Innovation, Business Models and Enterpreneurship
Dr. Rajat Agrawal
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture - 07
Steps of Innovation Management

Welcome friends. We are discussing about Innovation Business Models and how we can convert these innovations into entrepreneurship. Moving in this journey, today in this session we are going to discuss about the Steps of Innovation Management.

So far, we have discussed various theoretical aspects of innovation program. The definition of innovation, the environment in which innovation is taking place, the challenges related to innovation, various schools of innovation. And I will be reminding you these schools almost in all my sessions; design thinking, systems thinking, and lateral thinking. And I will particularly focus that design thinking is the key word of innovation schools nowadays.

In this session, we will be discussing particularly steps of innovation management. Now let us see what are the various steps involved in the innovation management. Before that if you see various surveys, if you see different research papers or simply on Google you type this word that is steps of innovation management, large number of outputs will appear within fractions of seconds.

Now, it is very difficult that you can identify some universal steps that these are four steps of innovation or these are five steps of innovation. But, based on majority of literature, based on the experience of innovation programs we will like to discuss some of the common steps which are normally used in almost all types of innovation programs.

Before that, just to emphasize the innovation in our modern day organizations.

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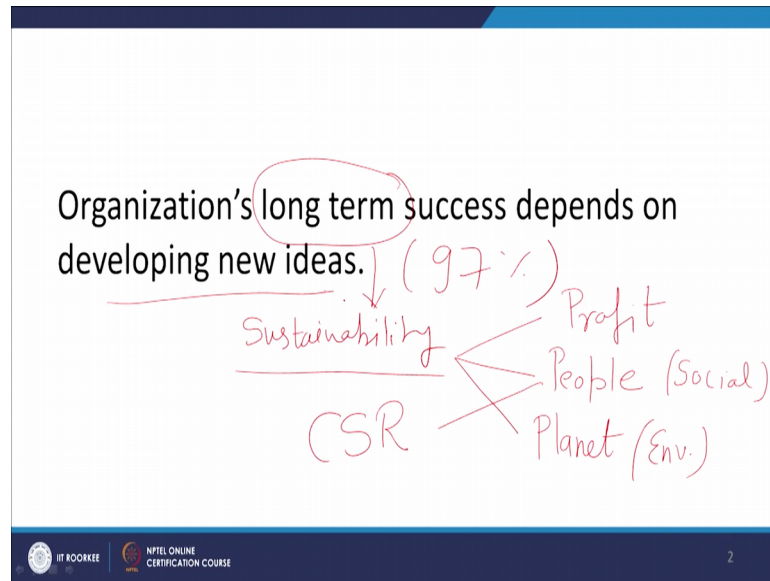
I will like to say, that the long term success of organizations depends primarily on new ideas. There was a survey and in that survey the 97 percent of the respondents mentioned that and this survey was done mainly with fortune 500 companies. And in the response it was mentioned that developing new ideas is the most important key for the long term success of the organizations. Because, many of you have heard another important term that is sustainability. Sustainability means we want that our organization should be there, our organization should be doing business successfully over long term of period. And that long term of period is known as or is understood as sustainability. And for sustainability to happen large number of people believe that developing new ideas is a very very important thing.

Just to take you slightly into a different domain, sustainability has three important dimensions. And these three dimensions are; obviously, you want to have profit without profit sustainability is not possible if your business is not earning profit it is no point to have that business. So, profit is one very important thing you should have regular profits then only your business can survive

Another important thing is people, the people around you if you cannot take care of those people that again business will not survive. If people start suffering because of your business, then it is very very difficult for survival of such businesses. So, you need to take care of people also and this is known as social sustainability.

And then the third dimension is planet, the environment around us which is primarily we are focusing on natural resources around us. The earth land water air these are the three important things and then all (Refer Time: 06:40) all animals flora fauna all these things are the part of this planet

So, you also need to have environmental sustainability in your business since we are exploiting nature for our economic gains. So, we need new ideas that how can we take care of environment and at the same time fulfilling our profit requirements. So, it is the point is that, sustainability is directly depending on new ideas on these three friends. How you can take care of your society in a more responsible manner? Government of India is very very proactive in bringing CSR as one of the important activity under companies act. And this is probably an effort a proactive effort for improving the social sustainability of the businesses.

