abstract

Successful organizations know the significance of innovation in business. Apple is a good example of how effective innovation management can improve your products and scale up your business. After reaching on the brink of collapse, it achieved new heights of success by implementing effective innovation management policy. The success of its innovative management strategies once again brought it in the league of leading organizations. If you are an entrepreneur who wants to learn from innovative management strategies of successful organizations, consider the following thirteen strategies.

**MANAGEMENT IS EFFICIENCY IN
CLIMBING THE LADDER OF
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DETERMINES WHETHER THE
LADDER IS LEANING AGAINST THE
RIGHT WALL.**

STEPHEN COVEY

Introduction

Innovation is reshaping the corporate culture of organizations in this present age of competency and service legacy. Innovation in services is getting recognition from the top executives due to its strategic importance and globalizes competition, which has escalated the demand of better change and adoption of best practices through change in processes. This research is based on innovation management in service industry of Pakistan according to the prevailing corporate environment and strategies to sustain or have potential competitiveness to meet the standards of the ever changing market. Organizations are considering innovative ideas as their potential informational resource along with financial and non-financial resources. Almost 80% of the IT sector and 60% of the banking sector has embedded the innovation concepts in their organizational hierarchy to get optimum utilization of resources and benefits through market and organizational performance. Innovation is the core competency factor for every market oriented approach.

In non-technical language, innovative management is any process that involves changes in planning, ideation, technical execution and production of resources in a way that can make a system more functional for people. In context of business, it focuses on two major objectives:

- Improving operational systems of an organization
- Enhancing products/services for end-users

In the former case, it takes into consideration the leadership, management and resources that make up the working machinery of an organization. In the latter case, it works on the systems and processes involved in creative and technical aspects of developing a product/service. An effective innovation strategy results in better performance of employees, increased productivity and higher customer satisfaction.

Applying the latest 13 new practices will help you create an effective innovative management strategy that will foster creative thinking in your organization:

1. Innovation as an Integral Value in their Business Philosophy

Unlike need-seekers, innovative organizations consider innovation as their core business value. They do not seek innovation as a need-based thing and instead consider it as a continuous phenomenon which is crucial for their growth. By implementing innovation as a fundamental business value, they are able to create an environment that fosters creativity.

2. Taking the Lead

The world's leading innovative organizations are always the first ones to lead a trend. From Ford motors to Apple, you will learn that these organizations were the first ones to take initiatives in their respective industries. Ford Motors pioneered the



“line assembly” mechanism which introduced mass production of cars, while Apple revolutionized the IT industry with its production of sleek-designed products that enhanced mobility and increased performance.

3. Implementation of Technology for Collaboration

Truly successful innovative organizations integrate an effective IT infrastructure that enables smooth flow of information. Such a system ensures a seamless sharing of information and access to ideas which results in higher collaboration and better engagement across the organization.

4. They Exercise an Innovation-Friendly Environment

All innovation-friendly organizations practice a seamless systems and processes that support creativity at every step. A production manager cannot better the design of products if the finance department is not allowing sufficient budget to execute the process.

Similarly, an IT manager cannot integrate an effective collaborative system in business applications if it lacks a supportive IT infrastructure. For a successful innovation strategy, all your processes and systems have to merge together to make your ideas a reality.

5. They Measure Innovation

Innovative organizations apply metrics tools for their creative and development processes. Their success depends on how much time and money is spent on implementing innovation in the organization. The following metrics can be used to measure the success of their innovation management:

- The amount of time spent in creativity sessions
- The amount of money spent on training workers for innovation skills
- The extent to which processes and systems are restructured to support innovation.

6. They are not Afraid to Experiment with New Ideas

Successful businesses are not afraid take risks where others may be reluctant. By experimenting and risk-taking, they are able to put new products and services on the market and improve their business processes and strategies.

7. They Fund Creative Training Programs

An innovative business is run by a creative team. Innovation-minded managers recognize the power of a creative team and never hesitate to spend on their training. Effective innovation training programs motivate employees to find creative ideas that can improve work processes and enhance their productivity.

8. They Reward Creative Talent

The world’s leading innovative organizations acknowledge the creative talent of their company with incentives and rewards. By appreciating work of their talented workers, they give them a strong reason to exercise their creative muscles in betterment of the organization.

