Università di Roma
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Management of Innovation

Innovation for Sustainability

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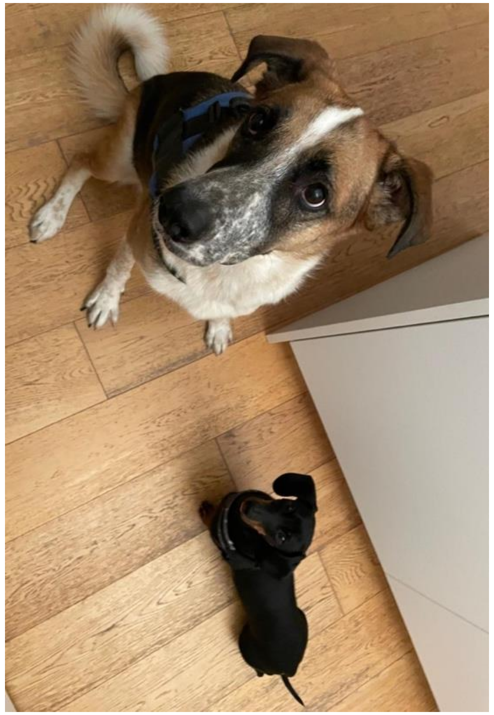
Knowledge	Themes	Superpower	Job
sustainable management	decision making processes	empathy	research
circular economy	assessment	understanding of systems	impact
innovation for sustainability	sustainable business model innovation	creativity	education

Natalia



Let’s start

What is innovation?

What is innovation management, and why is it important for organizations?

Innovation ….

The word 'innovation' comes from the Latin, *innovare*, and is all about **change**.

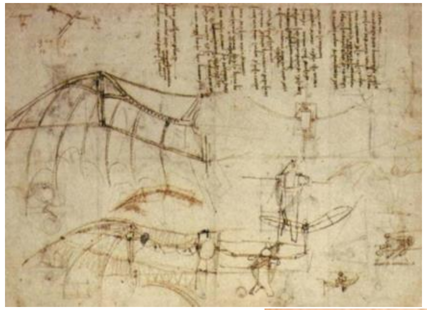
Perhaps a more helpful definition of innovation is:

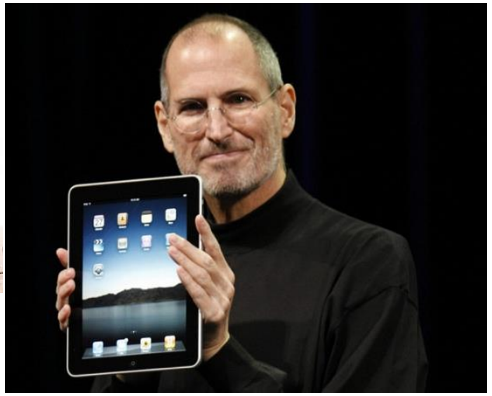
'**the process of creating (and then capture) value from ideas**'

"Innovation distinguishes between a leader and a follower".

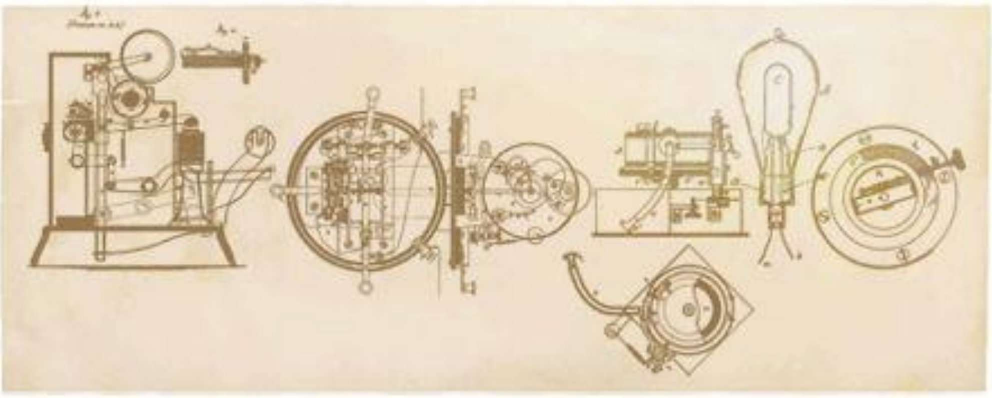
Steve Jobs, Apple

Inventors vs. Innovators





Leonardo da Vinci – Thomas Edison – Steve Jobs



Invention and innovation

Invention is the solution of a technical problem, achieving a solution that did not exist before.

Innovation is the successful exploitation of new ideas.

