



# Innovation for business

There are good reasons for making innovation part of your business. Innovation has been strongly linked to better financial performance. It can create wealth for your business and increase value for customers.

Innovation comes from new ideas and new ways of doing things. There are many commonsense and practical ways to make your business more innovative. Innovation is not just about a new, big idea – it is a continual process that should be part of all business operations. Innovation is about leadership, management, planning, listening to customers and suppliers and creating a strong workplace culture.

## Taking advantage of change

Our fast-changing world brings challenges and opportunities for business. Innovation can help businesses make the most of these changes. Changing customer needs and expectations, changing competitors, changing technology, a changing external regulatory environment, and an increasingly global and dynamic marketplace all bring opportunities for innovation.

Innovation can lower the cost of production, build new markets and increase competitiveness. It can drive performance by building profitability and increasing market share and growth.

‘Innovation requires creativity and creativity requires time. Take some time out to think about how you run your business and how you could do it better.’

Ian Kiernan (Clean Up Australia)

## People

Managing for innovation is about *people* management. *People*, not technology, are the source of the ideas that become opportunities. *People*, not organisations, act on business concepts. There are many internal approaches managers can take to create the right environment for new ideas and innovation to flourish.

For new ideas to develop, a workplace needs to have an innovative and open culture that responds to staff, customers and suppliers. Managing staff effectively is an important aspect of creating the right environment for innovation.

## Leadership

Innovation requires strong leadership. If innovation is to be effective, strategic decisions must be made to manage for innovation. This requires decisions about where to focus the precious resources of time and attention. Leadership ability and style have a profound impact on a business. A manager can encourage innovation by leading by example and taking an interest in day-to-day activities.

## Culture

Creating and encouraging an environment where people feel new ideas are welcome and wanted is crucial to innovation. Innovation thrives in a culture that is not afraid of taking risks, promotes experimentation and rewards enterprise.

One of the things a manager can do to encourage innovation is to reward good ideas. An informal work culture and a workplace that staff find enjoyable and stimulating is important.

## Time

Managing for innovation requires time. Creativity, the basis for new ideas, does not come about in a hurried, high-pressured environment. While time is a precious resource, especially in many small-to-medium businesses, giving employees time out from being in business to working on it can be valuable. This can involve providing employees with the time to generate new ideas, look for opportunities and discuss what is working and what could be improved.

## Managing knowledge

The intelligent and strategic use of the knowledge or intellectual property can give a business a competitive advantage.

Managing knowledge can involve progressively interviewing all employees to capture their knowledge and suggestions. Other examples are staff surveys and suggestion boxes. This knowledge then has to be stored, kept up-to-date and used effectively. It is up to the manager to assess which ideas and improvements will help meet business goals and objectives.

## Professional development

Innovation thrives on new knowledge. Knowledge can be gained by employing people with specialised knowledge and skills, as well as by training existing staff. Gaining management skills can be an important asset for even the smallest business.

## Scanning your business environment

Searching and analysing a business environment involves looking within your business and industry, as well as considering external forces such as the needs of customers and suppliers.

When scanning your business environment it is important to consider all of the functions of your business, including sales, expenses, overheads, operational issues, procedures and employee relations.

Listening to the needs of your customers and suppliers is also crucial because many good ideas or improvements can come from outside your business. Forming strategic alliances and networks can give your business a competitive advantage.

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‘Innovation is about putting good ideas into action. It’s about being creative and thinking laterally.’

James Moody (panellist, the New Inventors)

## Innovation checklist

- ✓ Who are the distinct customers of your business?
- ✓ How does your business rate in the areas that most matter to your customers?
- ✓ Where is your customer's industry going? Are people in your business keeping up with trends, perceptions and changes in competitors?
- ✓ What standard do your competitors set for innovation, including new products and services? What action will *you* take?
- ✓ Are ideas and suggestions actively sought by management? What *happens* to those ideas and suggestions? (Follow-up is essential).
- ✓ What motivates your people to be creative, experimental (where appropriate) and innovative in their thinking?
- ✓ Do you as a manager understand what motivates each individual in your business? What assumptions do you make in this area?
- ✓ Is innovation likely to occur because of, or in spite of, your business culture, structure and management style?
- ✓ How readily do people in your workplace accept change?
- ✓ Does your business have a risk management strategy?
- ✓ Do you take time to identify training requirements for current *and future* needs?
- ✓ What publications, people and events do you need to access?
- ✓ What incentives do you provide for people to undertake training to maintain and update their knowledge and skills?
- ✓ Is your networking outside the business sufficient? Could this be improved? Do you have a system to capture the good information, knowledge, contacts, ideas and so on, when someone from your business meets a useful contact?
- ✓ Are the lines of communication between the business, your customers, suppliers and other stakeholders as good as they can be?
- ✓ Is *feedback* a feature of your business' communication system?
- ✓ Are your communications – the technology your business uses such as telephone lines, computers, mobiles, faxes, email – the best they can be, both for your employees as well as for those needing to communicate from outside into the business? Do you *know* it is good enough?

Joanne Pimlott