

Innovative Practices in Management

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ABSTRACT

Now a day's innovation is needed in every business in order to survive in the long run. In each and every business they have to do something innovatively to attract their customers and also in the management. The company should follow the innovative management practices to improve themselves. Innovation is something new and finds the new ways of improving the management, marketing, HR practices etc.

Innovation means more than just new products or services. It means improving the process of creating those products, or selling them, or experiencing them, or even improving the ways we manage the people who do all of the above. "Innovation is significant positive change." That change can apply to products and processes, or it can apply to people. Here the researcher finds the new innovative practices in management.

1. Introduction

Now a day's innovation is needed in every business in order to survive in the long run. In each and every business they have to do something innovatively to attract their customers and also in the management. The company should follow the innovative management practices to improve themselves. Innovation is something new and finds the new ways of improving the management, marketing, HR practices etc.

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Recently, the Institute for Corporate Productivity published a study surveying some of the top companies and people in the fields of management and innovation. They examined some of the best people management practices at organizations known for innovation and found several ways that those companies develop and manage their human capital. In summarizing their findings, here are 10 human capital practices that drive innovation:

1. **Use Technology to Collaborate and Share Knowledge.** Collaboration drives creativity and innovation, and social media and conferencing technologies can help bring people together (or virtually together) more often for that collaboration.
2. **Promote Innovation as an Organizational Value.** The most innovative companies didn't just luck into hiring creative people; they placed creative and even average people into creative cultures.

3. **Include Innovation as a Leadership Development Competency.** Part of building an innovative culture is having leaders who value creativity, and are creative themselves.
4. **Tie Compensation to Innovation.** The jury is still deliberating the influence of incentives on creativity, but their use in organizations sends a signal that innovation is valued. That signal is an important part of culture building.
5. **Develop an "Idea-finding" Program.** As we've discussed elsewhere, it's not enough to have great ideas. Innovative companies build a system that taps into the collective knowledge of everyone and lets everyone promote good ideas.
6. **Fund Outside Projects.** It might sound counterintuitive to allow funding to develop projects that are technically outside your organization, but as market boundaries continue to blur, strategic innovation partnerships become even more important.
7. **Train for Creativity.** Creativity isn't innate. Creative thinking skills can be developed and the most innovative companies fund training programs to develop them.
8. **Create a Review Process for Innovative Ideas.** Even the best ideas don't come fully formed. There is a process to refining, developing and identifying the ideas with the most market potential. Creating a review process allows this to happen and signals that innovative ideas are valued.
9. **Recruit for Creative Talent.** Especially at the undergraduate and graduate levels. The war for talent is slowing shifting its focus from quantitative minds to creative ones.

10. **Reward Innovation with Engaging Work.** Research demonstrates that companies that are able to identify their most creative employees can enhance their creative ability by providing them autonomy to work on projects that are naturally interesting to them.

These ten practices might not be a prescription for how to shift a stuck culture to a creative one, but they are a good start. Consistently innovative companies are engaged in some or all of these practices. Perhaps it's time to take a look at your own firm and see how many you're engaged in.

2. Key factors for successful innovation

When it comes to innovation management, there's a point to be made about there being no such thing as best practices.

While there are certain practices that might be superior to others in some contexts, implementing best practices for all innovation management cases *represents the standardization of thinking*.

It's not smart to slavishly follow other's success stories because **what may have worked well for someone in the past, might not work for you, and most certainly isn't guaranteed to work in the future.**

Therefore, I have listed 6 key factors for successful innovation that we think are worth considering for most businesses:

- **Constant improvement**
- **Value creation**
- **The Lean Startup Model**
- **Resource allocation**
- **Company culture**
- **Focus**

Innovation management as a term refers to a systematic learning process aspiring to **create, identify, refine and implement new value creating ideas** – to address perceived challenges and exploit opportunities that have risen or are about to rise in the future.

In other words, it simply means having a systematic approach for making the organization constantly better in the long run. Constant improvement is after all just a continuous learning process aiming to drive your business forward, just like innovation management.