So, CSR is directly having a relation with social sustainability. So, this is a type of new idea that companies need to invest some of their profit for the welfare of the society. And this new idea is nothing but innovation program. So, we need to see that sustainability of the organization is very much related on the new ideas. And now how new ideas will come the question is how new ideas will come, and how you will take those new ideas to the implementation stage. So, that you can have impact out of them that is the purpose of this session, where we are going to discuss steps of innovation program.

We also feel that in many organizations, innovation occurs by chance. It is by serendipity and no systemic efforts are required for innovation. So, there is no need of discussion of steps of management according to this idea. It says that by luck by chance innovations take place and no deliberate management effort has resulted into the innovations.

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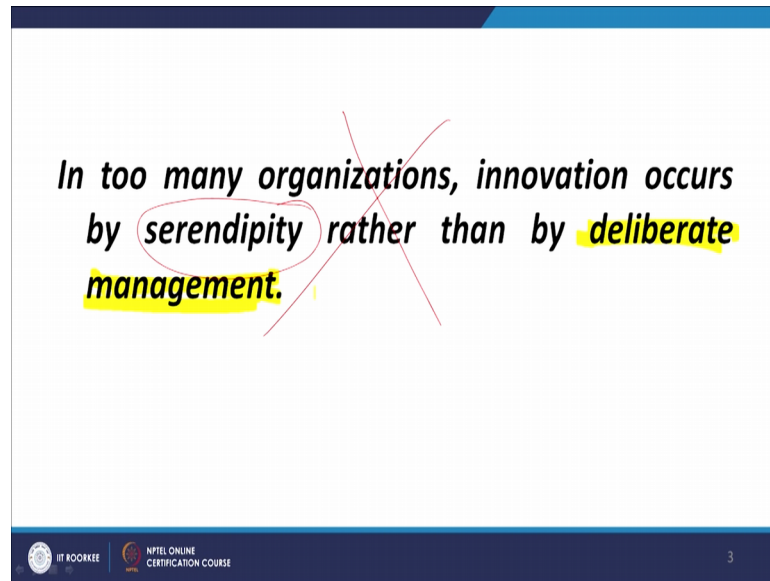
But, I do not subscribe this idea for me it is a myth though accidental innovations do happen, and in that case to some extent this statement that innovation occurs by serendipity is ok. But in this course we are discussing a structured innovation, systematic innovation. And therefore, our focus is on deliberate management of innovation program. We want to focus more on this highlighted part, the deliberate management, and we are in the beginning rejecting this assumption of innovations by chance innovations by serendipity. So, therefore, we are building a context of discussions about its steps of innovation management.

Now, if we discuss the steps involved in innovation management, so this is very very simple though as I mentioned in the beginning, literature will point large number of different types of steps involved in innovation management, but the we will like to discuss them into these five steps number 1, number 2, number 3, number 4 and number 5.

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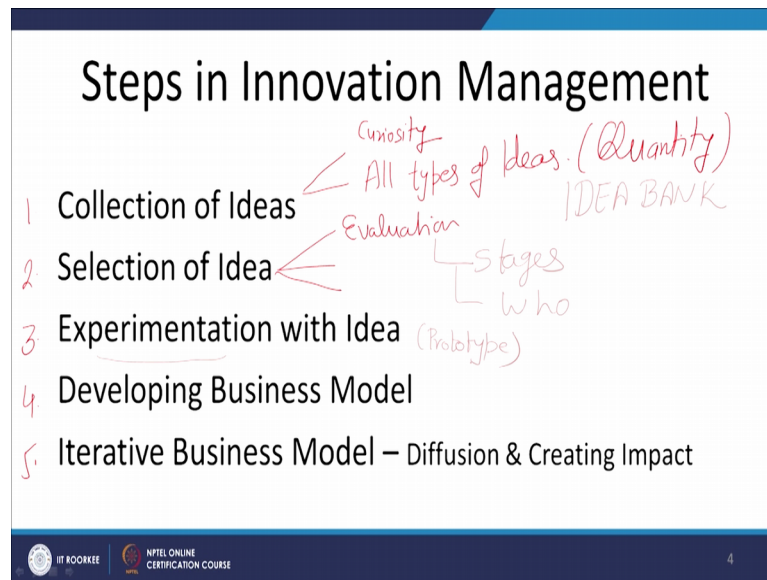
And these are the collection of ideas, selection of ideas, experimentation with idea, developing business models and iterative business models.

