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# Views on Innovation

The key to developing an innovation strategy is looking at knowledge—especially new knowledge—as a resource.

### What according to you is Innovation?

For me, Innovation means as follows:

Innovation is the creation, evolution, exchange and application of new ideas into marketable goods and services, leading to the success of an enterprise, the vitality of a nation's economy and the advancement of society. Innovation encompasses the full spectrum from idea creation to commercialization. Successful innovation depends on converting knowledge flows into marketable goods and services. An innovation strategy is similar to a road map. It outlines where an enterprise is to go, and organizes the resources to get there. However, there is no perfect map, and measuring devices may be imperfect. A competitor may change the landscape before goals are reached. The key to developing an innovation strategy is looking at knowledge—especially new knowledge—as a resource. Innovation strategy, on the other hand, is a synthetic practice based on innovation and uncertainty.

The innovation process includes three phases: Invention, translation and commercialization. The first phase can focus upon creating something 'new'—usually considered an invention—or identifying something already known that might be reused or used in a new way. Both feed the innovation process. Both could be considered as

part of the creation stage—knowledge creation.

The second stage of the process is the conversion process, where knowledge—sometimes in the form of technology—gets translated into production and manufacturing. At stage three, the knowledge—now in the form of some product or service—can be commercialized.

Further, we now need to look at innovation from the perspective of the flow of knowledge: How it is created, converted into products and services and commercialized for the benefit of a constituency. Innovation does not operate as a value-chain. Instead, innovation operates as systems dynamic of interactions—across functions, business units, sectors, industries and geographies. Innovation applies in the profit and not-for-profit sectors of the economy. Academic institutions, government agencies and NGO's must innovate just as commercial enterprises do.

### Some people feel that Innovation and Creativity are very much inter-related. Do you think so?

Contrary to popular opinion, innovation is NOT creativity, although creativity is needed throughout the entire innovation value-system. Also misunderstood, innovation is NOT simply R&D; it requires the constant flow of knowledge from all functions and stakeholders. In fact, at least 60% of what is needed to make an enterprise successful is

likely outside the company or even the geographic region. And the measurement of the number of patents, graduate degrees or communication lines is not necessarily an indication of innovation prowess. We need modern indicators to calibrate the value-added of innovation.

Innovation is more a sense of 'ideas operationalized' than the creation of the idea in the first place. Modern innovation includes how to manage the collaborative process across boundaries, measure intangible value and intellectual wealth, incubate new businesses, operate as a distributed network of expertise, position competitively with new forms of intelligence and use innovation technology to enable the whole process.

### What role does Innovation play in a firm's survival in this dynamic and competitive business world?

The progress and survival of any enterprise is dependent upon the success of its innovation capability. Innovation is the business and the one competence required to ensure future success. It is that simple and that complex. But few enterprises—private or public—have a Chief Innovation Officer. Instead, they leave this critical process to serendipity. Innovation must be in the head, heart and hands of every participant in the system. It does not mean everyone is an expert technician and expert marketer at the same time. It does mean everyone has knowledge

of the entire innovation system and their particular role. It does mean there is some common language and shared purpose, and the boundaries fade between functions, sectors, industries and cultures. It means there is a basic trust, mutual respect and collegial competencies. In addition, a thirst for learning pervades the culture. In the present scenario, the real challenge facing most companies is that of faster innovation. Creating the system within which ideas are created and applied is more than management. It is a matter of strategy and leadership.

### **Is Innovation a one-time affair or an on-going process?**

Innovation is the constant ebb and flow of the firm; it is omnipresent. However, it is wise to plan certain events that can be managed within time periods for the influx of new ideas that can then be carefully and systematically incubated into new products and services.

### **Any particular firm you would like to mention in the context of Innovation?**

Though there are many, one of my earlier clients in the pharmaceutical industry, Novo Nordisk is my favorite. Novo Nordisk is a pharmaceutical company specializing in diabetes care, situated in Denmark. Novo Nordisk engages with stakeholders to reconcile dilemmas and to find common ground to develop more sustainable solutions. It has successfully undergone a stakeholder-innovation program which was aimed to link customers to other external stakeholders and employees to enable better diabetes care. The program has led the organization to form new partnerships and mindsets in order to gain a sustained competitive advantage worldwide. Innovation is enhanced through the cross-fertilization of knowledge and experience. Novo Nordisk has always done business this way and it has become a part of the company culture. Employees pride themselves on being there for their customer and strive to better understand their needs.

In an article by Soren Skovlund (Knowledge Management 2005), senior advisor for corporate stakeholder relations, the Diabetes Attitudes Wishes and Needs (DAWN) program, which builds upon a global survey of the psychological aspects of diabetes and involved thousands of people from 13 countries, is a classic example of stakeholder innovation. Tapping into this global knowledge base allowed Novo Nordisk and its stakeholders to develop a new approach to diabetes care that looked more closely at the person behind the disease. The knowledge from DAWN has become an integral part of the Novo Nordisk National Diabetes Program (NDP), a collaborative approach to improving international diabetes care. The NDP facilitates the development of effective national diabetes programs through sharing best practices among more than 40 countries. If the pharmaceutical industry can rise to the challenge and make itself part of a larger solution, its potential involvement in addressing the burden of disease on a national and global scale can increase dramatically, and those who move from product differentiation to know-how and Knowledge Innovation management will be those best prepared for the future. It is only through the constant creation of well structured and carefully managed knowledge programs, and the development of new partnerships, that innovation in public health-promotion activities can flourish and the burden of disease can effectively be reduced.

What I strongly feel is, the only thing that makes a company unique is knowledge. Others can replicate your products, replicate your services, can reverse engineer your strategies, but they cannot replicate your knowledge and how you use it to create a collaborative advantage.

### **Any other thoughts/views/personal experiences you would like to share with our readers?**

We live in an era of 'kaleidoscopic change'. It is not the speed of change of one variable or the speed of change of multiple variables chal-

lenging today's management executives. It is the compounding effects of the speed of change of multiple variables creating a business landscape where old traditional policies and practices are not sufficient. Just as with a kaleidoscope, one may not know how the weight, shape or texture of pieces combines to form a new image. We do know is there is no turning back. Executives are challenged to manage enterprises in a world where the economic rules have changed and the new ones have yet to be invented.

Innovation is the only emerging trend for a sustainable growth and economic development within cities, regions, countries and enterprises. Innovation encompasses the full spectrum from idea creation to commercialization and is the key to realizing the intangible value hidden in interactions between people, nations and societies.

One should always be open to change—being flexible, adaptive open to new ideas and willing to unlearn old ones are essential management qualities. Moreover, innovation is the implementation of effective change management. Innovation is essential to examine and disseminate the creation of fresh opportunities, profit from leading insights, and the tool of knowledge exchange and knowledge arbitrage. We have now entered into the innovation frontier. Intellectual capital, properly leveraged via innovation is the new currency that provides a different paradigm from previous agricultural, industrial or service economies. It is a currency that rests on the value of human potential and how it can be leveraged. The world is now our landscape and history will document our success.

'Innovating our future... together.' 🌟

The Interview was conducted by **Pradip Sinha**, Research Analyst, The ICFAI Center for Management Research, Hyderabad.

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Reference # 03M-2005-05-16-06