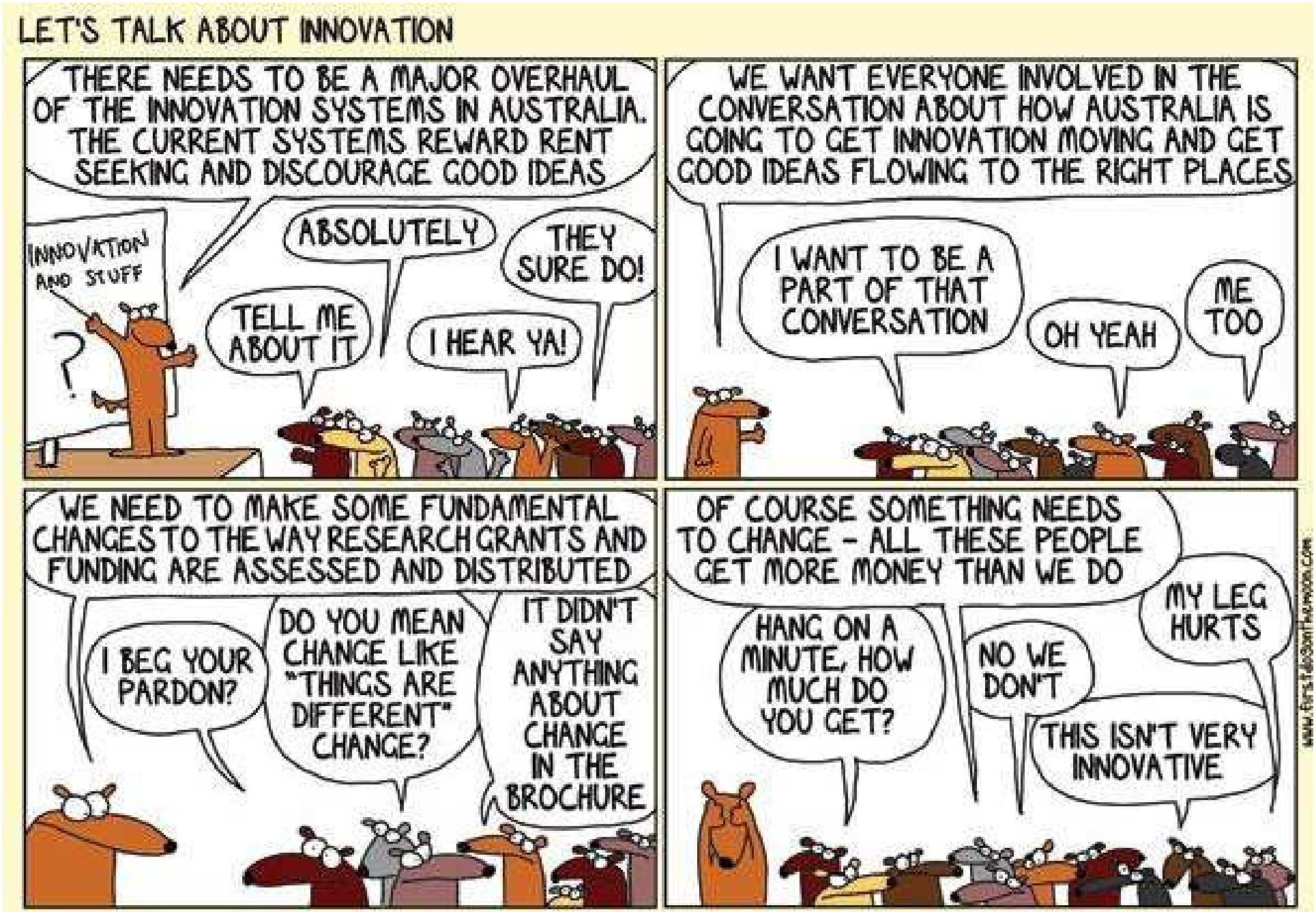
Innovation : Easy to Say. Harder to Do


LET'S TALK ABOUT INNOVATION
THERE NEEDS TO BE A MAJOR OVERHAUL OF THE INNOVATION SYSTEMS IN AUSTRALIA. THE CURRENT SYSTEMS REWARD RENT SEEKING AND DISCOURAGE GOOD IDEAS
INNOVATION AND STUFF
?
TELL ME ABOUT IT
ABSOLUTELY
I HEAR YA!
THEY SURE DO!
WE WANT EVERYONE INVOLVED IN THE CONVERSATION ABOUT HOW AUSTRALIA IS GOING TO GET INNOVATION MOVING AND GET GOOD IDEAS FLOWING TO THE RIGHT PLACES
I WANT TO BE A PART OF THAT CONVERSATION
OH YEAH
ME TOO
WE NEED TO MAKE SOME FUNDAMENTAL CHANGES TO THE WAY RESEARCH GRANTS AND FUNDING ARE ASSESSED AND DISTRIBUTED
I BEG YOUR PARDON?
DO YOU MEAN CHANGE LIKE "THINGS ARE DIFFERENT" CHANGE?
IT DIDN'T SAY ANYTHING ABOUT CHANGE IN THE BROCHURE
OF COURSE SOMETHING NEEDS TO CHANGE - ALL THESE PEOPLE GET MORE MONEY THAN WE DO
HANG ON A MINUTE, HOW MUCH DO YOU GET?
NO WE DON'T
MY LEG HURTS
THIS ISN'T VERY INNOVATIVE
www.FirstTableStartups.com

Detroit: Motor Town

In the 1950s and 1960s, US firms failed to innovate in the design of cars, preferring to make money by increasing the size and weight of their vehicles by adding extras like air conditioning, power steering, and fancy sound systems.

Pick up a paper these days and you almost invariably see some mention of Detroit's great crisis. But the stories aren't about the city. They're about the auto industry: how General Motors and Chrysler and Ford hemorrhaged money; how they lurched toward catastrophe

Allentown Pennsylvania

Allentown" is a Billy Joel song - it emerged as an anthem of blue collar America, representing both the aspirations and frustrations of America's working class in the late 20th century.

“The story's always the same
Seven-hundred tons of metal a day
Now sir you tell me the world's changed
Once I made you rich enough
Rich enough to forget my name”
Bruce Springsteen

