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## Drivers of Innovation Processes in Young and Established Companies in Nigeria: A Theoretical Examination

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### **Abstract:**

*In the face of global business environment and competition, companies that do not invest in innovation are most likely to die (young). Understanding and implementing innovation processes is therefore critical not only for managers but also for academics and practitioners. Generally, innovation falls into three domains: strategy, product or service and process. However the avalanche of literature on the subject is characterized by diversity of approaches and practices by various innovation experts and institutions that lends itself to distinct studies. The result of these studies indicate limited literature to the stages required to effectively turn the individual or group ideas into new products, services and profits. The objective of this paper is to examine relevant literature on the drivers of innovation and innovation processes that young and established companies follow in launching products or rendering services from a developing country's perspective. To achieve this objective, drivers of innovation were first examined to find out those that are the most appropriate in the innovation process. Second, a presentation of some relevant innovation processes by various experts and practitioners was made to uncover some critical innovation processes spanning from idea generation through the development of new products, services or business models to sales and profits (reality). Literature findings indicate that the effectiveness of drivers of innovation process as well as the implementation of the steps in the process is contingent on the level of economic development in a country, the structure, the industry and so on. Important contributions have been made from this review: moving beyond empirical studies to a theoretical conceptualization. The paper suggests more investment in innovation and a culture of innovation in organizations.*

**Keywords:** Innovation, risk, R & D, competition, companies, development, profit, Nigeria

### **1. Introduction**

The basis of all businesses is meeting needs and wants of customers. A business may come up with a wonderful new product, or create a fantastic new service, but if it does not satisfy some real and important need or desire, people will not buy it and subsequently and inevitably, the business will fail. Now there seems to be a shift from business as usual to innovation, creativity and business process as a survival strategy for many companies. Companies everywhere are searching for how they can consistently drive innovation to the core: an all-the-time enterprise-wide capability. Companies achieve this by building a systematic capability for innovation as an inescapable imperative. As stated earlier, if a company does not learn to continuously drive innovation, it risks becoming a memory.

In most cases, business ideas were carried out base on trial and error, incomplete guidelines or rules of thumbs with the hope that they may lead to business performance and success with time, if it pleases for example, the ancestors and the gods of the land. There is no clear path, since the businessman must create one. Finding an appropriate success path, according to Kuratko, Morris and Covin (2011) are easier if the business manager approaches innovation as a logical process, and then utilize some of the available innovative problem-solving techniques as he moves through the process.

Recent research studies by Abrams (2012) indicate that the most exciting and often most risky, entrepreneurial companies are innovative in nature. They bring something to the market that either is new or significantly alters and improves on the existing offering. This may require building on an existing product or service or improving on it or finding a new use for it. Research also indicates that of all the elements necessary for a successful business, the individual initiative seems the most critical. Without the visionary leadership and persistence demonstrated by this individual, little would be accomplished. Someone must come up with a concept, vision or dream and the dream must be translated into products, services and processes within a business context. This concept must be adapted to reflect the realities encountered within the internal and external environment and must persevere in overcoming both the normal and the arbitrary hurdles that are thrown into their paths.

The success stories of global companies and successful entrepreneurs can be traced to their investment in innovation. Google's Larry Page and Sergey Brian came up with more effective search engines that researchers found more reliable. Today, Google has become a

household name. The iPod has made it possible to walk around with 10,000 songs available at all times. The iPod for example represents a substantially improved, enjoyable, creative and instinctive way to meet a long standing need for music-on-demand. However, in Nigeria, among the factors that contribute to business failure is the inability of a Nigerian businessman and entrepreneurs to be innovative, creative and to adapt process management to accomplish goals. All forms of business organisations need innovative and creative ideas to stay in business, Dugguh (2013).

## 2. Paper Objective

The general objective of the paper therefore is to make a theoretical exposition of innovation process in organizations. Specifically the paper examines the drivers of innovation process in young and the established companies with particular reference to Nigeria. The lack of understanding of the issues involved in driving the innovation process in a developing economy may hinder many businesses from being successful to justify their investments, accomplish the desired business goals and become global competitors.

## 3. Conceptual Perspectives and the Literature

Drucker (1985) stated that innovation is the specific tool of businessman and entrepreneurs, the means by which they exploit change as an opportunity for a different business or service. It is capable of being learned and capable of being practiced. Branson (1998) considers innovative business as one which lives and breathes 'outside the box'. According to him, innovation is not just good ideas. It is a combination of good ideas, motivated staff and an instinctive understanding of what customers of the business want and need.