An invention can take many years before becoming an innovation, may be moved forwards by a different person than the inventor … or might never be introduced in the marketplace!

A great inventor might not be a great innovator (and viceversa).

«An innovative business is one which lives and breathes outside the box. It is not just good ideas; it is a combination of good ideas, motivated staff and an instinctive understanding of what your customer wants»
Richard Brenson

Who is an innovator?

One of Americas most successful innovators was Thomas Alva Edison.

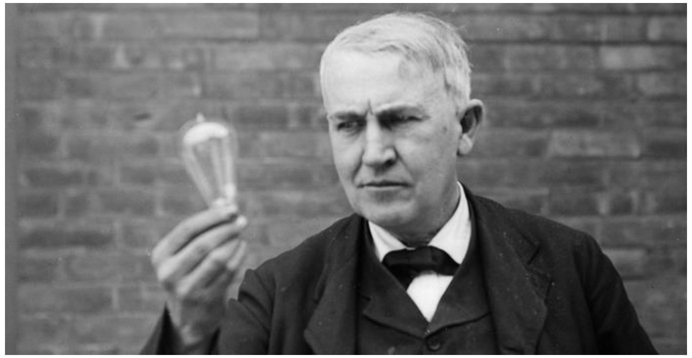
Edison appreciated better than most that the real challenge in innovation was not invention –coming up with good ideas –but in making them work technically and commercially. His skill in doing this created a business empire worth, in 1920, around $21.6bn.

He put to good use an understanding o f the interactive nature of innovation, realizing that both **technology push** (which he systematized in one of the worlds first organized R&D laboratories) and **demand pull** need to be mobilized.

Edison recognized that although the electric light bulb was a good idea it had little practical relevance in a world where there was no power point to plug it into.

Consequently, his team set about building up an entire electricity generation and distribution infrastructure, including designing lamp stands, switches and wiring.

In 1882 he switched on the power from the first electric power generation plant in Manhattan and was able to light up 800 bulbs in the area. In the years that followed he built over 300 plants all over the world.



As Edison realized, innovation is more than simply coming up with good ideas; it is the *process* of growing them into practical use (*goal-oriented process*).

What innovation is about?

Areas of innovation	Examples
Identifying or creating opportunities	**Innovation is driven by the ability to see connections, to spot opportunities and to take advantage of them.** Sometimes this is about completely new possibilities – for example, by exploiting radical breakthroughs in technology. New drugs based on genetic manipulation have opened a major new front in the war against disease. Mobile phones, tablets and other devices have revolutionised where and when we communicate.
New ways of serving existing markets	Innovation can also offer **new ways of serving established and mature ones**. Low cost airlines are still about transportation – but the innovations which firms like Southwest Airlines, Easyjet and Ryanair introduced have revolutionised air travel and grown the market in the process. Despite a global shift in textile and clothing manufacture towards developing countries the Spanish company, Inditex (through its retail outlets under various names including Zara) have pioneered a highly flexible, fast turnaround clothing operation with over 2000 outlets in 52 countries.
Growing new markets	**Equally important is the ability to spot where and how new markets can be created and grown.** Alexander Bell's invention of the telephone didn't lead to an overnight revolution in communications – that depended on developing the market for person-to-person communications. Henry Ford may not have invented the motor car but in making the Model T –"a car for Everyman" at a price most people could afford- he grew the mass market for personal transportation. And eBay justifies its multi-billion dollar price tag not because of the technology behind its on-line auction idea but because it created and grew the market.

Areas of innovation	Examples
Rethinking services	**In most economies the service sector accounts for the vast majority of activity and there are many opportunities for new entrants and radical change are greatest in the service sector.** On-line banking and insurance have become common place but they have radically transformed the efficiencies with which those sectors work and the range of services they can provide. New entrants riding the internet wave have rewritten the rule book for a wide range of industrial games – for example, Amazon in retailing, eBay in market trading and auctions, Google in advertising, Skype in telephony, Uber in transportation and AirBnB in accommodation.
Meeting social needs	**Innovation offers huge challenges – and opportunities – for the public sector.** Pressure to deliver more and better services without increasing the tax burden is a puzzle likely to keep many civil servants awake at night. But it's not an impossible dream – right across the spectrum there are examples of innovation changing the way the sector works. For example, in healthcare there have been major improvements in efficiencies around key targets such as waiting times.
Improving operations – doing what we do but better	**Many companies are revising their production processes, in order to improve quality and/or reduce costs**. This is for instance the case with Toyota.

Task for tomorrow: watch the John Bessant video

https://www.youtube.com/watch?v=ZrXaIIN-KBI

Next class with Prof. Cerruti will build on it