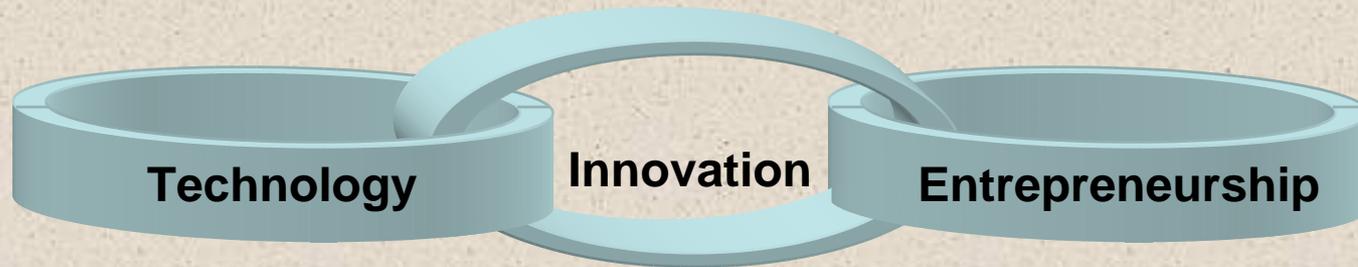




Today, innovation is the key to a  
company's success...

and its survival

# Our aim is:



To **innovate** with the extensive use of **technology** in order to maximize the **entrepreneurship**

# Three driving forces lead the current situation



The competition is getting bigger

The constant technological improvement

The competition is global

# This is what we are facing

An almost perfect storm of hyper-efficient competition

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- The competition is getting bigger

- The constant technological improvement

- The competition is global

There will be always a competitor that can achieve a better economy of scale than our cost efficiency programme, challenging our profit margins. Probably our competitor will have bigger size, thus lower costs of capital.

That means even gaining economies of scale, same costs of productive resources, same costs of capital, our competitor will have access to better productive technology.

Global companies can achieve better economies of scale and can make out-sourcing work. As a result these actions reduce their cost of inputs and the cost of their productive resources.

# The reaction in today's globalized environment

- A company must be constantly innovating
- Develop new products, new services
- Build better customer and provider relationships
- Improve efficiency
- React to the challenges
- Create added values
- Differentiate
- Create the ideal environment for the staff to make growth

# Not all challenges cause innovation

- Innovation can derive from our reaction to challenges from which we expect an added value
- If we do not pay we cannot wait for a return
- Poor environments usually focus on poor targets

# The term Innovation

- Innovation may refer to both radical and incremental changes to products processes and services
- Usually the target of innovation is to solve a problem
- Innovation is linked to performance and growth of an organisation

- Innovation typically adds value
- Innovation may also have a negative or destructive effect due to new developments that change the old organisational forms and practices
- Innovation involves risk



**Value Added**  
Value

# COMMUNICATION





# How can we achieve that ?





# Our Global Strategy

# It's time to CHANGE, what we cannot afford

- Remain inert
- Comfortable and smug in our illusion of safety
- Comfortable in our well deserved wealth
- The inevitable sense of loss involved in change
- Stuck in old beliefs and convenient worldviews
- Hold on well-defined traditions unquestioned and unchallenged
- Think and not believe, listen but not hear, consume but not experience, think but not understand, speak but not act



# Change is the Only Constant

- It is the changing of reality that drives all events
- Change is the fabric of the universe
- All systems evolve and develop.
- Systems arise, develop, flourish and perish
- Nature shows us that change is creation and destruction
- All ends are new beginnings

# Change is difficult

- Humans have an evolutionary desire to escape from insecure situations towards secure ones
- In addition they desperately look for holding on to that secure situation
- Trying even rationally deny the changing environment
- Incumbent systems reject the changes necessary to fit into a new environment jeopardizing the system's sustainability itself
- A stable pattern represents a victory of order over chaos
- The proven viability of this stable pattern acts as a conservative force against innovation
- A safe prosperous environment serves as a center of gravity against change