Davila et al (2000) assert that innovation is the application of better solutions that meet new requirements, inarticulate needs, or existing market needs. It can also be defined as something original and as consequence, new that 'breaks into' the market or into society. While something novel is often described as an innovation, in management and other social science-related disciplines, it is generally considered as a process that brings together various novel ideas in a way that they have an impact on society. This is accomplished through more effective products, processes, services, technologies or ideas that are readily available in markets, governments and society.

As Davila et al noted, companies cannot grow through cost reduction and reengineering alone. Innovation is the key in providing aggressive top line growth, and for increasing bottom line results. Therefore, Innovation is more than simply coming up with good ideas. It is the process of growing them into practical use, Hargadon (2003). Definitions of innovation may differ in wordings, but they all stress the need to complete the development and exploitation aspects of new knowledge, not just its invention - the first step in widespread and effective use. A number of studies indicate that there are researches on say research and development, brainstorming, creative thinking games etc. However, few studies have explicitly discussed the factors that drive innovation process in young and established companies with reference to Nigeria and indeed other development nations. It is against background that this paper is written.

Research from a variety of perspectives indicates that innovation is necessary for growth and survival of companies. Companies that shy away from innovation are liable to 'die young'. The ability to innovate therefore is critical to all organizations. However, for an innovation proven to be effective, it demands a well designed organizational structure that stringers creativity and accommodates failure. This is because, the business and entrepreneurial environment in developed nations especially in Nigeria is turbulent as well as the fierce nature of global competition that makes it more difficult to fuel business growth, Ernst & Young (2010). In the face of global competition from all nooks and crannies of the globe, now is the time to focus on innovation process in order to take the organization where it works to be in the future. In the health care industry for example, effective innovation process has lead to improvement in the speed, quality and effectiveness. The same process can be replicated in other sectors with positive results.

Since the importance of innovation process is growing both in practice and in academic, the paper provides a current examination of the existing body of literature in the field of innovation process identifying the factors that fuel the process as put forward by the most active researchers in the field and relevant publications. According to Tidd & Bessant (2013), innovation is driven by the ability to see connections, to spot opportunities and take advantage of them. It is not just about opening up new markets- it can also offer new ways of serving established and matured ones.

Innovation is not confined to manufacturing products alone. It is also found in both private or public services, Prahalá (2006), Bessant & Davies (2007), Boden & Miles (1998) and Tidd & Hall (2003). If for example, bright ideas are well implemented, they can lead to valued new services and the efficient delivery of existing ones especially in developing economies (input) mobilisation for development and growth. New ideas therefore have the potential to change the quality of life and availability of opportunity for people. Organizations may derive competitive advantage from size or possession of assets and so on, the pattern is increasingly coming to favour those companies which mobilize knowledge, and technological skills and experience to create novelty in their offerings (product or service) and the ways in which they create and deliver those offerings.

Further, innovation is crucial not only to the individual company (or person), but also as the wellspring for national economic growth. As Baumol (2002) stated, 'virtually all of the economic growth that has occurred since the eighteenth century is ultimately attributed to innovation'. Again, to buttress that innovation matters, Innovaro Report from a survey of innovation leaders in 25 sectors of the economy, indicates that innovative companies not only out pass their competitors on a year by year basis which have marked effect on their share price (www.innovaro.com) but also record higher profits. Jones, McCormick & Dewing (2012) collaborate by saying leading business around the world are those that innovate. Companies that do not invest in innovation put their future at risk. Their business is unlikely to prosper, and they are unlikely to be able to compete if they do not seek innovative solutions to emerging problems. Innovation is therefore a central plank in national economic policy. For example, the United Kingdom Office of Science

and Innovation considers innovation as ‘the motor of the modern economy, turning ideas and knowledge into products and services. (DTI, 2003).

Therefore, innovation contributes in several ways. For instance, research evidence from the study of Souder & Sherman (1994) and Tidd (2006) reveal a strong correlation between market performance and new products. New products help capture and retain market shares, and increase profitability in those markets. In the case of more matured and established products competitive sales growth comes not simply from being able to offer low prices but also from a variety of non-price factors: design, customization and quality. Being able to replace products frequently with better versions is also increasingly important, (Stack & Hout (1990). Competing in time is a reflection of a growing pressure on companies to introduce new products faster than competitors.

The importance of new products cannot be underestimated. This is so because the environment is constantly changing. Shifts, for example, in the socio-economic field create opportunities and constraints. Legislation and competition many close and open up new path ways for the requirement for environmentally friendly products. In whatever way, companies need to respond through product innovation.

