



**Innovation – it's not just about science
and technology!**

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Overview

- Innovation and Why?
 - Types of Innovation
 - Drivers of Innovation
- Innovation in your organisation
- Social Innovation
- Discussion

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What is Innovation and why?

- The “Frascati” Definition!

Research and experimental development (R&D) comprises creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications.



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What is Innovation and why?

- An alternative view...

The successful exploitation of ~~new~~ ideas

Not all new ideas are good ones.....

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What is Innovation and Why?

- The difficulty lies not in the new ideas
... but in escaping the old ones.

John Maynard Keynes



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What is Innovation and Why?

- Those that live by the sword
... **get shot by those that don't**



- Evolution is not about the survival of the fittest
... **but about those best able to adapt**

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The challenge is not to see what no one else has seen
... but to think what no one else has thought
about what everyone has seen



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Types of Innovation – Innovate What?

Types

- Business Model
- Product
- Service
- Marketing
- Process
- Organisational

Degrees

- Incremental
- Breakthrough
- Game Changing

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Types of Innovation – Innovate What?

- ***Scottish Innovation Activity***

- The majority of Scottish firms were engaged in some form of innovation activity 56.3% Some 26.6% introduced at least one new product and 18.8% introduced at least one new process

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Types of Innovation – Innovate What?



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Types of Innovation – Innovate What?



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Types of Innovation – Innovate What?

Importance of ICT as an enabler of Innovation

- Traditional
 - Process and system improvement to productivity
 - Web Marketing
 - E-Business
- Emerging Opportunities
 - Social/Community Networking
 - Web-Marketing
 - Flexible working
 - Knowledge management
 - Digital Content Delivery

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Drivers of Innovation

- 10 Areas for Innovation Opportunity
 - Unexpected successes
 - Unexpected failures
 - Unexpected external events
 - Process weaknesses
 - Industry/market structure changes
 - Converging technologies
 - Demographic changes
 - Perception changes
 - New Knowledge
 - High-growth areas

Source ; Drucker
Innovation & Entrepreneurship
1985

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Drivers of Innovation

Innovation in a Downturn

- *" During economic downturns innovation is the single most important condition for transforming the crisis into an opportunity"* **NESTA**
- *"Recessions provide a platform for innovation and economic growth"*
Joseph Schumpeter Economist and Political Scientist
- *"We know R&D and innovation are critical to growth but there is also evidence that companies raising their R&D spend at the start of previous downturns and recessions improved their competitive position."*
Brian Ashcroft, University of Strathclyde

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Drivers of Innovation

● “Demand” Factors

➤ “Customers” and “Markets”

- Acknowledgement of a need or problem to resolve
- What are the customer needs?
- Importance of each need to the customer?
- How well are needs being met?
- What value is provided to the customer?

➤ “PEEST” trends

- Political, Environmental, Economic, Social, Technology
- React or enable the changes?

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Drivers of Innovation

- Questions for Your Organisation?
 - How frequent do you talk to your “customers” regarding their needs and the quality of the services you offer?
 - How do you analyse what's happening now and in the future in your market or sector?
 - What trends have most impact on your organisation and how are these changing?
 - What internal formal or informal processes do you have for capturing and reviewing trends and changes in customers and markets?

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Drivers of Innovation

- “Supply” Factors
 - The generation of ideas by individuals or groups
 - Individuals, Teams, Users, Suppliers, Competitors, Partners
 - The development and communication of those ideas into solutions
- Questions for your organisation?
 - How do you go about generating and capturing ideas?
 - How do you assess which should be pursued?
 - Do you look outside your organisation to find ideas and also to develop those ideas more effectively?