9. They have a Leadership Team that Inspires Ideas

A creative leadership team is crucial to inspire the workers for creativity. World’s most recognized innovative organizations have a certain pattern of innovative thinking that transitions from top leadership to the junior staff. Leadership stimulates creative thinking that the technical staff implements in their work processes.

10. They have a Shared Definition of Innovation

In an organization, the definition of innovation has to be shared unanimously by leadership stakeholders. Unless all the senior management agree upon a unified interpretation of innovation, it will be difficult for an organization to implement creativity at the grass-root level. A contradicting definition of innovation creates glitches in creation, execution and application of innovation in an organization.

11. They have a Machinery to Fine-Tune Creative Ideas

Innovation comes in raw form. It needs to be refined before it could be implemented in a system. Similarly, innovative companies have right people and resources to convert a potential idea into a tangible result. They have intellectual, technical and financial resources to make an innovative concept a reality.

12. They have an Artistic Workplace

Majority of innovative organizations design their workplace to inspire creativity. Google, Facebook, Nokia and Dropbox all have an artistic workplace that induces creativity and stimulate new ideas. No wonder these organizations offer their clients amazingly creative products and services.



13. They are Never Complacent

Innovative organizations are never complacent with their success. They always look for creative and novel strategies that could help them develop their working processes and enhance their products. As they are always open to new ideas, they are able to develop creativity around their working approach which enables them to serve their clients with better products.

What is Management Innovation?

A management innovation can be defined as a marked departure from traditional management principles, processes, and practices or a departure from customary organizational forms that significantly alters the way the work of management is performed. Put simply, management innovation changes how managers do what they do. And what do managers do? Typically, managerial work includes

- Setting goals and laying out plans;
- Motivating and aligning effort;
- Coordinating and controlling activities;
- Accumulating and allocating resources;
- Acquiring and applying knowledge;
- Building and nurturing relationships;
- Identifying and developing talent;
- Understanding and balancing the demands of outside constituencies.

In a big organization, the only way to change how managers work is to reinvent the processes that govern that work. Management processes such as strategic planning, capital budgeting, project management, hiring and promotion, employee assessment, executive development, internal communications, and knowledge management are the gears that turn management principles into everyday practices. They establish the recipes and rituals that govern the work of managers. While operational innovation focuses on a company's business processes (procurement, logistics, customer support, and so on), management innovation targets a company's management processes.

Whirlpool, the world's largest manufacturer of household appliances, is one company that has turned itself into a serial management innovator. In 1999, frustrated by chronically low levels of brand loyalty among appliance buyers, Dave Whitwam, Whirlpool's then chairman and CEO, issued a challenge to his leadership team: Turn Whirlpool into a font of rule-breaking, customer-pleasing innovation. From the outset, it was clear that Whitwam's goal of "innovation from everyone, everywhere" would require major changes in the company's management processes, which had been designed to drive operational efficiency. Appointed Whirlpool's first innovation czar, Nancy Snyder, a corporate vice president, rallied her colleagues around what would become a five-year quest to reinvent the company's management processes. Key changes included,

- Making innovation a central topic in Whirlpool's leadership development programs;
- Setting aside a substantial share of capital spending every year for projects that meet a certain tough standard of innovativeness;
- Requiring every product development plan to contain a sizable component of new-to-market innovation;
- Training more than 600 innovation mentors charged with encouraging innovation throughout the company;
- Enrolling every salaried employee in an online course on business innovation;
- Establishing innovation as a large part of top management's long-term bonus plan;
- Setting aside time in quarterly business review meetings for an in-depth discussion of each unit's innovation performance;
- Building an innovation portal that grants Whirlpool's employees all over the world access to a compendium of innovation tools and data on the company's global innovation pipeline;

Developing a set of metrics to track innovation inputs (such as the number of engineering hours devoted to innovative projects), throughputs (such as the number of new ideas entering the company's innovation pipeline), and outputs (such as the pricing advantages gained from more-distinctive products and higher customer loyalty).