It is pertinent to know that while new products are seen as the cutting edge of innovation in the market place, process innovation: being able to make something no one can, or to do so in ways which are better than anyone else is a powerful source of advantage and important strategic role. Note the Japanese dominance in the late 20<sup>th</sup> Century across several sectors - cars, motorcycles, consumer electronics, shipbuilding is as a result of superior ability and consistence pattern of innovation process.

Today, with the size of internet, the scope for service innovation has grown enormously and is regarded, in the word of Tidd & Bessant, as ‘a solution looking for problems’, an innovation that has created totally new markets and disrupt radically those which exist in any information-related business, Evans & Wuster (2000). The point raised from the preceding is that whatever the dominant technological social or market conditions, the key to creating and sustaining competitive advantage is likely to lie with those organizations which continually innovate. The table below shows the most innovative companies in the world for 2014.

1	Apple	11.	Hewlett-Packard	2	Volkswagen	3	Procter & Gamble	4	Fast Retailing
	Google	12	General Electric	1	3M	1	Fiat	1	Wal-Mart
3	Samsung	13	Intel	2	Lenovo Group	3	Airbus	4	Tata Consultancy Services
4	Microsoft	14	Cisco Systems	3	Nike	3	Boeing	3	Nestle
5	IBM	15	Siemens	4	Daimler	4	Xiaomi Technology	4	Bayer
6	Amazon	16	Coca-Cola	5	General Motors	5	Yahoo	5	Starbucks
7	Tesla Motor	17	LG Electronics	2	Shell	3	Hitachi	4	Tencent Holdings
8	Toyota Motor	18	BMW	7	Audit	7	McDonald's	7	BASF
9	Facebook	19	Ford Motor	3	Philip	3	Oracle	4	Unilever
10	Sony	20	Dell	8	Soft Bank	8	Sales force. Com	8	Huawei Technology
				9		9		9	
				0		0		0	

Table 1: Most Innovative Companies in the World, 2014

Source: 2014 Global Innovators Survey

What is responsible for driving innovation in these companies? What processes do they use? The next section provides some answers to these questions.

#### 4. Drivers of Innovation Processes

The diverse literature on the factors that drive innovation process may be as a result of the variation in the perception of the term itself. Innovation, as earlier noted, is to make something new: the process of turning opportunity into new ideas and putting these into widely used practice. Collahan & Ishmael (2006) posited that the ‘desire for growth, demand for increased profitability and people’ are what drives successful innovation.

Contributing to their findings, LoBus (2006) who added the word ‘necessity’ to these factors emphasized that necessity is ‘the mother of innovations’. In his contribution, Lutz identified a number of forces that drive the need for radical innovation to include as:

- a. Falling trade barriers: As trade barriers fall, new products and services from more competitors enter the market thus increasing competition from countries where costs are lower or the emphasis on technology is higher. Competition either drives down price or increase customer demand for more features. Both increase the need for innovation.

- b. The rate of change: The pace of change increases by the day, with its customer expectations for new products, new service and new features. The change shortens product life cycles and calls for new products.
- c. Increased customer expectations: Customers and prospects are aware that there are more competitors, more channels and more offerings than ever before. Their expectations about quality of life and the products and service they want are always on the increase.
- d. Easy access to information: Everyone now has access to information everywhere: twenty-four hours per week - 24/7. People therefore have access to new products, services and insights and can develop new ones as well. New concepts are available from more sources at a faster rate. Further, education is more widely distributed. More knowledgeable people have greater access to more information. This increases the demand for more and better products and services.
- e. Decreasing cost of entry: Due to internet sources, goods and services can be accessed from any part of the world. Anyone can enter and sell in any market because the internet has reduced marketing and financial barriers.

Lutz concludes that when these drivers are considered collectively, it becomes clear that any organization resting on its laurels will be suddenly awakened since these drivers do not need approval but the need to understand and offset them. In this case, any company that wants to become progressively profitable in any economy has no alternative but to radically innovate its products, services, business models and management systems. Lutz further asserts that what companies require is the recognition that radical innovation is the only option left for creating new wealth, (<http://www.innovationprocess.co/radical-innovation-is-your-path-to-wealth/>)

Citing the Swiss Poster Services and using the open innovation model, Bransch (2005) opined that two types of drivers influence innovation: industry-related external factors and firm-related internal factors. He suggested that competition, as an economic factor influences innovation and pressures managers to look for superior alternatives to current methods. Specifically, the industry-related factors are: economic (fostering innovation management and pressures management for superior alternatives to their current methods), political (the perspective of full market opening allowing government and owners to tighten their request for profitability), technological (for example, the substitution of traditional products through virtual solutions occasioned by the emergence of new information and communication technologies), and ecological. The resultant effect of economical, political, technological and ecological transformation processes have prompted many companies to rethink their innovation process and determine when to implement new innovation models.

