

Innovation in Business

1- Defining Innovation:

- An **innovation** is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.
- **Innovation activities** are all scientific, technological, organizational, financial and commercial steps which actually, or are intended to, lead to the implementation of innovations. Innovation activities also include R&D that is not directly related to the development of a specific innovation.

2- The Importance of Innovation

- **Creative Development:** Qualities of innovative nature are essential for new businesses today. You can achieve growth by learning how to be creative. You need to learn this business skill to help make things of value from your creativeness. When you have this business skill you will find that it opens up all kinds of opportunities and gives you the potential for a new market and helps you to keep up with the current trends.
- **Continuous Improvement:** Innovation gives organizational sustainability when you are making continual improvements and repackaging and re-branding. Any good manager will recognize the need to innovate and grows the business skills to increase their creativity.
- **Making the Most of What You Have Already:** It is not all about creating a new product or service which you can sell, but you also need to focus on your existing business procedures to improve your efficiency, find some new customers, increase your profits.
- **Responding to Competition and Trends:** Innovation can help you to see what exists now in opportunities or which ones will likely pop up in the near future. Businesses which are successful don't only respond to the current needs of their customers, but usually predict the future trends and come up with an idea, service or product that can meet the future demand quickly and effectively.
- **Having a Unique Selling Point:** Generally, consumers will see innovation as something which adds value to products or a company. When this is used the right way, it can give you an advantage commercially, especially in a market that is saturated or shifting rapidly. And your customers will be more willing to pay the extra money for something that is well-designed and new, rather than picking the less exciting and cheaper rival.

3- Main types of innovation

- a) A **product innovation** : is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics. Product innovations can utilize new knowledge or technologies, or can be based on new uses or combinations of existing knowledge or technologies.
- b) A **process innovation** : is the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software. Process innovations can be intended to decrease unit costs of production or delivery, to increase quality, or to produce or deliver new or significantly improved products
- c) A **marketing innovation**: is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing. Marketing innovations are aimed at better addressing customer needs, opening up new markets, or newly positioning a firm's product on the market, with the objective of increasing the firm's sales.
- d) An **organizational innovation** : is the implementation of a new organizational method in the firm's business practices, workplace organization or external relations. Organizational innovations can be intended to increase a firm's performance by reducing administrative costs or transaction costs, improving workplace satisfaction (and thus labor productivity), gaining access to non-tradable assets (such as non-codified external knowledge) or reducing costs of supplies

Exercise 1: Fill in the gap in each sentence by writing the correct form of the verb given in bracket. The first one is an example.

- 1. Suzanne is in charge of product ***development*** at Westworld Electronics. (**develop**)
- 2. I want to be graphic when I graduate. (**design**)
- 3. I think that the internet is the greatest of the past 50 years. (**innovate**)
- 4. We are looking for someone with of databases and spreadsheets. (**know**)
- 5. Christopher cockerell was the first of the hovercraft. (**invent**)
- 6. You have to pay a lot to get a good software (**develop**)
- 7. Have you seen her for new shopping center? (**design**)

Exercise 2: Fill in the missing words in the sentences bellow

*product development/ cutting edge/ research centre/
under licence/ intellectual property/ patent application*

- 1. We have made a to stop people copying our invention.
- 2. Our drug for pain relief is made in 32 countries.

3. I'm in charge of at A.M Technologies.
4. We use latest technologies to keep our products at the
5. We took them to court because the original idea was our
6. We test all new drugs at our in Zurich.

Exercise 3: Choose the best word from the brackets. () to fill the gap.

1. I bought a PC in just five years ago now it is (**innovative/ obsolete**)
2. Our new engine uses a state-of-the-electronics. (**art/ science**)
3. I think that theof computer control systems is fascinating.
(**technology/ knowledge**)
4. Advanced, systems are great, but there is more to go wrong. (**low-tech/ hi-tech**)
5. I receive a of 10 % on all my books that the publisher sells. (**royalty/ licence**)
6. Finding out how antibiotics work was a tremendous
(**breakthrough/ breakout**)