Innovation- A Tool For Modern Marketing

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"Every organization- not just business -needs one core competence: innovation-

Peter Drucker

Abstract- Management of innovation is about being illogical and thereby being creative. Most of the people, firms & organizations use the tools of logic to achieve various rationales. What do you do, when logic fails? Do you try to build one more logic and then fail again? Actually the remedy is somewhere else. When logic fails, illogic should start & this is where I feel that most of the breakthroughs are achieved. When tatas said that they would come up with nano (Rs 1 Lakh car), people laughed it off as illogical and foolish. Look what is happening, the car is a reality and the illogical is converted into logical. Recently Godrej announced to sell its furniture range through sheer innovation. Check this out-“ godrej lifespace, a division of godrej is launching its new concept- Godrej moodspace. As part of their marketing push, the company intends to sell ‘moods’ instead of just products at their outlets. “Moodspace is an innovation that will draw upon the emotional element within the shopper to help him or her create the mood which translates into the product selection.”

Look at the case of postal department. Indian postal department is planning to sell OTC medicines through its 1.5-lakh strong network across the country. Seems illogical, but it is not, infact this is logic. This is innovation management or as I put it- “The conversion of illogic into logic is innovation.” It is the conversion of new knowledge into new products and services. Innovation is about creating value and increasing productivity and thereby growing your business. Success in business does not come from feeling comfortable. Those who innovate best will win in the future. Innovation is the conversion of new knowledge into new products and services. Innovation is about creating value and increasing productivity, and therefore growing your business. Success in business doesn’t come from feeling comfortable. With many markets, those who innovate best will win in the future. You need to accept from global or deregulated markets, those who innovate best will I the future. You need to accept risk, measure performance, and embrace innovation.

In today’s technology-driven world, business life cycles have accelerated exponentially, but good innovation management basics always apply. The challenge is to keep a step ahead of changing market conditions, new technologies and human resources issues To remain competitive, today’s companies need to do more than simply deliver products or services that are better or.

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cheaper than those of their rivals. They must also add features, improve performance, and reduce prices more quickly. They must be faster to launch new lines. To grow, they may need to create entirely new markets and develop venture strategies. According to knowledge Management magazine, the goal of knowledge and IP (innovation management) management is to create new value by improving the efficiency and effectiveness of individual and collaborative-knowledge while increasing innovation and sharpening decision –marking.

Manufacturer that harness the power of their corporate-wide knowledge can innovate far more effectively than those that don’t. On a fundamental level, knowledge management and IP initiatives aim to eliminate non-value-added work, such as manual tracking and validation. Engineers report that they spend 50 percent or more of their time looking for the information they need to do their jobs. When tedious and manual tasks are automated, knowledge workers can focus more time on what they do best creating innovative new products. Making knowledge readily available and putting it where it’s needed can clearly impact time-to-market.

A. A knowledge management and IP initiative requires a strategy focused on:
B. Setting clear knowledge management and IP goals
C. Identifying the processes and business-critical knowledge required to execute the processes that support the goals
D. Prioritizing the most important and “doable” processes in order to ensure a successful start to the initiative and get near-term payback
E. Identifying bottlenecks or failure points and the knowledge that is required to address them

- Leveraging existing IT investments.
- Closed & Open Innovation Principle

Closed innovation principle
- The smart people in our field work for us
- To profit from R&D, we must discover it, develop it & ship it ourselves
- If we discover it ourselves, we will get it to the market first.
- The company that gets an innovation to the market first, will win.
• If we create the most & the best ideas in the industry, we will win.

• Open innovation principle

Not all smart people work for us. We need to work with smart people inside and outside the company. External R&D can create significant values. We don’t have to originate the research to profit from it. Building a better business model is better than getting to market first.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Key features</th>
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<tbody>
<tr>
<td>First and Second</td>
<td>The linear models – need pull and Technology push</td>
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<tr>
<td>Third</td>
<td>Interaction between different elements and feedback loops between them-the coupling model</td>
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<td>Fourth</td>
<td>The parallel lines model integration within the Firm, upstream with key suppliers and down stream With demanding and active customers, emphasis On linkages and alliances</td>
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<tr>
<td>Fifth</td>
<td>Systems integration and extensive networking, flexible and customized response, continuous innovation</td>
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Table1: Progress in conceptualizing innovation: Roth well'sFive generations of innovation models

Source: Adapted from Tidd, Bessant and Pavitt,

II. SOME SELECTED CASES OF INNOVATION AND KNOWLEDGE MANAGEMENT

A. Tatas One Lakh Rupee Car (Case Study 1)

Tatas one lakh rupee car is a tool for inclusive growth. It is ‘Resurgence of Innovative India’. It has given this nation a breakthrough in knowledge, which everyone was so desperate of. India has finally arrived at the world stage and is being taken note of.

