

Innovative Practices in Management

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ABSTRACT

Innovation is the probably the most important factor for growth. It leads to competitive advantage, wider avenues for economic activities, employment generation and development of the entire nation. Innovation management leads an organisation to grasp an opportunity and introduce new products and services, process and efficiency. Creativity is the pillar for innovation management and the resultant outcome is more satisfaction for producers and consumers. There are several ways to achieve a desired result but in all the methods it can only be attained through innovation. Management of almost all the companies advocate this ideology and strive for excellence. Cost cutting, proper flow of information, chain of command, production line, delivery, product features and almost each and every aspect of business requires excellence. This desire for excellence can be achieved by inculcating innovative culture in the organisation. The cut throat competition in the open market can be tackled by adopting a good innovative practice by the management. Organisations that do not adapt to the needs of the market perish. There are several ways to be innovative and achieve excellence. At times innovation results from intuitive actions rather than actually being planned. An innovation requires several stages of reality check before such ideas and developments are incorporated in the organisation. Innovation is vital and there is no substitute to it.

Keywords: Competitive Advantage, Niche, Omnipresence, Pragmatic Approach, Financial Inclusion and others.

I. Introduction:

Charles Darwin propagated the survival of the fittest theory long back. The concept was relevant then and continues to be applicable even today. When we analyse any aspect on this universe then we come to understand that the one who adjusts to the needs of the hour thrives. Be it a national government, business entity, researcher, student or even a simple creature, we have to be innovative to excel and continue to exist. Professor Scott Berkun rightly suggested that innovation is a significant positive change. That change can apply to products, process and humans.

Innovation is a technique which requires channelization of information, imagination and a sincere initiative to create more value or unique additional attributes from the existing environment and resources. It includes all aspects and ideas that lead to a fruitful result. From the prehistoric times when the only form of trade was barter we now have reached an era where commerce is done over internet and mobile handsets. This has been possible due to the continuous innovation by the generations that had an urge to develop, excel and make things more suitable. We also need to note that such innovations are not spontaneous. It requires an imagination and effective implementation of the ideas to craft a product or render a service.

Innovation differs from invention and discovery. Innovation is the art of the excelling in the given scenario. Telephone was invented by Alexander Graham Bell but the mobile phones we use today are a result of continuous innovation and product development. Similarly, America was discovered by Christopher Columbus but what America is today is a result of sheer hard work and dedicated innovation in several aspects of the economy. United States has not only been innovative in developing products and service but has also been very innovating in nurturing social values and improving standard of living for humans.

One of the best examples of innovation is our own district of Dakshin Kannada. Banking was not invented in India. Modern banking has been a result of incorporation of western style of banking. In India money lenders were prevalent during the prehistoric and the medieval era. The present day banking was started during the British rule. There were few banks in the country when Dakshina Kannada District started nurturing several new banks and cooperative societies. Slowly these banks developed at much faster rate. These banks and societies were not government owned then. Private entrepreneurs and investors managed them. Due to continuous innovation and effective service the banks from this region became

large enough and the government nationalized them in 1969 and then again in 1980 due to various economic reasons. Canara Bank, Syndicate Bank, Corporation Bank and Vijaya Bank were embraced in the government fold due their large size and reach. Apart from these banks several other private banks and cooperative societies have come up over the years. The banking genre made this region known as ‘The Cradle of Indian Banking Sector’.

The real ability of Indian banking sector was tested in the year 2008. The Basel accord suggested by the International Basel Committee on Banking Accords was better adapted by the Indian banks in comparison to the several foreign banks which could not meet the challenges of the subprime crisis. This ability to withstand unforeseen challenges was inculcated in our banking sector due to continuous innovation, risk allocation and research. While the foreign banks desperately requested for capital infusion Indian Banks continued with their performance streak and contributed to national development.

