

# INTRODUCTION TO INNOVATION: WHAT IS CORPORATE INNOVATION?



Innovation allows organizations to sustain growth and business improvements over a continuous and consistent basis. Innovation may appear in the form of a new product, feature, operational process or a business model. Many forms of innovation depend upon the ability to execute creativity and optimize business processes. While product innovation may appear as a popular form of improvement, new products tend to lose their impact soon after mass adoption in the market, which is rather fast-paced for products perceived as truly innovative. As a result, organizations need to resort upon alternative forms of innovation that can sustain market disruption over the long term. For instance, business model innovation tend to solve key problems in the market for a prolonged time period and are readily adopted among leading enterprises to sustain growth. Consider the example of AirBnB and Uber. Both organizations switched the model to a crowd-sourced, platform-based service delivery model. Fostering this form of corporate innovation allowed these startups to emerge as global enterprises as they are today.

**Corporate Innovation** is similar to Innovation, the process of transforming new ideas and inventions into products, services and process improvements that deliver tangible benefits. Innovation is designed to satisfy a need over a sustained time period or scale of adoption. It may also involve the transformative approach to executing existing ideas and inventions to yield tangible improvements. One of the most critical elements of innovation is the creativity behind this transformation process and the presence of challenges associated with the problem being solved. The latter also limits the

ability to innovate. Different environment lead to different set of challenges. These challenges may be unique to a particular set of entities but not limit the same innovation to be executed by other entities that do not face the same challenges. This is exactly why small startups such as AirBnB and Uber were able to adopt agile new business model to deliver the same services as the housing and taxi industry without the obstacles facing their larger counterparts in pursuing the same markets. The process of innovation within the corporate environment is known as Corporate Innovation and is characterized by the unique challenges and goals associated with large enterprises pursuing innovation to stay on top of the business competition. Here's how organizations can foster corporate innovation:

## **Identify the Need for Innovation**

The first step toward corporate innovation is to acknowledge the continuous need for innovation. While many business leaders may announce company vision and philosophy to innovate and disrupt the market, the actual business resource allocation may not reflect this idea. Quantify and compare the resource investments on regular business operations versus innovation projects. Evaluate the performance of innovation-based growth enablers and understand how any gap could be addressed with future business plans. If a significant component of the business plan is not attributed to disruptive initiatives through business model, product or process based innovation strategies, it is likely that the workforce is still adopting a low-risk business strategy focused on stable growth instead of market disruption via innovation initiatives.

## **Create a Culture for Innovation**

Organizational culture defines the ability of the workforce to engage in initiatives that can lead toward corporate innovation. Business leaders and C-suite executives should be the first to embrace positivity and optimism toward innovative ideas. The workforce should be given the freedom, resources and encouragement for creativity and openness. Failure should not prevent teams from testing new strategies and feature development. Instead rewarding failures by recognizing new ideas can help bring the best out of the workforce and ultimately help execute ideas that can truly transform into disruptive corporate innovation. Large enterprises employing a diverse workforce have a better opportunity to develop cross-functional teams and change the work environment so that the ideas and skills are complemented toward execution. A culture that allows employees to challenge existing strategies, processes and assumptions is likely to yield innovative ideas. It is a likely possibility that despite the available talent and skills resources, the organizational culture stifles the innovation process by enforcing unnecessary limitations in the way employees can work, collaborate or even think for solutions.

## **Hire Right and Fast**

The workforce is inherently the most critical resource for corporate innovation. The talent gap in the industry is already at a sharp rise and the best performing organizations tend to lure and retain the best talent. For organizations pursuing corporate innovation, hiring the best innovators faster than their competition is vital to lead the race toward innovation. Specifically, individuals working in the various domain of R&D at research, academic or scientific institutions are apt in identifying the problem and solving them by means of unprecedented new ideas and inventions. Some of the most advanced technology innovations are based on aggressive recruitment of interdisciplinary, visionary

and skillful talent from universities. Uber's self-driving initiative is a popular example where the company [poached 50 researchers](#) of from the highest ranks of Carnegie Mellon University. The result was the company's pioneering efforts in rolling out self-driving projects at a pace higher than most competing autonomous transportation vendors and companies.

## **Scale, Diversify and Reach a Global Audience**

The recognition and scalability of innovation is critical for the initiatives to transform into tangible business performance improvements. In other words, the innovation should solve an actual customer problem in an innovative way, and should be acknowledged as such. Secondly, the solution should be made available to a large and diversified audience faster than the competition can replicate and overturn the advantages of a pioneer. Consider the case example of Uber. The startup initially solved a major transportation problem. It then brought the solution to a wide customer base of car owners and travelers. In addition to scaling the business globally, Uber also diversified its offerings across the food delivery, freights and logistics, autonomous ground and aerial transportation, sustainable bikes as well as the healthcare industry.

The highlight for corporations to adopt innovation is to embrace the fact that while the current business practices will help sustain market share in the near future, it's the disruptive innovations and agility of a startup firm that will truly deliver sustainable business growth and performance over the long term.