# The Cause of Change

- The most important precondition to change is acknowledgement that there is a challenge that requires action
- The existence of integrity, honesty and a fearless sense of reality

# If we try only to improve our existing processes through:

- Take actions to minimize our costs
- Focus our efforts to one tool, e.g. marketing campaigns and concentrate on this effort

Probably we will be crushed

# If our company fails to innovate

- Will be quickly driven out of business by globalized competitors who have access to massive pools of cheap capital and cheap international labour pools
- Most of the cases there is always a competitor who has both

# Failure of innovation due to internal causes

- **Failure due to cultural infrastructure**
  - Poor leadership
  - Poor organisation
  - Poor communication
  - Poor empowerment
  - Poor knowledge management
- **Failure due to innovation process itself**
  - Poor goal definition
  - Poor alignment of actions to goals
  - Poor participation in teams
  - Poor monitoring of results
  - Poor communication and access to information

# So the next step is to turn our company into an innovation machine

- How we can achieve that ?
- Where to start ?
- How we can control and guide this effort ?
- Who has to be involved ?

# Common characteristics of innovators

- They are not troubled by the idea of failure.
- They realise that failure can be learned from and that the “failed” technology can later be re-used for other purposes.
- They know innovation requires that one works in advanced areas where failure is a real possibility.
- Innovators are curious about what is happening in a myriad of disciplines, not only their own specialism.
- Innovators are open to third-party experiments with their products.
- They recognise that a useful innovation must be “robust”, flexible and adaptable.
- Innovators delight in spotting a need that we don’t even know we harbor, and then fulfilling that need with a new innovation.
- Innovators like to make products that are immediately useful to their first users.

# Organisational innovation is driven by:

- Improved quality
- Creation of new markets
- Extension of the product range
- Reduced labour costs
- Improved production processes
- Reduced materials
- Reduced environmental damage
- Replacement of products/services
- Reduced energy consumption
- Conformance to regulations

# Innovation is change for the better

- Innovation involves change
- Innovation means transcending an existing situation by creating a new and valuable idea
- Innovation is the birth of a new system, integrating and transcending given realities
- Innovation associates, experiments, matches and combines unexpected points of view
- Innovation migrates solutions from one context to another
- Innovation consumes energy and give extra benefits to produce unexpected emergent properties
- Innovation requires real change, true breakthroughs, true progress
- Innovation may be disruptive or gradual, in any case is the natural progression of forms
- Change that is detrimental, regressive, defensive, ineffective and it ads no value to the existing situation is not innovation

# Collaboration is a Precondition to Innovation

- The human mind in isolation atrophies
- All things created are the ones who created together, consists of elements that are related to each other
- Systems connect to and interact with other systems

# Innovation is a force of nature

- Things always happens for a reason
- Nature is constantly solving challenges within a frame of growing complexity
- Nature accommodates entities which interact and related each other
- Human mind is a product of nature and as a result follows the nature's rules

# 3 major principles

1. Enlist the help of everyone in the organization
2. Keep in mind that innovation happens in a decentralized, non-hierarchical way
3. Create an emergent environment in the company to generate innovation

# Not all people may be involved

The ones that can though, has to be turned from simple knowledge workers to innovation creators

# Steps of action

1. Eliminate the barriers faced by innovation creators
2. Design a structured platform to support innovation

# Step 1 – Eliminate the barriers

- Innovation creators need to know who is who in the company
- Need to know what is going on
- Need to own a piece of the pie
- Need an environment of reciprocal altruism, where they trust that they will eventually be rewarded or their efforts
- Thrive an environment that encourages dialog and has true feedback loops
- The organization must be culturally primed to accept constant innovation

# Step 2 – Design the innovation's platform

- The key is to make people follow a structured process in their pursuit of new solutions
- This will turn innovation to be more effectively and efficiently

Examples of innovation under a structured process include:

1. The US army
2. The Financial Derivatives market
- 3. The Open Source software movement**

# Step 2 – Design the innovation's platform

- Deploy an enterprise blogging system to facilitate internal communication, what is a blog: it is a communication tool which can help you create and not simply consume as a user
- Hire or find from your company the key person who will be the chief innovation creator, someone who knows the company well or has relevant experience
- Start to use web based tools to empower your knowledge workers
- Stand up and broadcast to your colleagues at your company, your ideas, your projects in progress, problems you are facing
- Let workers communicate and find between them the support and cooperation to accomplish their projects
- Monitor these interactions and try to generate profitable and positive results (this is the job of the innovator)

For a CEO in his target to generate extraordinary profits in a conventional business he has really two options:

1. Create a consistently lower cost structure or
2. Generate a higher revenue stream

# What we should do ?

We should fight our enemy where he isn't.

Create new products or services for which there is no competition (e.g. students support services, extra guidance and mentoring)

**ONLY constant innovation can generate income**

Think of the evolution of Internet. How it was revolutionized ?

By making best use of the existing telephone infrastructure.

Which concludes:

If you wish to generate constant innovation you have to make better use of your existing resources, which means redesigning the organization.

# We have to stand out from the crowd

**Cost-cutting sometimes brings anorexia and this can lead you to unhealthy situations**

Cost-cutting always brings stress and this can lead you to fear, while fear can be converted to uncertainty and uncertainty can become risk avery.

Risk avery is the enemy of innovation as well as of change.

In such a case, there is an antidote.

Investing in innovative new ideas that might generate organic growth

# Investing in innovative new ideas that might generate organic growth

**If companies decide to generate new profit streams they need to start focusing on innovation**

The difficulty lays on how to structure the organisation to generate a stream of profitable innovations

Innovative products and services bring profits but they only exist for a short period of time; the time it takes the competition to realize what you are making, copy you, compete you in price and drive your profits down

So we have to gear the company for constant change and constant innovation

Create an emergent environment  
where the employees can share and  
find information across the whole  
organization

**Act realistic and set up the teams to achieve  
lots of small innovations**

Not everyone is going to be the kind of person who will thrive in this kind of environment, just as not every soldier is cut out to be a member of special forces

If the company comply with:

The hiring of people who do thrive in this environment

Empowering them and

Give them the tools to get the job done

**The rewards will be substantial**

## **Current situation:**

Massive competition from huge multinational juggernauts, out sourcing and constant pressure to improve efficiencies

## **Immediate action:**

Create emergent companies who will generate greater profits because:

They will be more nimble

They will be more focused

They will be much more innovative

They will provide maximum customization in their offered products and services

The above will lead them to maintain an edge in profitability

# Which are our weapons?

- Transform our mentality and adapt to the new situation
- Increase communication within the company
- Adopt technological aspects in our approaches and use extensively the new technological tools
- Work to spread and establish the innovation spirit among our employees
- Hear our subordinates and give them tools to work for us
- Share our strategy and thoughts with them, find common ways to interact on daily basis

The target should be to structure the organization to generate a high stream of profitable innovations

## **What are the hurdles faced by Innovation Creators ?**

**People often do not know much about knowledge, experience and skills their colleagues bring to table. Solving the problem of “who is who” is critical to creating an environment that generates innovation.**

**People need to know what is going on within the company. Thus we must help them know the ‘big picture’, understand the small details.**

**People try harder when its theirs, their project, their plan, their decision. Provide enough ownership to your teams as well as public credit for their achievements.**

**People need to grow. The ones who want change, work for innovation, they have energy and knowledge. They must have the feeling that their efforts will be recognized and rewarded.**

**Emergent intelligence requires feedback loops. The environment should foster direct feedback. Institutional inertia based in hierarchy and structured process cannot help in developing true improvements.**

**Innovation creators threatens the established order. Company needs to have the level of trust necessary to be able to absorb constant change and growth.**

**Emergent organizations produce innovation from a structured environment and from the organization’s structure or hierarchy**