Now, what is the meaning of these different steps let us discuss them one by one, but in short because during this course, we will be discussing these steps separately as important topics of each session. Now the first point is collection of ideas. Your innovation program as we mentioned it starts with curiosity, that is the starting point of your innovation program, and in that starting point of innovation program we need to have large number of ideas, we want to have more and more ideas, without new ideas innovation is not possible.

And in the beginning we do not want to restrict that only good ideas are there, we want to have all types of ideas. It is not about the quality of idea initially we are more focused about the quantity of ideas. Please be very careful about this, we what is the problem with us that as soon as somebody is giving the idea, we start evaluating the idea, we start seeing whether this idea has some merit or not at all useful. But my dear friends I would like to mention that we need to have in the beginning of this innovation management program, more number of ideas.

So, our focus is more initially on the quantities of idea and slowly and slowly you will realize in your organization, that quality of ideas will improve, but if you start focusing one quality of idea from day 1. So, it means you will not be able to get a large pool of

data, large pool of ideas. So, it is very very important that you focus initially only on the quantities of idea.

So, get more and more idea get more and more idea and once you have more ideas, then the next step is selection of idea. Now in the selection of idea you start evaluation. Evaluation of ideas which you have collected at stage number 1; at the step 1 you have created a depository of ideas, you have collected you have made some idea bank.

Let me say I am coining a new term that is idea bank, and that idea bank is having different qualities of idea. These ideas some idea may be very good, which you should immediately implement some ideas may require some kind of mentoring and some ideas may not be at all useful, you can right away to reject those ideas, but we want all types of ideas. So, I am very much emphasizing on this issue that have more and more ideas, then only the next steps are possible. If you do not have enough ideas then what is the question of selection, what is the question of implementation etcetera, etcetera all those things will not arise, if you do not have sufficient number of ideas.

So, you need to have one idea bank and from that idea bank, you start evaluating the ideas. So, the evaluation process in that also, you need to be careful that how many stages of evaluation are there, how many stages are involved then who will select the idea, whether some kind of presentation is required or you want to have some kind of prototype of the idea before selecting this idea. So, you need to develop your own criteria there is a organization to organization, different types of criteria which are available for selection of ideas. So, there cannot be a uniform system of deciding the ideas that yes this is the standard selection process. Based on your organizational needs you may have two stage, three stage, four stage selection of idea or you may have a single stage selection of ideas.

Then the next step is the experimentation with the idea. This is also very important that how do you do the experimentation with your idea you need to develop prototypes experimentation with prototype and I will also like to say one more thing here, that sometimes we say that our experiment has failed, people say that experiment has failed this idea did not work.

But I will like to inform you that experiment never fails, it gives you new learnings. Each experiment each experiment gives you learning and if you read biography of Faraday, in

that it is mentioned when faraday was doing large number of experiments. So, faraday said finally, that let us say if he thousandth experiment faraday got success. So, he is mentioned that I know now that in these 999 ways electricity cannot be produced and this is the way electricity can be produced.

So, if you take it positive. So, those 999 ways are the learnings of Faraday. So, you also need to understand this point that experimentation is learning. That these particular phenomena can happen in this way and it will not happen in this way. So, in what how many different ways a phenomena will not result in the desired output that is also a learning process.

So, experimentation is important, but when experimentation is not giving us the desired output as we mentioned it is iterative.