The firm-related factors include: size (large and diversified companies are not flexible as small companies in adopting innovative strategies and models), partners (suppliers, research institutions and universities), competitors (considered for important benchmarks, design process, implementation, test marketing etc) and customers (who are the ultimate consumers). It is worthy that the integration of industry-related factors and firm-specific factors will facilitate strategic decisions and the systematization of the innovation processes, Gassmann & Enkel (2005).

Drachter & Natter (2008) accept this notion when they state that innovation is generally positively associated with environmental uncertainty. According to them companies which act in markets with increased competition are forced to use the following drivers to boost their innovation success: political legal, cultural, economic, ecological and technological. These drivers jointly lead to innovation goals and strategies, open innovation management and open innovation projects.

In the Five Drivers of Business Innovation Model, Shane (2012) considers innovation as critical not only to business success, but to its very survival. According to her, the drivers of innovation process in any company are: technology, demographics, attention, usability and the 3fs (Fresh, Fun, Fab). Shane further states that innovative companies are full of new ideas and untapped niches from where everything like monitoring the oceans deep to solving customers 'pet peeves' to become a dairy superstar or taking a new twist on a tried and true concept to infuse a steady system of new ideas in order to revive the business. According to Shane trends, demography, and psychographics impact on consumer lifestyle and innovation is vital to keeping up with how people are aging, changing and consuming, (<http://smallbiztrends.com/2012/04/5-drivers-business-innovation.html>).

Baker's (2002) outlined the following primary drivers of innovation:

- a. Financial pressures to decrease costs, increase efficiency, do more with less.
- b. Increased competition
- c. Shorter product life cycles
- d. Value migration
- e. Stricter regulations
- f. Industry and community needs for sustainable development
- g. Increased demand for accountability
- h. Community and social expectations and pressures (giving back to the community)
- i. Demographic, social and market changes
- j. Rising customer expectations regarding service and quality
- k. Greater availability of potentially useful new technologies coupled with the need to keep up or exceed the competition in applying new technologies and
- l. The changing economy.

For this paper, the Top 10 drivers of innovation process presented by Eckert (2011) are appropriate.

Eckert sees innovation drivers from the "human being", its 'people' perspective. He further listed 10 things that really drive innovation process to include:

- The Individual: Who are the primary building blocks to start moving the needle of innovation?

- **The Team:** Focusing on improving effective and collaborative dynamics to keep the innovation engine running smoothly and effectively. Individuals make things happen, but in most cases, they cannot do it all by themselves. The required multiple skills can only be gathered from a team.
- **The Enterprises:** In order to keep the whole innovation vehicle running on the rough competitive road of the business well, thought needs to be given to creating and sustaining enterprises-wide procedures, policies, metrics, recognition and executive-level accountability.
- **Processes:** The process that drive innovation must be considered across the levels of drivers mentioned above.
- **Offerings:** Innovation process must be seek not only in a product but also in services, business models, alliances, processes, channels and so scope to see the BIG innovations especially in sciences.
- **Psychological climate:** How a person defines the world will shape the newness that they create and enable. The primary impact on the psychological climate include: the right amount of personal freedom in the system and the mental energy to explore new areas. A steady attention to the support of an effective psychological climate is a requirement for sustained innovative output.
- **Physical environment:** the issue here is whether people are able to easily get together to communicate and work together. Since everyone has a different concept of the ideal environment, improving the physical environment (space) in which people work enables innovation process to effectively take place.
- **Organizational Culture:** This refers to the way “we do our things’ in the organization. It is not enough to say innovation is important, such words must be backed up with action to reflect organizational policies, management behaviours, things that are measured and executive messaging must reflect the culture of the organization.
- **Geographical Culture:** People differ in culture where they are born, their language, where they schooled; where they work etc. every culture has strengths and weaknesses. Geographic culture therefore drives innovation in both young and established companies, (<http://www.inovationexcellence.com/blog/2011/12/23/top-10-innovation-drivers>)

Taking all the drivers of innovation it amounts to people or the output of people. If attention is given the needs of people, innovation process can flourish thereby leading to an effective and sustainable innovation process. Further, cost reduction has been a major driver of innovation process, the regulatory drivers and the desire to promote corporate image have become vital for environmental as well as sustainable development issues. A good image for example, can promote customer loyalty and a company’s growth strategy.