It should be noted how the small car concept first struck Ratan Tata, who was also in the race to acquire two iconic British brands - Jaguar and Land Rover (now acquired). One day, Ratan Tata was going on the road and saw a family of four getting soaked in the rain. That was when he decided to create a small car for all. All the experts those who have visited the Tata Motors factory in Pune and met their engineers and their fantastic team there, were surprised by their innovation. According to them the car is incredible. It is spacious both in the front and in the rear. In terms of acceleration, it is equivalent to a Maruti 800 and has an incredible design finished by indigenous Tata Motors’ engineers.

Talking on the potential of economics of this car, the top-notch scientist said: “It will create a paradigm shift in low-cost transport and the whole world is looking forward to a quarter’, Novartis vice chairman and managing director ranjit shahani said. About half a dozen pharma companies

In the next five years the company will increase their Life space stores from 58 to 150 across the country. The company is also foraying into newer categories like soft furnishings and home décor. The total organized home furniture market is estimated at around Rs.3, 000 crore, growing at 12-15%. In the next few years, however, the growth rate is expected to increase due to the real estate boom the country has been witnessing over the last few years. The Godrej Life space division may clock revenues of Rs150 crore this fiscal compared to Rs 120 crore in FY08.

C. POSTAL DEPARTMENT CONSIDERING SELLING OVER-THE-COUNTER MEDICINES (CASE STUDY 3)

Besides posting a letter you may also stop at a post office to pop up a pill. Postal department is considering using its 1.5 lakh strong network across the country to sell OTC medicines including painkillers, medicines for diarrhoea, essential cold and cough medicines and contraceptives. OTC drugs are medicines one can buy without a doctor's prescription. ‘Companies are planning to start pilot projects in Uttar pradesh, M.P. and Maharashtra from the next are expected to be involved in the pilot project that includes novartis. The move would substantially increase the market
Major players like Novartis, DABUR, RANBAXY, Cipla, GSK, Pfizer & Zandu control nearly 51% of the total OTC market. The project will involve the department of pharmaceuticals and department of posts. “This is likely to be a public – private partnership project and would be implemented by the department of posts and the concerned Pharma companies,” a government official said. The move aimed at ensuring accessibility of OTC drugs in rural areas. There are about 150000 post offices across the country. “We have been in talks with the government to use the network to sell OTC drugs,” said Novartis MD, Ranjit Shahani. Nearly 70% of India’s population lives in rural areas where health care infrastructure is low as compared to urban areas. Only 20% of India’s total healthcare is in rural areas. While there are close to 450000 chemists across the country, companies are willing to use the supply chain and logistics facilities of the post offices and petrol pumps to make medicines available in remote areas. The above cases are the clear illustration of collecting knowledge and then converting it into innovation. One should understand

Table 2: Problems of partial views of innovation

<table>
<thead>
<tr>
<th>If innovation is ….</th>
<th>Only seen As…</th>
<th>The result can be</th>
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<tbody>
<tr>
<td>Strong R&amp;D capability</td>
<td>Technology which fails to meet user needs and may not be accepted</td>
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<tr>
<td>The province of Specialists</td>
<td>Lack of involvement by others, and a lack of key knowledge experience input from other perspectives in the R&amp;D</td>
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<tr>
<td>Understanding and Meeting customer Needs</td>
<td>Lack of technical progression, leading to inability to gain competitive edge</td>
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<tr>
<td>Advances along the technology frontier</td>
<td>Producing products or services which the market does not want or designing processes which do not meet the needs of the user and whose implementation is resisted</td>
<td></td>
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<tr>
<td>The province only of large firms</td>
<td>Weak small firms with too high a dependence on large customers. Disruptive innovation as apparently insignificant small players seize new technical or market opportunities</td>
<td></td>
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<tr>
<td>Only about ‘breakthrough’ changes</td>
<td>Neglect of the potential of incremental innovation: with an inability to secure and reinforce the gains from radical change because the incremental performance ratchet is not working well</td>
<td></td>
</tr>
<tr>
<td>Only about strategically targeted projects</td>
<td>May miss out on lucky ‘accidents’ which open up new possibilities</td>
<td></td>
</tr>
<tr>
<td>Only associated with key individuals</td>
<td>Failure to utilize the creativity of the remainder of employees, and to secure their inputs and perspectives to improve innovation</td>
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<tr>
<td>Only internally Generated</td>
<td>The ‘not invented here’ effect, where good ideas from outside are resisted or rejected</td>
<td></td>
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<tr>
<td>Only externally Generated</td>
<td>Innovation becomes simply a matter of filling a shopping list of needs from outside and there is little internal learning or development of technological competence</td>
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<tr>
<td>Only concerning single firms</td>
<td>Excludes the possibility of various forms of inter-organizational Networking to create new products, tramline shared processes, etc.</td>
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Source: Adapted from Tidd, Bessant and Pavitt, 2005.
PROCESS OF MANAGING KNOWLEDGE AND INNOVATION