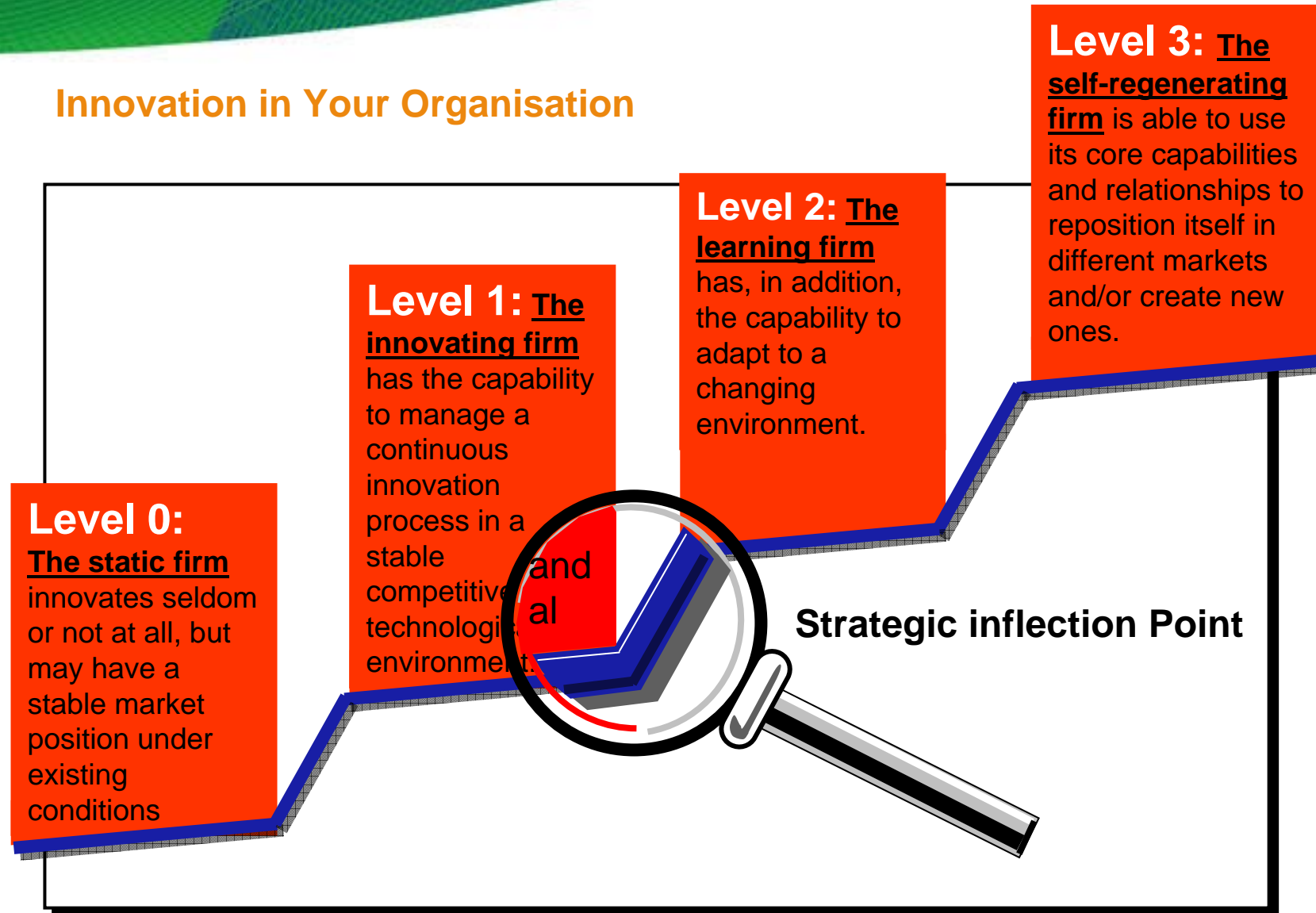
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Drivers of Innovation

- A Culture of Innovation
 - Innovative leadership and conducive organisational culture
 - Strategies and processes to identify, refine and implement new solutions
 - Organisational learning and ability to adapt to change
- Questions for your organisation ?
 - Is Innovation in it's widest sense viewed as a strategic objective?
 - Are the leaders of the organisation open and receptive to new ideas?
 - Are staff encouraged to suggest improvements to services and processes?
 - Do you have a process for generating and capturing new ideas?
 - Does the organisation maximise the use of technology in the delivery of it's services and processes?
 - Do you measure your innovation performance?