Hamel (1996, 2000) supports this argument by saying that organizations must develop an innovation competency if they are to survive. He suggests that an innovation competency requires both an internal and external organizational perspective. To develop an innovation competency, the organization must do the following: have a fluid notion of the organizational boundaries and an open market for talent, transform organizational strategy, create an open market for capital investment and rewards, manage the risk and create a culture that promotes innovation.

## 5. The Innovation Process

Innovation process encompasses systematic steps, beginning from problem/requirement analysis through product development to product and services marketing. The process attempts answers to whether the organization has an innovation strategy, effective enabling processes, supporting organizational context, good external linkages and so on that would lead to innovative performance in terms of sales coming from new products, number of employee ideas, patents etc Adams, (2006) and Tidd (2000). Innovation is the life blood of the global economy and a strategic priority for virtually every manager around the world. Innovative companies are known for their compelling competitive advantages and wealth creation for pioneering a new path. Since innovation creates wealth, the question now is how is the wealth created? Various attempts have been made in a number of literatures to describe innovation processes that lend credence to wealth creation and profits. For example:

Dyer & Gregerson (2013) suggest that innovation process starts at the top. They state in their paper: the secrets of Innovative companies. It isn’t R&D that the code for innovation is. It is embedded in the organizations people, processes and philosophies or the 3 ps. Innovative people thinks differently and act differently to generate creativity ideas for new products, services, processes and businesses. In this case, the behaviour of organizational leaders matters. They weave a code for innovation and behave innovatively.

From the top, innovation process continues through all levels of the organization. By creating organizational processes that mirror their individual discovery behaviours, these leaders have built their personal innovation ideas into the organization. They also understand the critical need to attract creative people if the organization hopes to build a team of innovators at all levels. This involves hiring people with innovative ideas as is the case with many innovative companies.

The final stage is investing in innovation: “creating time” to innovate, moving out from comfort zones to innovate, improving their discovery skills, understanding how innovation works and sharpening the ability to foster the innovation of others.

Tidd & Bessant (2013) identified four phases of innovation process. They are:

- Search:** This is done to bring new ideas into the system. These ideas can come from research and development, Eureka moments, copying, market signals, regulations, competitor behaviour. The most important challenge in this phase is how to organize an effective search process to ensure a steady flow of ‘generic variety’ which gives a better chance of surviving and thriving.
- Select:** Simply generating variety of ideas must be followed with selecting from a set of opinions the variants most likely to help the company grow and develop. The selection involves a strategic choice - which choices give the best chance of standing out from the crowd and identifying the capabilities that can show a way forward.

iii. Implementation: This phase involves making it happen - converting ideas into reality. This is the point at which resources (money, time, energy, materials and most importantly mobilizing knowledge of different kinds against a background of uncertainty) are committed. The challenge in innovation management in developing something new and to know whether or not it will succeed is by trying it out with the belief that it is 'gambling' and if the investment will deliver us the calculated value which exceeds or equal the investment.

iv. Capturing value from innovative efforts: This may be in form of commercial terms or in terms of creating social value, protecting the gains from appropriation by others and learning how to improve the innovation process.

Tidd & Bessant further state that for the phases to succeed there must be a clear, focused direction that underpins the 'why' of section phase and creating organizational conditions to allow focused creativity.

Tiwari (2007) captures the following five stages of innovation process:

- i. Recognition of specific problem, challenge or opportunity to be seized.
- ii. Innovation of a creative solution or novel idea which helps address a problem or sees an opportunity
- iii. Development of an innovation by creating practical, actionable plans and guidelines.
- iv. Implementation of an innovation to produce real example of changed practice testing the innovation to see how it compares to existing solutions.
- v. Diffusion of successful innovations: Taking them to scale and leading to wider adoption outside the original setting.

Stanleigh (2013) opined that in spite of many blocks to innovation, its ideas must be tested and implemented or else the company will not generate more ideas. The innovative ideas require work to implement and the solution lies in a vision, a thought, a dream or a wish. He believes that innovation process should begin from vision and end with reality. This is to protect good ideas that are likely to die. Stanleigh suggests that organizations need to create a forum for the innovation process and link innovative ideas to overall business improvement strategies. He further suggests an innovation process that begins with vision and ends with reality as follows:

- a. Capturing the visions and ideas: At this initial stage, individuals brainstorm answers to broad-based questions such as 'what is impossible to do in your organization, department or business today, but if it could be done, would fundamentally change what your organization or business does?' Customers or the unreasonable demand or a goal may bring about this question. The vision or ideas that are generated are the beginning of innovation process.
- b. Creating the innovation team: The stage requires an assemblage of a cross functional team with members that are able to be responsible for exploring and implementing the innovations. It is advisable to include both creativity and practical individuals to have a mix of people who keep challenging and asking 'why' and 'how'.
- c. Developing the Innovation statements: This requires recording all ideas and visions, reviewing the entire list and then organizing the ideas that are similar into groups in order to develop statements that represent the ideas in each group. The benefits of each innovative statement is then qualified.
- d. Identifying the benefits of each of innovation: This step examines each innovation statement in depth and to explore the benefits of moving forward with each one. How each innovation statement fits with the organization's strategy, mission and objectives as well as the overall business potential for each innovation and impact on the customers is considered.
- e. Identifying and overcoming innovation blockages: At this stages, blockages and barriers that might stop the organization from implementing each innovation are identified. This may require a review of the basic assumptions about the way things are currently done that must change.
- f. Prioritizing the implementation of the innovations: The best innovation can be identified by either multi-voting, as a team, on all identified options and thereby reducing the list to those core areas that everyone agrees are the best ones to use to implement the innovations, or by completing a more detailed analysis of each option by use of priority evaluation process. The number of options can as well be reduced through the same process.
- g. Developing a business effective strategy: After assessing the innovations and selecting those for possible implementation, the team should develop a high level implementation plan. Those to be responsible for the implementation, the resources to be committed, management criteria and expected benefits are considered at this stage.
- h. Creating Breakthrough: This is in respect of events, processes, structures and strategies through the innovations. With an implementation plan, a project plan is developed and a sponsor identified. The sponsor provides support, the required resources and budget to implement the innovations. Changes may be for some staff and customers. A process of communication with staff and customers to buy-in and support during implementation of innovations is also essential at this phase.
- i. Start Again: With time it becomes clear that what was once an innovation no longer fits. The former innovation becomes outdated and continuous improvement of the existing product, service and process is no longer of value. This is the stage at which such an outdated, and outmoded product, services or process is abandoned and a set of new goal to kick-start the innovation process once again. The new innovations may be in response to external pressure for change.

Stanleighs point is clear that every organization undergoes innovation or else it is not successful. He emphasized that the essence of innovation is uniquely good at, what special capabilities it possesses, and how it can take advantage of these capabilities to build products or deliver services that are better than anyone else's. Since every organization has unique strengths, success should come from leveraging these strengths in its own service or product market place. ([www.bia.ca/articles.inno.vision-reality.htm](http://www.bia.ca/articles.inno.vision-reality.htm))

Langdon's (2013) strategy-focused innovation process assumed that by creating new ideas is the beginning of the innovation process. But that is not true. He explains that ideation occurs in the middle of a disciplined, strategically-focused innovation process. He also

states that while the purpose of innovation is to create business value, the value itself can take many different forms including incremental improvements to existing products, cost reductions, efficiency improvements, new business models and new ventures. A strategically-focused innovation process is used to discover, create and develop ideas, to refine them into useful forms and to use them to earn profits, increase efficiency and or reduce costs stating that innovation process is like a funnel with many ideas at the input stage that whittled down to a few completed, useful innovations at the output stage, Langdon believes that the trick to making the process work is knowing what is supposed to happen inside ‘the funnel’. This requires that the innovation processes are fully aligned with the organizations strategic intent.

Based on the preceding, Langdon outlined an 8-step innovation process thus:

- Strategic thinking: this process begins with a goal to create strategic advantage in the market place. During this stage, thinking specifically about how innovation is going to add value to strategic intents-targeting areas that have the greatest potential to provide strategic advantage is needed.
- Portfolio management and metrics: At this stage, attempts are made to do what is new but uncertain about its success. This calls for the management of innovation portfolios to balance the inherent risks of the unknown with the targeted rewards of success it balancing the pursuit of the ideal with the realities of learning, risking and failing in order to ultimately succeed.

Stages (a) and (b) are the initial input stages of the funnel and must be effective so that later stages of the innovation process have the best chance to achieve excellence results.

- This stage deals with the research: Once the ideal innovation portfolio is designed, a comparison of current knowledge to discern the gaps is made. Filling those gaps is the purpose of the stage research. Through research, a mastery of a wide range of unknowns: emerging technologies societal change and customer values is conducted to expose significant new opportunities for innovation. Strategic thinking helps clarify how the world is changing and what customers may value. New research findings provoke a broad range of new ideas across a variety of internal and external topics.
- This is the insight stage: Understanding what the right value proposition is for the right customer. Insight is the result of a dedicated process of examining and development. It does not occur because someone has a good idea but because individuals and terms of people were looking diligently and persistently for it.
- Innovation Development: this is the process of design; engineering, prototyping and testing that result in a finished products, services or business design manufacturing, distribution, branding, marketing and sales are also designed at this stage in an integrated, multi-disciplinary process.
- Market Development: In this stage, the business planning process that begins with brand identification and development continues through the preparation of customers to understand and choose the innovation that leads to rapid sales growth.
- Selling: This is where the real pay-off is achieved financial returns (profits) are earned by successfully selling new products and productivity.

