



STRATEGY AND STRATEGIC INNOVATION

Strategic Innovation means taking a planned and structured systems approach to the whole creativity and innovation process, wherever it occurs, inside and outside the organisation, capturing it, protecting , developing and adopting or commercialising it and harvesting as much of the value on offer as possible.

Strategic Innovation

Strategic Innovation and Strategy Innovation are not the same thing although discussions often drift between the two. Strategic Innovation means taking a planned and structured systems approach to the whole creativity and innovation process, wherever it occurs, inside and outside the organisation, capturing it, protecting , developing and adopting or commercialising it and harvesting as much of the value on offer as possible. It takes an organisation wide overview of innovation. Strategic innovation is one of the four elements of the *Forté Management Step-by-step scorecard and management tool* that examines analysis, diagnosis, planning and action for each of finance, operations, strategic innovation and people management. Innovation should be planned in the same way that operations, finance and the like are planned and managed.

Strategy Innovation

Strategy Innovation is defined by the Oslo Manual as one of the four types of innovation (Product, Process, Marketing Organisational or Paradigm Innovation) Most management thinking has focused on New Product Development and either on strategy (and the process of strategic planning) or on innovation (and the process of new product development) so strategy and innovation have developed as largely separate schools of thought. NPD usually takes place in an organised manner in the R&D department, universities and research institutions and develops products and services intended for sale to customers. However, within most organisations there is a steady flow of innovation taking place developing new products and processes, often below the radar. It is below the radar because it is incremental and therefore often unnoticed. This is a vital process for improving performance but it is also an important source of commercialisable innovation that more often than not hides unrecognised within the firm. Some experts claim that this is the dominant source of new commercialisable ideas.

Strategy and strategic planning has mainly focused on the corporate and business unit (SBU) levels while innovation has focused mainly at the product level. Strategy has been applied to the product level as rarely as innovation has been applied to the corporate or business unit level. Only towards the end of the 20th century did researchers and managers begin to challenge the traditional mindset and combine innovation and corporate strategy.

Researcher Dr Gary Hamel (Hamel 1998) defines strategy innovation as the ***“capacity to reconceive the existing industry model in ways that create new value for customers, wrong foot competitors, and produce new wealth for all stakeholders”***.

Other closely related expressions that are used include value innovation, non-linear innovation, discontinuous innovation, competitive innovation and new-style product development. Similarly, Kim CW and Mauborgne R (1999) define value innovation as a concept that ***“makes the competition irrelevant by offering fundamentally new and superior buyer value in existing markets and by enabling a quantum leap in buyer value to create new markets”***. Finally, new-style product development has been described as ***“reshaping an existing market by changing the nature of competition ..., by breaking existing rules, and introducing new ones which work in one’s favour”***. (John 1992).

References

Hamel G, 1998 “Strategy innovation and the quest for value”, *Sloan Management Review*, 39 (2), p8.

John A, 1992 “New style product development”, *Management Decision*, 30 (1) p8.

Kim CW and Mauborgne R, 1999 “Strategy, value, innovation, and the knowledge economy”, *Sloan Management Review*, 40 (3), p43.

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