Apart from large share contribution of this region to Indian Banking sector the banks from this region have been continuously been innovating in developing new services under the banking domain. For example the successive governments have been laying much emphasis on financial inclusion. Vijaya Bank was formed by a group of farmers from Dakshina Kannada region in 1934 to help cater the needs of farmers and include them in the banking fold. Probably the concept of formal banking being extended to farmers during that era was not even incorporated in the western countries. But the visionaries in this area were aware of such necessity. Several banking products have also been developed in this area. One popular example is the small saving scheme commonly known as the ‘Pigme Collection Banking’ was developed by Syndicate Bank to incorporate the small saving habits amongst the masses. Toady such pigmy collection has encouraged small savings all over the country. Similarly Canara Bank has been the torch bearer organisation amongst Public sector banks in implementing agricultural Innovation centres in the country. The Bank was awarded with the ‘Gold award’ under the corporate category for Innovation in Recruitment last year by M/S Green Tech Foundation, New Delhi. Corporation Bank on the other hand is one of the oldest banks in India and was the first bank after State Bank of India to achieve cent percent Core Banking Solution implementation in India.

Thus we see that though banking was invented elsewhere but the continuous innovation and product development has been achieved by banks from this region giving these banks a distinct identity and stature in India.

These days, in a highly competitive business environment innovation is not an option but a necessity. We have heard that 'Necessity is the mother of all inventions'. Now it is worth understanding that 'Innovation is a compulsion for survival'. Business houses have adopted several means to achieve this. Many entities have allocated a large budget for research and development while others are more aggressively recruiting new talents, some are continuously developing their product line or changing their marketing strategy. Every firm is continuously innovating to stay ahead and face competition. Some common innovation strategies adopted by the firm are enumerated.

1. Use of Technology: Implementation of latest technology to fuel innovation is the most common practice. Most of the companies rely heavily on technology. Manufacturing industries to service sectors all have to use technology. Companies engaged in production of goods are very eager to adopt new inventions to develop their production line and offer better products to the customers. Earlier there were cathode ray tube picture displays for television sets. Now due to continuous technological creativity LCD, LED and Plasma TV sets have been developed. Every business entity must incorporate the habit of innovation in its organisation culture in order to survive and have a competitive advantage in the market.

Apple Corporation of United States is one such company that has had a distinct market position due to its innovation. It offers unique attributes in products with unmatched quality. The products come with features that do not generally exist in any other product in the market. The innovative culture of this organisation has made it the most valuable company in the world. Similarly humanity has made remarkable achievement in several fields as durable goods, medical science, military hardware, communication, space, robotics, transport, architecture, aviation, IT and information technology, construction and many other fields. This progress has been due to a continuous process of creativity. Innovation is a dynamic process with no stagnation phase. The one who is most constructive in this aspect will definitely achieve greater success.

2. Investment in Research and Development: Several companies over the world allocate a large chunk of their resources and funds towards research and development. Companies associated with manufacture of electronic items, durable goods, services, pharmaceuticals and other goods are very concerned about this department of their organisation. They spend billions of dollars on developing new ways to do old things that

will result in greater efficiency and better customer services. Pharmaceutical companies keep injecting investment in their projects until and unless a medicine has been developed to ward off ill effects of a disease. Companies engaged in production of motor vehicle are continuously developing new models, more efficient engines and adding new feature to deliver better products to the customers.

Service sector companies also invest in research and development. Microsoft, Google, Facebook, Infosys, TCS, Wipro and several other companies are continuously engaged in delivering better service than their competitors and have a competitive advantage over the others. These companies have presence all over the world. They have excelled in their field of work all due to their continuous investment in innovation and implementation.

One very encouraging example of innovation in Research and development is our own Indian Space Research Organisation's success of the Mangalyaan Project called the Mars Orbiter Mission in September 2014. The success achieved by the organisation is unmatched. It was the first Asian country and fourth in world to attain this feat. What is more pleasing to learn is the fact that India was the first country to achieve success in the very first attempt and the total expenses incurred was mere Rs.450 crore. In an opinion by The Hindu newspaper the cost incurred by ISRO to reach Mars was less than a single bus ride for each of the Indian population in a day. The innovative ability of the Indian scientists is worth appreciation and praise.