Langdon emphasized that management a process of this scope and complexity is challenging for all organizations but companies that manage it well are extra ordinarily. (<http://innovationmanagement.se/imtool-art,cles/a-strategically-focused-process/>)

In Germany, innovation process at Schaeffler is unique and involves a three-stage process as follows:

- i. Identifying Search Fields: This refers to the competencies, product portfolios, trends and customer requirements and analysis of the strategic objectives. The customer (voice of the customer) is the primary initiator who is also initiated in the process at an early stage using the lead method.
- ii. Generating ideas: Concept situations are generally for the search field in this stage. Various experts are used in inter disciplinary workshops. These experts are consciously drawn into the process to bring with them a new, detached way of looking at the problem. Interdisciplinary and heterogeneous collaboration brings possible approaches beyond the knowledge of any individual participant
- iii. Evaluating Innovation Projects. Evaluating innovation Projects: this is the stage where technical ideas become business ideas. Business sketches are prepared for the concept solutions that give an integrated analysis from a market and engineering perspective.

Again, Thom (1992) had earlier stated that innovation process in Germany is in three phases:

- a. Idea generation: Definition of the search idea, idea detection, and idea proposal.
- b. Idea acceptance: Idea evaluation, preparation of implementation plans and decision on one implementation plan.
- c. Idea implementation: Realization of the new idea, sale of the new idea to target customers and check on acceptance.

In their contribution, Pleschak et al (1996) observed that based on market technology, development, customer needs and problems innovation process take the following steps:

- a. Idea generation, new solution to problems, idea assessment and selection.
- b. Project and program planning, cost effectiveness study.
- c. Research and development and technical transfer.
- d. Rollout in production and
- e. Launch.

The innovation process presented by Pleschak et al contains the possibility of truncation due to the rejection of an idea, technical or economical failure. While Ebert et al (1992) innovation process comprised of requirement specification and functional specification which may be too complex for use in companies. Callahan & Ishmael (2006) argue that innovation process begins with initial idea

screening, preliminary assessment, definition, development, validation and commercialization. They tagged the model a stage-gate or phase-gate process.

(<http://ideaflow.corante.com/archives/2006/06/06/new-white-paper-what-drivers-innovation-a-heuristic-framework-for-corporate-innovation.php>)

Baumgartner (2009) widely quoted innovation process is a structured action that is easy to implement. The process is indicated below:

- a. Begin with a problem or goal: If a business does not achieve its goal, this may be considered a problem. All businesses have problems in terms of sales, products, processes and costs. This is where innovation process begins.
- b. Convert the problem into a challenge: Once a problem is identified, it needs to be converted into a challenge. Baumgartner sees a challenge as a short, terse question that invites creative solutions. This requires funding to improve a particular product or service, how to reduce wastages in the manufacturing process etc. Formulating a challenge that addresses a problem is critical to the innovation process.
- c. Challenge colleagues to suggest creative solutions: An innovation challenge calls for communication with organizational colleagues, business partners, customers and members of the public so they can generate ideas.
- d. Collaborative idea generation: In this step, the idea generation might be in the form of a brainstorming activity or real idea management software or a team. It must be noted that diverse teams generate more creative ideas than individuals. Collaboration is essential in this stage.
- e. Combine and evaluate ideas: The diverse ideas generated are combined into idea clusters. Each big idea can be processed as a single idea to facilitate the process in the next step. Here too ideas are evaluated and the most promising are compared to relevant business criteria. Ideas with the highest evaluation scores are taken to the next step.
- f. Develop ideas: This depends on the innovation challenge. For example, new product ideas might be developed into prototypes, process efficiency ideas may be modelled, marketing ideas may be evaluated in consumer survey etc. Ideas are also tested in the business environment in this stage.
- g. Implement ideas: At the final stage, ideas are implemented – manufacturing a new product, restructuring the processes, or doing whatever is necessary to turn the evaluated and developed ideas into implementation that generate value or profit for the organization. Here, creative ideas grow to become innovations.