Whirlpool didn't make all these changes at once, and there were plenty of false starts and detours along the way. (For more on how Whirlpool built its innovation engine, see "Change at Whirlpool Corporation," Harvard Business School case nos. 705-462, 705-463, and 705-464.) Translating a novel management idea (like innovation from everyone, everywhere) into new and deeply rooted management practices requires a sustained and broad-based effort, but the payoff can be substantial. Jeff Fettig, Whirlpool's current chairman, estimates that by 2007, the innovation program will add more than \$500 million a year to the company's top line.



How to Become a Management Innovator

I have yet to meet a senior executive who claims that his or her company has a praiseworthy process for management innovation. What's missing, it seems, is a practical methodology. As with other types of innovation, the biggest challenge is generating truly novel ideas. While there is no sausage crank for innovation, it's possible to increase the odds of a "Eureka!" moment by assembling the right ingredients. Some of the essential components are;

- A bewitching problem that demands fresh thinking;
- Novel principles or paradigms that have the power to illuminate new approaches;
- A careful deconstruction of the conventions and dogma that constrain creative thinking;
- Examples and analogies that help redefine what's possible.

Why Management Innovation Matters

General Electric. DuPont. Procter & Gamble. Visa. Linux. What makes them stand out? Great products? Yes. Great people? Sure. Great leaders? Usually. But if you dig deeper, you will find another, more fundamental reason for their success: management innovation.

In the early 1900s, General Electric perfected Thomas Edison's most notable invention, the industrial research laboratory. GE brought management discipline to the chaotic process of scientific discovery and, over the next 50 years, won more patents than any other company in America. Much of GE's current competitive prowess can be traced to that extraordinary accomplishment.

DuPont played a pioneering role in the development of capital-budgeting techniques when it initiated the use of return on investment calculations in 1903. A few years later, the company also developed a standardized way of comparing the performance of its numerous product departments. These innovations, among others, helped DuPont become one of America's industrial giants.

Procter & Gamble's preeminence in the packaged goods industry has its roots in the early 1930s, when the company began to formalize its approach to brand management. In the decades since, P&G has steadily built upon its early success in creating value out of intangible assets. P&G's product portfolio includes 16 brands that have produced \$1 billion-plus in sales every year.

Visa, the world's first near-virtual company, owes its success to organizational innovation. When Visa's founder banks formed a consortium in the United States in the early 1970s, they laid the groundwork for one of the world's most ubiquitous brands. Today, Visa is a global financial web that links more than 21,000 financial institutions and more than 1.3 billion cardholders.

Linux, the computer operating system, is the best-known example of a recent management innovation: open source development. Based on other innovations like the general public license and online collaboration tools, open source development has proved to be a highly effective mechanism for eliciting and coordinating the efforts of geographically dispersed individuals.

As these examples show, a management breakthrough can deliver a potent advantage to the innovating company and produce a seismic shift in industry leadership. Technology and product innovation, by comparison, tend to deliver small-caliber advantages.

A management innovation creates long-lasting advantage when it meets one or more of three conditions: The innovation is based on a novel principle that challenges management orthodoxy; it is systemic, encompassing a range of processes and methods; and it is part of an ongoing program of invention, where progress compounds over time. Three brief cases illustrate the ways in which management innovation can create enduring success.

Conclusion

Innovation Management is the management of innovation processes. It refers both to product and organizational innovation. Innovation management includes a set of tools that allow managers and engineers to cooperate with a common understanding of processes and goals. Innovation management allows the organization to respond to external or internal opportunities, and use its creativity to introduce new ideas, processes or products. It is not relegated to R&D; it involves workers at every level in contributing creatively to a company's product development, manufacturing and marketing.

By utilizing innovation management tools, management can trigger and deploy the creative capabilities of the work force for the continuous development of a company. Common tools include brainstorming, virtual prototyping, product lifecycle management, idea management, TRIZ, Phase-gate model, project management, product line planning and portfolio management. The process can be viewed as an evolutionary integration of organization, technology and market by iterating series of activities: search, select, implement and capture.

Innovation processes can either be *pushed* or *pulled* through development. A *pushed* process is based on existing or newly invented technology, that the organization has access to, and tries to find profitable applications for.

A *pulled* process is based on finding areas where customers' needs are not met, and then find solutions to those needs. To succeed with either method, an understanding of both the market and the technical problems are needed. By creating multi-functional development teams, containing engineers and marketers, both dimensions can be solved.



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