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Innovation in Your Organisation



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Innovation in Your Organisation

Innovative Employees

- Employees seek new ways to recreate their work
- Employees understand innovation as new ideas to produce customer value, cost savings or revenue generation opportunities
- Employees are encouraged to propose innovative ideas across the organisation

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Innovation in Your Organisation

Innovative Leadership

- Leading and driving innovation
- Focussing energy and resources on innovation
- Directing innovation towards meeting market needs and opportunities
- Creating an atmosphere and developing creativity
- Creating continuous innovation cycles
- Welcoming “open innovation”

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Innovation in Your Organisation

Open Innovation

- Increasingly – to innovate – organisations must reach outside their own boundaries
- The most important sources of innovation are from the market – from customers, suppliers, competitors

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Innovation in Your Organisation

- Open Innovation...Why?
 - The what of the solution is more important than where it comes from
 - Extend reach and capability for new ideas and technologies
 - Gain access to people you couldn't . . . or wouldn't employ
 - An opportunity to create a more innovative culture from the outside in
- Open Innovation...How?
 - Partnership working and co-development
 - External networks
 - Working with Universities

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Innovation in Your Organisation

Key Actions

- Broaden your definition of innovation to cover all areas of the organisation
 - Involve many people – internal and external
- Focus on specific themes and areas
 - Get the right resources behind the right ideas
- Measure your innovation performance
 - Prerequisite for driving the right set of behaviours as well as tracking progress
- Generate lots of ideas and expect many to fail
 - Problem is not a shortage of ideas but knowing which are the right ones to invest in

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Innovation in Your Organisation

- **Is Failure a Success?**

I made 5217 prototypes of my vacuum before I got it right.

There were 5126 failures. But I learned from each one...schoolchildren should be marked by the number of failures they've had.

Sir James Dyson





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“Social Innovation” Challenges

“Social enterprises are based on the recognition that innovative solutions to difficult social problems are unlikely to come from markets left to their own devices”

Source: Charles Leadbetter, Cabinet Office, 2007

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“Social Innovation” Challenges

- Not normally straightforward problem definition
- Solutions normally multidisciplinary, cross traditional organisational boundaries
- Requires flexibility in approach and long-term commitment – doesn't sit well with demands of political and funding cycles
- Greater risk-aversion due to stewardship of public funds
- Challenges of dealing with larger (bureaucratic) stakeholders

Source: Nesta, Innovation in response to social challenges, 2007

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“Social Innovation” Challenges

- Solutions to many social problems depend on changing the way markets work
- Long terms, sustainable solutions can't depend on grants, subsidy or charitable donations
- Profitable social innovation opportunities through growth industries:
 - Energy: Renewable Energy to community Benefit
 - Life Sciences: Health and Wellness
 - Food and Drink: Organic, Fair Trade and Health foods
 - Financial Services: New financial service products
 - Digital markets: Digital inclusion, learning , social networking
 - Tourism: Sustainable destinations and collaboration

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“Social Innovation” Stimulation

- Requires more creative methods of organisation and reward to seeking and developing ideas
 - Centrally co-ordinated research through grants or contracts
 - Prizes – competitions and procurement
 - Calls for Ideas
 - Seed Funding for ideas and pilots and follow-on funding for scale-up
 - Managed partnerships to bring together disconnected solutions
- Good in theory, limited in practice

Source: Nesta, Innovation in response to social challenges, 2007

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- **Scottish Enterprise:**
www.scottish-enterprise.com

0845 607 8787 (Scottish Enterprise Helpline)
- **Website**
www.nowsthetimetoask.com
 - **Facing the Challenge** - a series of events to help you through the downturn. These are free of charge and in various locations across Scotland
- **Business Gateway:**
www.sbgateway.com

0845 609 6611 (Business Gateway)

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For Discussion

- Based on a wider view of innovation around “the exploitation of ideas” do you think the social enterprise sector is innovative?
- What do you see as the main barriers to innovation in your organisation or the sector?
- How could these barriers be overcome?

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Scottish Government Funding

Scottish Investment Fund (apply to Social Investment Scotland)

<http://www.scottishinvestmentfund.co.uk/>

Third Sector Enterprise Fund (apply to Scottish Government)

<http://www.scotland.gov.uk/Topics/People/15300/funding/enterprising-skills-fund>

Social Entrepreneurs Fund (apply to First Port)

<http://www.socialentrepreneursfund.co.uk/>