

THINKING BIG AT THE SMALLER END

John Kapeleris looks at implementing an innovation strategy in a small-to-medium enterprise

STRATEGY

Innovation has been identified by organisations as a key strategy for growth and sustainability in the turbulent and highly competitive global arena. Innovation has the potential to create competitive advantage by providing new technologies and products, new organisational systems and models, identifying new market opportunities or serving market segments that others have ignored.

Innovate or die has been the catch phrase of the 21st Century. The modern organisation operates in an ether of discontinuous change and is faced with numerous influences that continually challenge its integrity and survival. These include the impact of rapid globalisation, discontinuous change, increasing levels of competition, technological change, unstable economic conditions, transition from an industrial to knowledge-based society, diversified workforce and increasing complexity of the environment.

Developing an innovation strategy for SMEs

Developing a strategy to encourage innovation in an SME first requires an understanding of the nature of the business and its environment. Developing a strategy for innovation will differ when considering a small start-up versus a larger corporation. The strategy of a company aspiring to innovate should articulate innovation as one of its objectives. This should include both corporate and functional innovation strategies.

For example, at 3M, innovation is sought in every function of the firm, not only in product development. The strategy must be clearly communicated to all members of the organisation and be supported by top-level management. Senior management must also be committed to a culture that encourages teamwork, trust, questioning the status quo, risk taking and, ultimately, innovation.

The firm should have an appropriate employee training and professional development program in

place, not only for the specific technology discipline for the organisation, but also a structured creativity and innovation learning program to encourage the use of creativity tools and techniques. In addition, a focus on creative problem-solving will enable additional competency in innovation processes.

Encouraging cross-training with universities and other institutions, such as research collaborations and promoting multiskilling in a number of tasks and processes, is important in smaller organisations. Exposing employees to the outside environment through the use of external speakers, customer visits, library visits, the internet and focused think tanks with external guests creates additional value in networking. The optimum goal is to aim for a balanced level of skilled human resources across all functional areas in the organisation.

A company's formal and informal communication networks that are part of the organisational structure will determine its innovation effectiveness. The organisational structure must be differentiated so that it is able to respond to constantly changing factors in its environment, but also needs to be integrated so that it is able to maintain the key communication links in the company. Today's businesses operate within an unpredictable and changing environment, therefore an organic structure would provide differentiation of functional areas that can best deal with the changing environment. Organic structures encourage cross-functional interaction and allow lateral communication flows.

New ideas, the basis of innovation, depend on tapping the tacit knowledge of employees and making this knowledge available to others in the organisation through its corporate memory.

A successful employee suggestion and idea capture system has the ability to encourage ideas generation and implement improvements in the organisation. A successful approach is to develop an electronic knowledge repository accessible

to everyone in the organisation where ideas and suggestions are captured and tracked in the organisation. A cross-functional team should be assigned to routinely evaluate and follow up ideas and suggestions. The generation, capture and implementation of ideas should be visible to the organisation to ensure acceptance and support from employees. The employee suggestion and idea capture system has the ability to drive continuous incremental improvements in the organisation and also be a source of radical ideas.

In the spirit of 3M, companies should also provide time and resources for employees to pursue their own 'pet' projects and reflect on their learnings:

- Encourage employees to develop and sell their ideas to other people in the company
- Develop a budget for the support of projects based on new ideas
- Create an environment to share and implement ideas for the benefit of the organisation and its stakeholders.

Small technology-based firms generally have intensive R&D programs focused on developing new products or services. The management of R&D and new product development is one of the key factors for the future success of the company. Speed to market of new products will ensure competitiveness in the industry. To ensure accelerated speed to market, a stage-gate process for product development is recommended.

Conclusion

A clear articulated strategy for innovation will encourage ongoing growth and development in an SME. By embracing the concepts of innovation and successfully implementing innovation strategies and processes, a firm would have made the first steps towards achieving growth and sustainability in the hyper-competitive global arena.

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