3. Promoting Innovation as an Organisational value: There are several business entities that have recorded a remarkable years of presence in business activities. These companies have continues to exist due to their adaptability. They have been more pragmatic toward the changing scenario of needs of the customer and identifying the opportunity and capitalising on those opportunities. Wipro limited was initially engaged in edible oil business since 1945. Since then it has diversified into various fields. It started its diversification by venturing into FMCG goods sector. Then on realising the changing consumer habits of the country, it started the Wipro Consumer Care and Lighting products. In 1976 it ventured out with international multinationals as EADS and Kawasaki and started the Wipro Infrastructure Engineering Company. Then with the invention of computer and a long visionary innovative prediction it joined the IT sector

in 1980. It first started with computer hardware and then later incorporated software as a strategy for development and innovation. The success of Wipro Limited in this field is enviable and a success story to be inspired by. Apart from this Wipro partner the giant General Electrical in 1990 and formed the Wipro GE Medical Systems Limited.

Such organisations are continuously engaged in tapping the potential available and are innovative not only to exist but to expand and grow. Companies as Tata, Mahindra and Mahindra, Reliance Industries, Godrej and others have a presence in wide range of sectors. Such organisations are not limited to one particular field but are omnipresent in different areas of business. These companies have continuously advocated the need for innovation to excel, forecast and grasp the potentials available in different sectors of the economy. Firms that have inculcated this approach towards innovation have an additional feature in comparison to companies restricted to one particular sector. Business profits are subject to fluctuation. At times due to many reasons or some unavoidable reason there can be wide deviation in profits of company. But firms that are omnipresent are better equipped to tackle this set back and continue to flourish even during downturns.

4. Higher efficiency by modification of existing business practices, products and services: Toyota Motors came up with its car model Camry, Corolla and Land Cruiser in three different segments i.e. luxury, sedan and SUV respectively. The company still has these three models in its product line. But they have continuously modified these models and captured a respectable market share. Toyota Motors was the largest selling motor vehicle company in the world a few years back and still retains a dominant position world over. The company has suited these vehicles to the requirements of the customer by collecting feedback and incorporating new innovative ideas. The models are similar to the initial ones but have adjusted to suit the need of the hour. One such popular product is the common tooth paste in India called Colgate. It has survived several years in spite of intense competition due to its unique attributes and acceptability amongst the users. Same can be inferred about Royal Enfield motor cycles. Innovative marketing strategy has allowed these products to retain their position in market.

Apart from manufacturing companies this style of innovation is more common in service sector companies. In case of service companies the services offered remains more or less the same. Generally the style of presentation of the same old service changes in a better

manner. New products are also developed to but this mode of innovation is used to achieve greater efficiency with the existing product. A software company develops new ways to do the same accounting. Windows has seen several up gradations over the decades. The basic utility remains the same but the services are more users friendly and are more suited to the needs of the changing scenario. The companies concentrate more on existing methods of working and how better results can be achieved with the same resources and style of working.

5. Human Resource as a tool for Innovation: Employees of a company are the only active factor of production. A company which is highly sophisticated needs employees to manage and run them. A given technology may be latest at the present date but with the gradual passage of time and new inventions the technical knowhow will become outdated someday. The only factor of production that can change according to the requirements is the human resources. An employee who is well versed with the needs of the company is the biggest asset.

It is worth noting that all the companies in this world have access to finance to fund their companies, capital to be used for production, they even have to work in a similar economic scenario and cater the same group of customer. Basically all the factors required for running a business entity are common to all firms. The only factor that differs is the Human Resource. It is because of the employees that a company grows to great heights or it fails to perform. It is the most innovative factor of production. The innovation of employees can make all the difference. Warren Buffett of Berkshire Hathaway once said that if he had to choose between a box containing tonnes of gold and Ajit Jain, his employee, he would without hesitation choose Mr Jain. His assessment was simply that a good employee can help him earn unimaginable amounts. Mr Ajit Jain has been a key employee, for over several years for Berkshire Hathaway and has contributed significantly to the growth of the company.

