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Bibliografia

Which Innovation Efforts Will Pay?

Alexander Kandybin. MIT Sloan Management Review. Cambridge:Fall 2009. Vol. 51, Iss. 1, p. 53-60

Successful innovation - the kind that leads to customer engagement and profits is rare and hard to achieve, or so one might conclude from observing the results of many companies innovation efforts. Some have tried investing intensively in research and development. But the author recently studied public companies representing almost 60% of global R&D expenditures and found that above a certain minimal level, there is generally no correlation between R&D spending and financial metrics such as sales or profit growth. For many companies, developing new products is hit-or-miss. But according to the authors research, successful innovation is not magical. It comes from careful attention to a small number of important criteria. The key question isn't how much to spend, but how to spend. The author introduces a return on innovation investment, or ROI2, methodology that correlates directly with organic growth and links innovation spending with financial performance in ways that can lead decision makers to generate higher, more reliable returns on innovation and R&D. The ROI2 approach is based on a series of innovation studies conducted during the past seven years with companies in the consumer products, health care and chemical industries. To become more effective, a company needs to diagnose its innovation practices and capabilities. The diagnosis can be quite different from one company to the next, and that is why adopting industry benchmarks doesn't work. The individual innovation profile represents the value and quality of a company's innovation portfolio and can be clearly expressed as an innovation effectiveness curve. This curve lets companies plot annual spending on innovation projects against the financial returns from those projects and solve for growth. [PUBLICATION ABSTRACT]

Why Forecasts Fail. What to Do Instead

Spyros Makridakis, Robin M Hogarth, Anil Gaba. MIT Sloan Management Review. Cambridge:Winter 2010. Vol. 51, Iss. 2, p. 83-90

In 2006 the world economy was booming, partly on the back of triple-A investment innovations. Then, suddenly, the boom ended. What fascinates the authors is the fact that almost no one saw the 2008 economic crisis coming. The authors come to terms with the reality that, in economics and business, accurate forecasts aren't possible. Therefore, they say, managers need to develop a different attitude about the future. The key is not to develop precise plans based on predictions but to have emergency plans for a variety of possibilities. The main thing is to stop believing your predictions about the future and to develop plans that are sensitive to surprises, whether they are future credit crunches or other unexpected events.

Increasing Supplier-Driven Innovation

John W Henke Jr, Chun Zhang. MIT Sloan Management Review. Cambridge:Winter 2010. Vol. 51, Iss. 2, p. 41-46

When customers collaborate with suppliers they can build trust, reduce relational stress, and increase innovation-related activities. The authors' experience has revealed two innovation-related supplier activities that have particular impact on the customer -- investing resources in technology to create innovative products or processes that could support potential future business with the customer and sharing technology with a customer without the assurance of a purchase order. Both of these activities indicate a suppliers commitment to the relationship that goes beyond a simple calculation of the current relationship's costs and benefits. It involves consideration of future business with the customer. Most important, these innovation-related supplier activities help a customer establish a competitive supply chain and a reliable one. Supplier commitment, as reflected in its long-term innovation intentions, provides a basis both for the customer and the supplier to build confidence in the stability of their working relations and to act toward each other in an increasingly trusting manner.

8 Reasons Sustainability Will Change Management (That You Never Thought of)

Michael S Hopkins. MIT Sloan Management Review. Cambridge:Fall 2009. Vol. 51, Iss. 1, p. 27-30

MIT Sloan Management Reviews first annual Business of Sustainability survey revealed much about what executives are thinking and doing about sustainability-driven concerns right now as well as what's impeding their attempts both to capture opportunities and defend against threats. The most widely credited leading thinkers at the sustainability and management intersection, though, wanted to explore something else: the ways that many fundamental management and strategy practices will be transformed by the pressures that sustainability issues are already bringing to bear. This article identifies eight significant ways that current management expectations and practices will be affected by growing societal and economic understanding about sustainability. Among them: how labor productivity can be dramatically increased by sustainability designed workplaces; how companies bump into sustainability-related choices, even when they don't look for them; how a company's sustainability profile will become a proxy for the organizations overall management quality; how innovation results are improved by pursuit of sustainability-related outcomes; how sustainability efforts within an organization lead to more productive collaboration across typical organizational silos; and how transparency and trustworthiness will become increasingly consequential to competitive success. [PUBLICATION ABSTRACT]

How to Manage Outside Innovation

Kevin Boudreau, Karim Lakhani. MIT Sloan Management Review. Cambridge:Summer 2009. Vol. 50, Iss. 4, p. 69-76

Communities are useful when an innovation problem involves cumulative knowledge, continually building on past advances. Markets are effective when an innovation problem is best solved by broad experimentation. In general, communities are more oriented toward the intrinsic motivations of external innovators (the desire to be a part of some larger cause, for instance), whereas markets tend to reward extrinsic motivations (such as through financial compensation).