Every business needs to evolve and innovate to be able to grow and keep up with our rapidly changing economy. Competitiveness is the key, and if we fail to realize (and react to) market threats and new opportunities, our businesses will be in trouble a lot faster than before. So, without keeping you waiting any longer, let's take a closer look at our 6 key success factors for innovation management.

1. Constant improvement

Have you ever mastered a skill without a systematic plan and hours of practice?

Succeeding in innovation management is all about continuous improvement both as a company and on a personal level. To be able to compete and successfully drive desired progress, you need become better than you were yesterday.

Fortunately, constant improvement doesn't have to be insurmountably difficult. As in any other project, start by assessing your current state, and in which areas you'd like to see improvement.

Next, set a clear goal and build a plan that will help you to keep moving to the right direction. Develop your skills by gathering relevant experience, set clear expectations and standards and look at measurable results. You should also make sure you improve your strategy as you grow.

Keep in mind that constant improvement doesn't necessarily mean you have to start running faster. Even though your company needs to be able to react to changes quicker than before, running fast may hurt you in the long run. Instead, you need to be able to **work smarter**.

If you decide to focus on becoming better each day and constantly improving all of the aspects related to innovation, you'll eventually get great results without a doubt. It's the **compound interest for constant improvement** that matters the most as the greatest results are achieved in the long run. You may not see much of a progress in a month, but even 1% weekly improvement will truly make a difference in a year or two:

Another concrete area of focus is your infrastructure. If we look at Facebook, a great example of a smart company, we can identify some top-notch qualities.

Facebook has succeeded in building an agile infrastructure and has the **ability to make quick changes** to their platform by introducing and testing new ideas to a limited audience to see what works and what doesn't. This enables faster development of new features and guarantees that the business is constantly moving to the right direction.

Facebook's approach to a scalable business is successful because it allows them to move fast while constantly maintaining quality. Through agile testing, the risk of doing wrong things decreases whereas the ability to create value as a function of time increases.

2. Create value for your customers

Second, and one of the most important success factor for innovation management is the ability to constantly rethink how to operate to **keep creating as much value as possible**.

Whatever you decide to focus on, ask yourself and your team: **"Is this really creating more value for our customers?"**

How you do it depends on the situation as there are different ways to achieve this. It is, however, inevitable for you to **know your customers well** to be able to acknowledge and respond to their needs.

If you're not familiar with what your customers want and are willing to pay for, you need to begin somewhere, which means that you may have to do more market research and service design compared to those, who know the market like the back of their hands.

3. Implement the Lean Startup Model

It's important to understand that not all great ideas make great businesses. If you're either working on a small incremental idea or a more disruptive innovation, The Lean Startup Model can help you to **assess customer demand fast to find the product market fit as soon as possible.**

Instead of planning a new business model for years, Lean Startup Model is a technique that emphasizes the speed and urgency in idea search and execution and is designed to address market risk fast. It is, however, important to keep in mind that this particular model isn't suitable for all types of businesses. For example businesses operating in highly regulated industries, such as pharmaceutical industry, cannot implement this model, but it can give you a good starting point if you don't quite yet have a clear understanding of what you want to accomplish or focus on.

Build-Measure-Learn Feedback Loop is the core component of the Lean Startup Model for building and testing new ideas at blinding speed. Based on the feedback, you're able to identify what can be done better and whether to pivot to the new or preserve existing.

The main point in Build-Measure-Learn Feedback Loop is to launch a new idea or concept to the market as quickly as possible to gain experience and gather feedback for further improvement. It is crucial to remember that instead of testing an existing product, you should start by testing the value proposition and core assumptions regarding the demand of your product or service.

After you have validated your idea, this loop can be repeated as many times as needed, constantly testing and improving the previous version of your product. You will quickly learn what works and what doesn't, and you can direct your efforts towards the right areas without having to invest millions.