CREATIVITY (TO BRING NEW IDEAS)

INVENTION (CONVERTING IDEAS INTO PRODUCTS)

INNOVATION (CONVERTING PRODUCTS INTO REVENUES AND PROFITS)

Most companies strive to create a work environment, which help innovation and creativity to flourish in the organization. Towards this end, RPG Enterprises has set up a special team of professionals known as ‘incubators.’ It is the responsibility of the organizations are tapped and converted into profit avenues for the organizations.

‘Incubators’ at RPG Enterprises are specially identified senior executives of the company who will nurture the ideas sourced from employees and ensure their implementation. The company uses a recognition and rewards program to encourage and reward the employees who contributes practical ideas to the organization.

Traditionally, in most companies, whenever a problem arises, the employee approaches the superior who then gives employee a solution to the problem. In such situations, only the brainpower of the superior is being utilized. All others in the organization merely serve as means of implementing the ideas of superiors. By introducing a new ‘innovation culture’, RPG Enterprises makes its employees undergo a series of training sessions to encourage them to ‘think outside the box.’ Along with training its employees, the company is also training its managers to encourage subordinates to think of new ways of doing things, instead of providing them with ready solutions. Thus the company tries to encourage idea generation at every level in the organization.

The ideas generated are pooled using an intranet, reviewed by a management committee at the apex level of the organization, and those, which seem practical, are they sent to the team of ‘incubators.’ Through this initiative, the company creates a work environment in which employees are encouraged to take risks and experiment with new ideas without the fear of failure. Likewise, the managers are trained to adopt a managerial style that encourages subordinates to come up with innovative ideas and allows creativity to flourish in the organization.

R P G has implemented this program in one of its companies. The 50 new and innovative ideas that resulted from the program are now contributing nearly Rs 20 lakh each to businesses of RPG Enterprises.

Table 3: Stages in the innovation life cycle

<table>
<thead>
<tr>
<th>Innovation characteristic</th>
<th>Fluid pattern</th>
<th>Transitional phase</th>
<th>Specific phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive emphasis placed on …</td>
<td>Functional product Performance</td>
<td>Product variation</td>
<td>Cost reduction</td>
</tr>
<tr>
<td>Innovation stimulated by …</td>
<td>Information on user needs, technical inputs</td>
<td>Opportunities created by expanding internal technical capability</td>
<td>Pressure to reduce cost, improve quality, etc.</td>
</tr>
<tr>
<td>Predominant type of Innovation</td>
<td>Frequent major changes in products</td>
<td>Major process innovations required by rising volume</td>
<td>Incremental product and process innovation</td>
</tr>
<tr>
<td>Product line</td>
<td>Diverse, often including custom designs</td>
<td>Includes at least one stable or dominant design</td>
<td>Mostly undifferentiated standard products</td>
</tr>
<tr>
<td>Production processes</td>
<td>Flexible and inefficient – aim is to experiment and</td>
<td>Becoming more rigid and defined</td>
<td>Efficient, often capital intensive</td>
</tr>
</tbody>
</table>
make frequent changes and relatively rigid.

Source: Adapted from Tidd, Bessant and Pavitt, 2005

Companies should look for internal innovators rather than external consultants. Every innovation should be rewarded accordingly so that it results into motivation.

D. Companies should learn to use lateral thinking

Edward de Bono made this technique of thinking popular. Lateral thinking is about thinking from diverse angles and finding unusual solutions. This type of thinking is generally used when there is time on hand for dealing with a situation.

Steps involved in lateral thinking

Identifying Alternative

Challenging facts and assumptions

Postponing judgment

Negating the obvious

Focusing on the start and special areas

It has to be accepted that knowledge is around us and the methods should be developed to capture it, nurture it, retain it and then managing it.

III. REFERENCES

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