Innovation From the Inside Out

Erik Simanis, Stuart L Hart. MIT Sloan Management Review. Cambridge:Summer 2009. Vol. 50, Iss. 4, p. 77-86

Nurturing a new and lasting idea doesn't result from analyzing market data. Aspiring creators must act on what nonprofits already know: you get the best answers by burying yourself in the questions.

A Dearth of Exit Strategies

Joshua Gans. MIT Sloan Management Review. Cambridge:Spring 2009. Vol. 50, Iss. 3, p. 19-20

As part of the fallout from the financial crisis, funds for many types of economic activity have become far more scarce and that includes research and development. As economists know, innovation is a key driver of economic growth. Any significant decline in the rate of invention would have a much bigger impact on growth over the next 10 to 20 years than whatever few percentage points of GDP we may lose during the next couple of years because of recession. No less a figure than economist Joseph Schumpeter welcomed downturns because he thought that they weeded out old processes and products in the economy. By shaking out less efficient established enterprises, recessions create opportunities for entrepreneurs once again, Schumpeter thought. He coined the phrase creative destruction to describe the phenomenon and saw the cycle of boom and bust as necessary for economic progress. The fact that new ideas must in some sense displace old ones remains true but, in today's economy, the mechanisms of entrepreneurial innovation are somewhat different. In particular, entrepreneurship in some critical technology sectors is dependent upon the activities of larger enterprise in new ways. What is troubling is that the financial crisis poses a risk to that relationship.

Good Days for Disruptors

Clayton M Christensen, Martha E Mangelsdorf. MIT Sloan Management Review. Cambridge:Spring 2009. Vol. 50, Iss. 3, p. 67-70

An interview with disruption theorist Clayton Christensen is presented. Christensen is the author or coauthor of a number of influential books on innovation, including *The Innovators Dilemma* and *The Innovators Solution*, and is best known for his theory of disruptive innovation, which describes the way new technologies (and the companies that

pioneer them) can displace old ones. In the interview, Christensen discussed topics ranging from the role of innovation in financial markets to the challenges facing the U.S. health care system.

Innovating Our Way to a Meltdown

Peter Cebon. MIT Sloan Management Review. Cambridge:Winter 2009. Vol. 50, Iss. 2, p. 13-13

To understand the financial crisis, view it not just as a systems accident, but as a systems accident that was caused not by failure but success. [PUBLICATION ABSTRACT]

An Inside View of IBM's 'Innovation Jam'

Osvald M Bjelland, Robert Chapman Wood. MIT Sloan Management Review. Cambridge:Fall 2008. Vol. 50, Iss. 1, p. 32-40

IBM brought 150,000 employees and stakeholders together to help move its latest technologies to market. Both the difficulties it faced and the successes it achieved provide important lessons. The so-called Innovation Jam took place in two three-day phases in 2006. It uncovered and solved problems in and mobilized support for substantial new ways of using IBM technology. But the Innovation Jam experience is important for the difficulties it demonstrated (and for how IBM struggled to overcome them) as much as for its successes. Ideas didn't bubble up and get refined through continual, respectful dialogue. In fact, few contributors built constructively on each other's postings. The Innovation Jam was organized to capture a huge number of ideas from IBM's network, and it was purposely designed not to guide conversation artificially toward a quick focus on a few thoughts. But without organizers pushing toward an artificial consensus, conversations did not move toward consensus by themselves. Rather than emerging during the online conversations, new visions emerged afterward. IBM had developed a carefully thought-out process that it used after each phase of the Jam to harvest ideas.

