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Special Focus

Published November 14, 2007

GES

Businesses get strategies for innovation

Open mindset, process for new ideas, collaboration are necessary

By OH BOON PING

A CORPORATE guru yesterday set out in a speech the five broad strategies that should guide businesses seeking innovation.

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Mr Tucker: Has been studying innovative companies since 1981

The strategies include an open mindset towards opportunities, a process for managing new ideas and collaboration with customers and stakeholders, said Robert Tucker. The others were developing an innovative culture and a measurement and reward systems for innovation.

Mr Tucker was speaking at the Captains of Industry conference, the Global Entropolis @ Singapore.

Formerly an adjunct professor at the University of California, Los Angeles, Mr Tucker has been studying innovators and innovative companies since 1981. He is now president of consulting group The Innovation Resource.

Yesterday, he stressed that innovation is a mindset, adding that 'innovative organisations are busy embracing changes', unlike companies with slower growth.

Broadly speaking, innovation can take the form of new products, strategy or processes, and it is important that firms implement systems to manage ideas in those areas, he said.

These systems not only include a transparent selection process for those ideas, but also an execution plan and commercialisation of the output.

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Pointing to leading firms like 3M, Shell and Procter & Gamble, Mr Tucker said that they are now ahead of the others 'in the sense that they have become more systematic in the way they accomplish innovation'.

The third strategy, he says, is collaboration with customers and stakeholders that can help businesses identify opportunities much more easily.

Also, a culture of innovation helps as it promotes new ideas and makes innovation a common responsibility 'from sales to IT, to operations and marketing, and also procurement', he said. 'If you are not cultivating a more open culture . . . your culture will turn risk-averse and inevitably bureaucratic and change-resistant.'

Companies have to be willing to reward 'intelligent failure', which Mr Tucker defined as 'honest attempts to get the formula right'.

'Unless you honestly reward failures, you have play-it-safe behaviour and you will not have innovation,' he said.

Also speaking at the conference yesterday was Sukhinder Singh Cassidy, Google's vice-president of Asia Pacific & Latin America operations, who touched on innovation as the industrial engine of the 21st century.

Specifically, she pointed out a need for firms to continuously innovate, as 'sustainable competitive advantage does not exist'.

Citing research by Arthur D Little - a global management consulting firm - Ms Cassidy said that successful innovative firms achieve 'an Ebit (earnings before interest and tax) margin that is six times that of the underperformers'.

Some of the drivers of innovation include resources such as education, infrastructure like roads and regulatory environment, as well as a supportive culture.

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