These days we come to learn that multinational companies recruit fresh graduates through campus selection and offer them attractive salaries. The main motive behind recruiting these youngsters is to engage the innovative ideas from these young minds in their company. They invest in new ideas that will be developed by them. Google, Facebook, McKinsey, Ernest & Young, Infosys, TCS spend a large amount on recruiting the only active factor of production.

6. Other Innovative Tools: The above mentioned factors are not the only innovative factors. Actually an innovation need not necessarily be result of a planned strategy. Many times great innovations have been a result of intuition or mere coincidence. A business entity looks out for innovative ideas or option in every aspect. A manufacturing company can look for niche customers and cater their requirements or will develop new product features or can improve supply and logistic section or can find new ways to rearrange debt-equity ratio or make a change in marketing strategy. Thus there are several ways a company can incorporate innovation in an organisation. Few other strategies adopted are enumerated below.
- a. Impart specialist training to employees
 - b. Inculcated innovative leadership qualities
 - c. Rewards innovative ideas and encourage creativity
 - d. Market Research and product development
 - e. Form ventures to develop innovative ideas, product and services (external help)
 - f. Innovation review process for efficient delivery of service and customer feedback on their experiences.

There can many other ways in which a company can be innovative. It is worth mentioning that the points cited above are not restricted to the ultimate product or service. Innovation can be achieved and emphasised on differ aspects concerning a business entity. It can be from procurement of raw materials, production line, product constituents, packaging, storage, delivery and logistic, stock maintenance, debt financing, administration and management, human resource, technology, work culture, after sale service, branding, and philanthropic assistance.

As we have discussed the broad areas of innovation in management it is also worthwhile understanding the 'innovation processes'. All the innovation processes that exist have to undergo a sequence for a new a new creative event to result. Major steps common to the innovation process can be suggested as shown in table 1.

Table: 1

STEPS INVOLVED IN AN INNOVATION PROCESS

	IDEA CREATION
IDEA	Idea is the precursor for innovation. Identification of Niche and creative thinking paves way for the other processes to follow.

	PRELIMINARY INVESTIGATION
STAGE 1	Investigation involves more rigorous screening concerning market acceptability, technical features, competition and comparison with complementary goods and services.

	SYNCRONISATION WITH ACTUAL ENVIRONMENT
STAGE 2	Matching the product with real business conditions regarding its viability and acceptability and feasibility.

	DEVELOPMENT
STAGE 3	Technical development, deliverability, testing and planning the attributes of the product and service

	TESTING AND VALIDATION
STAGE 4	Confirming attractiveness and quality. Analysing feedback from selected group, market analysts, engineers, and employees. Cost determination.

	PRODUCTION AND COMMERCIALISATION
STAGE 5	Once the above stages have been adhered then the full scale production and distribution can be initiated.

Source: Developed from Stage Gate, C- Lab Report, original Idea Developed by Cooper and Kleinschmidt 1993.

II. Conclusion:

We can conclude that a business entity has to incorporate the innovation practice in its organisation to survive in the long run. There is no substitute to innovation. If one thrives then it is due to creativity. A Japanese scientist named Dr Yoshira Nakamatru is probably one of the greatest innovators of all times. He had about 2300 patents in the year 1990. His innovations include the floppy disk, CD, CD player, digital watch and host of other things. His innovative ability not only gave impetus to a company but to the entire country. Japan has been a manufacturing hub and a centre for innovative excellence over the past several years. According to a Bloomberg report published in 2015 South Korea ranked first in the most innovative countries list. Japan and Germany were second and third respectively. Our nation has to be more innovative and compete with many advanced countries. Such seminars and discussions definitely are a precursor and a gentle step in this regard.