Integrating Innovation Style and Knowledge Into Strategy

Edward F McDonough, Michael H Zack, Hsing-Er Lin, Iris Berdrow. MIT Sloan Management Review. Cambridge:Fall 2008. Vol. 50, Iss. 1, p. 53-58

The way we think about strategy is woefully incomplete, the authors contend. The traditional idea of focusing on the positioning of products (or services) underplays much of what most would agree makes a company truly competitive. Not only does it give short shrift to what a company knows, it ignores completely the fact that in today's dynamic economy, organizations have to continually reinvent who they are and what they do in large and small ways. And one important means of doing so is through innovation. An effective strategy, then, is comprised of three key components: product/market, knowledge and innovation positions. But even if a company masters the three strategic positions of product/market, knowledge and innovation independently, it is still at risk. Only when all three positions are aligned and mutually reinforcing can a strategy succeed. In adopting the notion of alignment, organizations need to view each position - product/market, knowledge and innovation - as aspects of an organization's overall strategy. Creating an integrated strategy thus requires focusing not on each position separately, but rather on all three positions simultaneously. The authors introduce the notion of competing based not only on what an organization makes or the service it provides, but on what it knows and how it innovates.

The Impact of Technological Innovation on Outsourcing Decisions

Larry Yu. MIT Sloan Management Review. Cambridge:Summer 2008. Vol. 49, Iss. 4, p. 12-13

The make or buy decision has been a staple of industrial economics as far back as the start of the Industrial Revolution. So when perceived levels of outsourcing began to rise around the world over the past decade or two, researchers began to ask why. One reason might be the speed of technological innovation during that period. According to *Outsourcing and Technological Innovations: A Firm-Level Analysis*, a March 2008 working paper: As the pace of innovations in production technology increases, the firm has less time to amortize the sunk costs associated with purchasing the new technologies. This makes producing in-house with the latest technologies relatively more expensive than outsourcing.

Giving Customers a Fair Hearing

Anthony W Ulwick, Lance A Bettencourt. **MIT Sloan Management Review.** Cambridge:Spring 2008. Vol. 49, Iss. 3, p. 62-68

Is there agreement in your company that innovation is the key to growth? Is there agreement that understanding customer needs is the key to success in innovation? Is there agreement on what a customer need is? We have asked this series of questions to people in hundreds of companies, and in doing so have made a surprising discovery. Even though there is broad agreement that innovation is the key to growth and that understanding customer needs is the key to innovation, not even 5% of the companies said there was agreement within their company as to what a customer need is. This suggests a very disconcerting question: How can a company confidently uncover customer needs, determine which are unmet and systematically create products that address them if it cannot agree on what a customer need is to begin with? The answer is it can't and this is a root cause of failure in the innovation process.

Learning to Innovate

Larry Yu. **MIT Sloan Management Review.** Cambridge:Spring 2008. Vol. 49, Iss. 3, p. 12-13

Turning technical innovations into great products for an existing customer base should be a valuable skill that a company can apply to multiple technologies and market segments. However, new research suggests that successfully developing new technologies and entering new markets also requires an entirely different skill: the ability to learn. Erwin Danneels, associate professor in Worcester Polytechnic Institute's Department of Management, has written two papers that describe his research on a company's ability to learn how to serve new markets with new technologies. Danneels surveyed top managers from 145 publicly traded manufacturing companies in 2000, tracked their profitability over three years and resurveyed 77 of those companies in 2004. The sample was restricted to companies that manufactured their own products and that did most of their business in a single business segment.

Implementing a Learning Plan to Counter Project Uncertainty

Mark P Rice, Gina Colarelli OConnor, Ronald Pierantozzi. **MIT Sloan Management Review.** Cambridge:Winter 2008. Vol. 49, Iss. 2, p. 54-62

In new-product development, most management approaches presume a high ratio of knowns to unknowns, and most planning involves prescribed pathways through developmental stages. In fact, a byproduct of the focus on quality and operational excellence is that companies tend to avoid uncertain situations and resist market experimentation. Such approaches are counterproductive for any project that has the potential to produce real breakthrough innovations. In this article, the authors offer a framework, called the Learning Plan, that enables companies to manage breakthrough innovation by explicitly recognizing that project teams are proceeding on the basis of assumptions, rather than known facts. The authors identify four different types of uncertainties (technical, market, organizational, resource) that can hinder a project's long-term success. Technical uncertainties relate to the completeness and correctness of the underlying scientific knowledge, the extent to which the technical specifications of the product can be implemented, the reliability of the manufacturing processes and its maintainability. Market uncertainties include the degree to which customer needs and wants are clear and well-understood, the extent to which conventional forms of interaction between the customer and the product can be used, the appropriateness of conventional methods of sales/distribution and revenue models and the project team's understanding of the relationship of the breakthrough innovation to competitors' products. Organizational uncertainties include organizational resistance, lack of continuity and persistence, inconsistency in expectations and metrics, changes in internal and external partners and changes in strategic commitment. Finally, resource uncertainties often can pose difficulties as project teams continually struggle to attract the resources they require. After discussing these difficulties, the authors identify a plan that allows a team to deal with those uncertainties in a proactive way with the type of ongoing evaluation and redirection that characterizes any breakthrough innovation project.