If you focus on testing an existing product, you fail to see if the business concept actually makes any sense, and if it doesn't, it can be extremely slow and expensive to make major changes later on.

4. Allocate resources properly to support your strategy

As there are countless possibilities, it's vital for you to find the right areas of focus and allocate your resources to support your strategy. Evaluate your assets (both human and financial) and utilize them where they have the most potential.

Managing your innovation portfolio is all about finding the right balance. While growing companies may take greater risks and seek bolder radical opportunities, you should allocate your resources according to your strategic goals, unique capabilities and chosen portfolio management principles, such as your

investment period, target returns and willingness to tolerate risk.

When allocating resources, consider the time horizon (during which you'd like to see results), the willingness to take risk and your abilities for being able to outperform the competition.

If we take Coca-Cola company as an example, their creative risk is minimal as they have successfully continued to improve their existing product by allocating most of their resources to their core initiatives.

In addition, Coca-Cola company has strongly expanded their product portfolio to other sodas, waters and sports drinks in the last decades. In fact, they currently produce tens of different soda flavours and have managed to adapt their product portfolio to meet different geographical preferences. Yet, according to the innovation strategy of Coca-Cola company, there aren't many transformational activities in sight at the moment.

5. Create an innovative company culture

Innovation management is a group sport and you need other people to succeed. In fact, you need the **right people** to succeed.

The companies that have got innovation right have created a culture of innovation where people are excited to improve everything and are willing and capable of seeing ideas through execution. **Trust and openness** is the key here, because the ones who don't trust others will eventually fail.

According to an Innovation leadership study, the most important element that constitutes a culture of innovation is the openness to other people's ideas and the willingness to share their own. This means that all ideas are equally welcome and none of them are disregarded without merit. Enhance trust and openness by making sure people are allowed to **see failure as an opportunity to learn.**

It's a general misconception that your team should consist of just visionary innovators. The most valuable team players aren't necessarily the ones who are the most innovative, but the ones who are smart and able to get things done.

Everyone in the organization has ideas, but even the greatest ideas don't really matter if they are not put in practice. When building a world-class team, consider gathering a team of people with cross-functional skill sets, as different skills make the team stronger. Make sure your team consists of people who are not only good at creating new ideas, but also capable of advancing, refining and executing them. It is, in the end, the execution that matters, not the idea.

As already mentioned, a great team does not necessarily consist of the most shining stars but rather of those who share similar values and motivation to work hard towards common goals. A brilliant example of a successful team is **Vegas Golden Knights**, an NHL expansion team that consists of "misfits", in other words, just the players that the other

teams didn't want to keep. Against all odds, this "leftover" team made it to the Stanley Cup finals in their first NHL season.

They did a lot of things right, but the big one was that from day one, they focused on creating a culture where everyone is first and foremost a team player that trusts the process and does their best to fill their own role regardless of what they'd personally prefer. The team also has a tremendous group spirit and everyone in the team commits to always giving 100% every single day.

6. Stay focused

Many companies make the mistake of doing too much and losing focus from what actually works and what really matters in the long run.

But how do you then maximize growth while making sure you still keep focus?

By focusing on things where you have a realistic chance of becoming the best in the world.

A classic dilemma of an ambitious leader is to have a grand vision of "let's do everything for everyone". While you can still cling on to that grand vision as the mission of your

company, it definitely can't be your strategy. The problem lies in trying to do too many things at once. It's simply not realistic for any organization to be the best in the world for everyone in anything, let alone everything. The transition needs to be done step-by-step.

Keep in mind that while you can (and often should) expand to other promising markets, just don't try to accomplish everything at once.

From a leadership point of view, you should keep in mind that for your team to stay focused, you need to give your team a framework and a clear goal but also **enough freedom** to create and test their ideas.

3. Conclusion

Successful innovation rarely happens overnight. It requires patience, a clear vision and lots of testing to see what works and what needs to be improved, constantly aiming for becoming better both as a company and on a personal level. Innovation in management requires some techniques to implement.