Baumgartner further suggests three qualities of the innovation process. Just, it is scalable. Individuals can use it to innovate a business, small team can also use it to innovate projects, business units and companies can equally use it. Secondly, the process is repeatable. A company can have numerous instances of the innovation process in action at all times. Thirdly, the process is effective. It is based on a combination of creative problem solution and standard business process. It has been proven again and again. This process enables a manager to align innovation with strategy, focus creative thinking on current business needs and combine multiple ideas in order to develop comprehensive solutions to all kinds of business problems. (<http://www.jpbc.com/creative/innovationprocess.php-baumgartner>)

## 6. Innovative Strategies Commonly Used by Companies

Kaplan (2012) states four strategies that established companies adopt in their innovation process. Some of the strategies are:

- a. Following customers home: This strategy requires that the company values finding and savouring customer surprises - unexpected insights about customer needs, problems and desired experiences that can be expected or pre-defined. This gives the company the opportunity to appreciate how things are working or not working in the real world and to offer solutions.
- b. Tapping outside collaborator. This calls for the recruitment of ‘thought leaders’ from other companies, universities, start-ups or think-tanks to join a collaborative innovation session to lend expertise. The ‘Thought Leaders’ deliver strategic and practical insights that would have taken along time to gather through traditional research.
- c. Staying Small: Staying small indicated that, big innovation does not necessarily have to begin by taking risks or making heavy investments. Providing guidance to managers and entrepreneurship team to use certain models might prove profitable. Managers in established companies do not wait for senior leadership to sponsor and find the next big idea but they rapidly test ideas to identify the things teams can do to have the biggest impact.
- d. Using the best, and invent the rest: The strategy here is to use the best model and then adapt it or combine it with other approaches that work within the specific company context. These companies do not wait for example, new technologies, but they look outside, find what exists and then go from there.

Kaplan further states that since established companies may appear to be stodgy, slow and bureaucratic when it comes to innovation, their strategies in the innovation process should combine strategic thinking with the practical tools required for driving forward new products, services and strategies focused on ‘leaf flogging to the next big thing’. Established companies are better focused, better able to attract talents and generally tend to be innovative but bureaucratic in nature.

Young companies on the other hand use the following strategies: constant training of employees, cooperation with partners, setting clear strategic targets, teamwork, effective leadership style, empowering employees, giving employees challenging work, designing faster to specification, sending short messages to customers, delivering faster (door to door), avoiding wastages, focusing on one idea at a time etc, Dyer & Gregerson (2013), <http://www.innovationmanagement.se/2013/04/18/the-secret-of-innovative-companies-it-isnt-rd/>

## 7. Methodological Approach

The paper is theoretical in nature and draws on secondary sources of data largely from the works of Kline (1985), Kahneman & Tversky's (1979) and Caraca, Bengt-Ake & Sandro (2009). The Kline Model emphasizes potential market needs as drivers of the innovation process describing the complexities in the innovation process. He acknowledges the fact that new knowledge is not necessarily the driver of innovation process instead the process begins with the identification of an unfilled or unmet market need. This drives research and design, then redesign and production and finally marketing with complex feedback between these stages. Corroborating with Kline, Caraca, Bengt-Ake & Sandro (2009) linked the model to linear theory of innovation when they state that basic research leads to applied development, then engineering, then manufacturing and finally marketing and distribution process. Kahneman & Tversky's model assumed that the more innovative the idea is, the greater the risk. That is because, highly innovative ideas are by definition very different to the current situation (be it a product, service or innovation). The more innovative an idea is, the harder it is to determine precisely the result of its implementation since people base their choices on the potential value of losses and gains rather than the final outcome, (<http://www.sjsu.edu/faculty/watkins/prospect.htm>).

Based on the preceding, the work of other innovation process experts like Tidd & Bessant (2013), Tiwari (2007), Stanleigh (2013), Langdon (2013), Baumgartner (2009), Thom (1992) and so on. Literature from Schaeffler, Germany on innovation process were also reviewed for possible findings.

## 8. Literature Findings

The literature findings from the review indicate a number of factors both internal and external that affect innovation processes. However, people are the most crucial drivers. Further, innovation process whether it begins with a problem, goal, strategic thinking or search shows that creativity is paramount and reality or profit is the ultimate in all the processes. Innovative companies all over the world are competitive and indeed world class. They also invest in people and have created an ideal environment for innovation with the right behaviours.

## 9. Conclusion

The paper attempts to examine relevant literature on innovation as well as its drivers and processes as presented by various experts. The paper does not in any way lay claims to a particular driver or step in the process as the best. The most suitable drivers or stage in the process depends to some extent on the country, the industry, structure and so on. Both drivers and the process make sense only when the company's objective, problems and strategies that are put in place are considered. Companies should not shy away from investing in innovation. Indeed from a developing country's perspective, innovation should be institutionalized to awaken the potentials that exists and to use it effectively.

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