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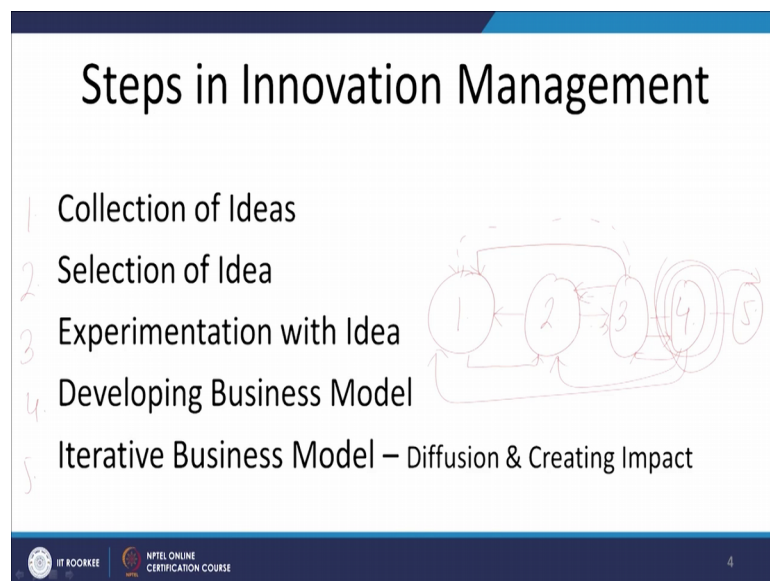
So, you have these different steps and let me number them again 1, 2, 3, 4, 5. So, this is step number one collection of ideas, this is selection of ideas, this is experimentation, this is developing business model and this is diffusion and creating impact.

So, when you are moving from this to this stage, it is also possible that you will be continuously moving from 2 to 1 it is iterative in nature. Because there may be few ideas which are very exciting which you want to implement, but you do not have enough material in that enough meet in that idea to take it to the next level. So, you may go back

to the original stage and may ask for detailed elaboration of those idea. So, that is the iterative stage between 1 to 2.

Now, from 2 to 3 when you are going for the experimentation stage and your ideas are not successful, then you may ask stage number 2 or you may ask stage number 1 for improvement in the ideas or giving more idea for experimentation, because the desired output is not meeting it is not as per your expectation.

So, that is again one kind of iterative process, that from stage 2 you are trying to move ahead, but since the results are not encouraging you are coming back to stage 2 or stage 1. So, and it is this cycles may be repeated many times from here and here. So, you cannot say that this is just one time forward and backward movement, this forward and backward movement may take many times.

Then once you get some positive results from your experimentation, then the next stage is development of the business model. You go to the next stage to commercialize your idea. That how will you commercialize this finding this implementation of the product and this is again may require some kind of modification may be at the implementation stage or may be at the idea stage or may be at the selection stage. Depending upon your feedback, you may need to iterate and here also you may continuously iterate at the business model level itself. You find that results are everything is perfect just I need to change some my business model. So, iteration is possible at the business model level itself.

And then you go for creation of impact, and the you adopted a particular way of going to market how you will diffuse your innovation to the society and in that case also it is very much possible that, you need to relook your defusing strategy, and you need to iterate again and again your way of marketing your innovation.

So, in our sessions which are related to marketing of innovation, diffusion of innovation you will come to know various strategies various examples that how companies iterate their business model how companies iterate their strategies for diffusion and creating impact in different types of market. If it is urban market the diffusion strategy may be different, if it is rural market diffusion strategy may be different, if it is a consumer durable product the diffusion strategy may be different, and if it is a digital product diffusion strategy may be different.

So, depending upon different types of products or different types of markets, you need to adopt different types of diffusion strategy and therefore, at each stage in this five step model, we see that there are lot of a forward backward movements and there are large number of iteration at each stage.

Therefore, if you remember our initial sessions where we discussed about myth of innovation program; in that we said that innovation is not a simple linear process rather it is an iterative process it is an outcome of series of experiments and that is that statement is now proved that how it is a series of experiments how it is an iterative process and therefore, innovation programs sometime take more than expected time because of a large number of experimentation, large number of iterations involved at each stage of innovation management.

So, with this we come to end of this discussion of various steps in innovation management program, and now in our coming sessions. We will be discussing each step in a detailed manner starting from a collection of idea that what are the steps involved in our idea management system. So, that we come with the specific tools and techniques for developing the expertise in each stage, in each step of the innovation management program.

Thank you very much.