Institutionalizing Innovation

Scott D Anthony, Mark W Johnson, Joseph V Sinfield. **MIT Sloan Management Review.** Cambridge:Winter 2008. Vol. 49, Iss. 2, p. 45-53

Many of the case studies describing how established companies have created new growth businesses focus on a single success. The companies that get it right deserve respect and admiration. However, with innovation, the challenge continues. Success requires the ability to churn out successful growth businesses year after year, over and over again. The authors build on the ideas of *The Innovator's Solution*, by Clayton M. Christensen and Michael E. Raynor, incorporating insights from their work with companies on innovation issues over a five-year period. Drawing on

examples from Delta Air Lines, General Electric, Intel, Procter & Gamble, Scripps Newspapers, Shell Chemicals and Target, the authors maintain that successful innovators rely on three basic elements: blueprints for growth, innovation engines and systems and mind-sets. Creating blueprints requires managers to articulate what the organization wants to be and allocate resources to achieve that vision. Creating the growth engine requires setting up a screening and development process that focuses on reducing uncertainty, and an innovation structure that helps oversee highly uncertain projects. Unless these elements are in place, new ideas tend to be modified to look like things the company has done in the past, undermining the company's ability to pursue highly differentiated new strategies. Unless management creates a supportive climate and leads by example, efforts to achieve innovation can still fall short. Senior managers need to be involved in idea screening and development, share a common language of innovation, draw on substantial external input and create policies and incentives that encourage people to take managed risks on the path to innovative growth. Finally, the authors provide a blueprint and checklist for beginning the process of transforming an organization into an innovation dynasty.

Breakthroughs and the "Long Tail" of Innovation

Lee Fleming. MIT Sloan Management Review. Cambridge:Fall 2007. Vol. 49, Iss. 1, p. 69-74

The largely erroneous perception that breakthroughs are impossible to predict arises from the tendency to focus on just the breakthroughs while ignoring the iterative process of invention and its distribution of outcomes. When all inventions are considered, they demonstrate a highly skewed distribution in which almost all inventions are useless, a few are of moderate value and only a very, very few are breakthroughs. Those breakthroughs constitute the long tail of innovation.

If managers wish to understand how those breakthroughs arise, they cannot ignore the process that generates the entire distribution. In particular, they need to keep in mind the following three measures of inventive success: shots on goal (the total number of inventions a company generates), average score (the mean value of those inventions) and maximum scores (the breakthrough inventions). Various factors can affect a company's inventive output, including the presence of inventors who work alone, the type of collaboration among those inventors who work in teams, the amount of team diversity and the degree to which inventors apply science in the innovation process. Greater team diversity, for instance, will help generate more shots on goal although, on average, those shots will be less successful. But diversity also will increase the variance of the outcome, such that failures as well as breakthroughs are more likely. Thus companies first need to identify how they want to improve their innovation process and then take the appropriate measures to address any deficiencies. Only then can they improve their capacity to innovate in ways that make the best sense for the organization as a whole.

Learning to Innovate

David Wagner. MIT Sloan Management Review. Cambridge:Fall 2007. Vol. 49, Iss. 1, p. 10-11

Nearly every organization has rightfully made innovation a priority, and management journals dedicate significant column inches to how to manage innovation. But Joaquin Alegre, associate professor of management at the University of Valencia, and Ricardo Chiva, associate professor of management at Jaume I University in Castellon, Spain, argue that before you can innovate effectively you have to prepare your organization to be open to innovation by creating a learning organization. In their 2007 working paper, *Gaining From Organizational Learning Capability*, the authors tested key organizational characteristics discussed in the secondary literature as potential drivers of learning and innovation. The authors collected survey data from June to September 2004 regarding the European Union's ceramic tile sector. By selecting a single industry, the authors hoped to eliminate any bias from intersectional studies. Examination of the data revealed that organizations that were above the mean in innovation performance were also above the mean in several organizational learning skills identified in the secondary literature.

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