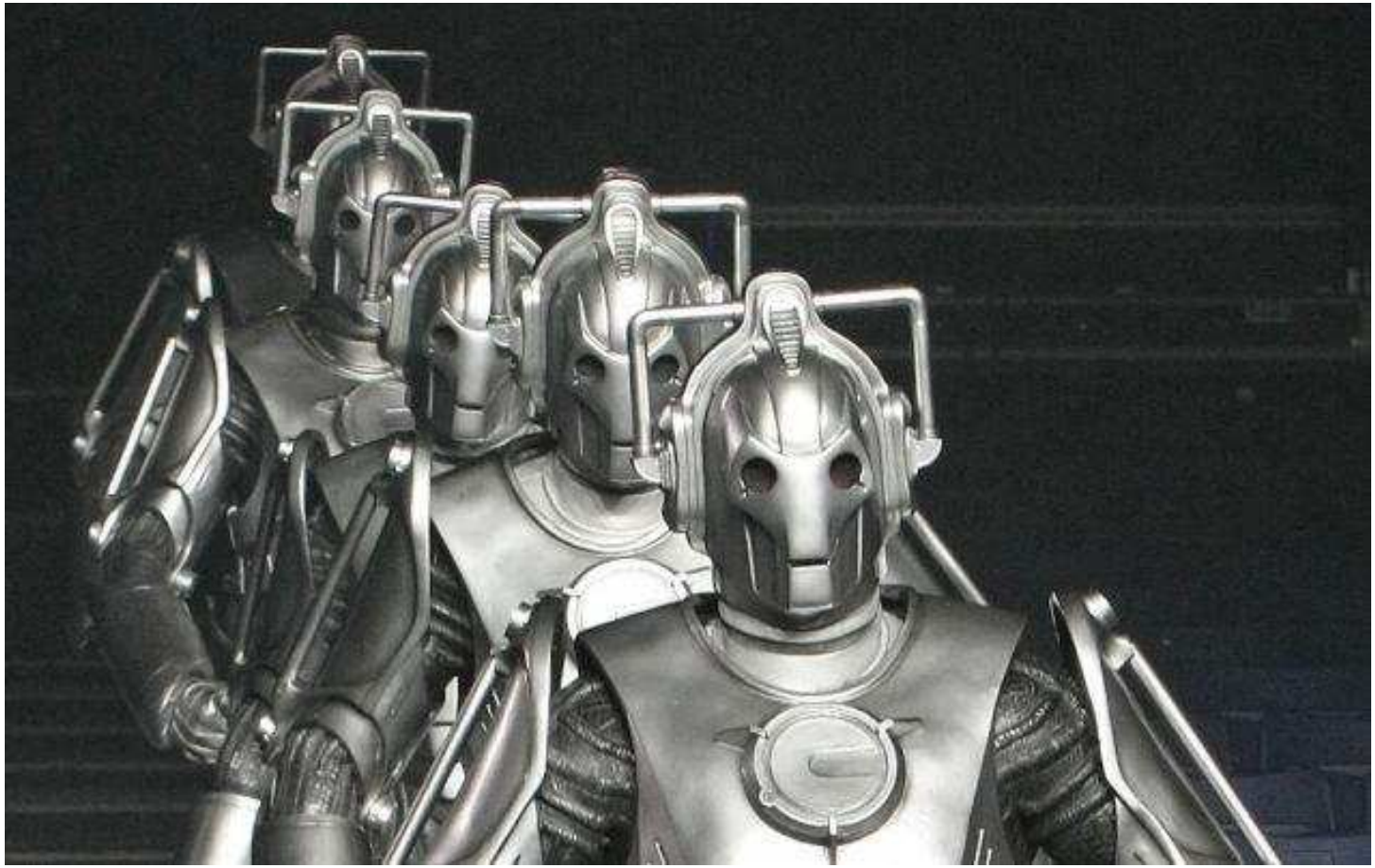
Youngstown Ohio

Classic Case of Willful Blindnesss

- Kodak's fall from grace – textbook example:
  - Anticipated consumer trends but failed to act
  - Digital Camera from 1975 – but did not introduce for fear of cannibalising lucrative print sales
  - Took the lead in digital cameras by 2005 – sales fell 17% last year
  - "Crappy Business" – Kodak CEO!
  - Beaten by smartphones

Looking for a new business model?

Many reasons not to innovate !



BUT many imperatives to do so!

- Economic survival and prosperity
- Addressing Social Challenges
  - Ageing society
  - Health and wellbeing
  - Social exclusion
- Meeting Environmental Concerns
  - Carbon emission reductions
  - Water and energy security
  - Food security

Economic Performance and Innovation

Economic Performance:

- In UK – 6% of companies delivered 50% of all growth (2002 - 2008)
- Employment growth double in innovative companies (4.4% versus 2%)
- Sales Growth 10% versus 5.8%

(NESTA, 2010,The Vital 6%)

OECD 21 Country Study:

- **Firms investing more in innovation than others:**
  - Operating in international markets
  - Receiving public support
  - Involved in collaboration
- **Firms with higher innovation sales intensity also have higher productivity**
- **Public support especially important for firms further away from the technology frontier**

What is Innovation? A product? A process? A culture?

Drucker (1985):

"a change that creates a new dimension of performance"

Creativity – divergent thought process that generates ideas and is non-evaluative; innovation is a convergent process concerned with the selection and implementation of ideas (Landry and Bianchini, 1995)

Innovation – can be radical and disruptive- destroying old ways and creating obsolescence OR incremental and additive

The paradigm has changed – to Open.

Open Innovation

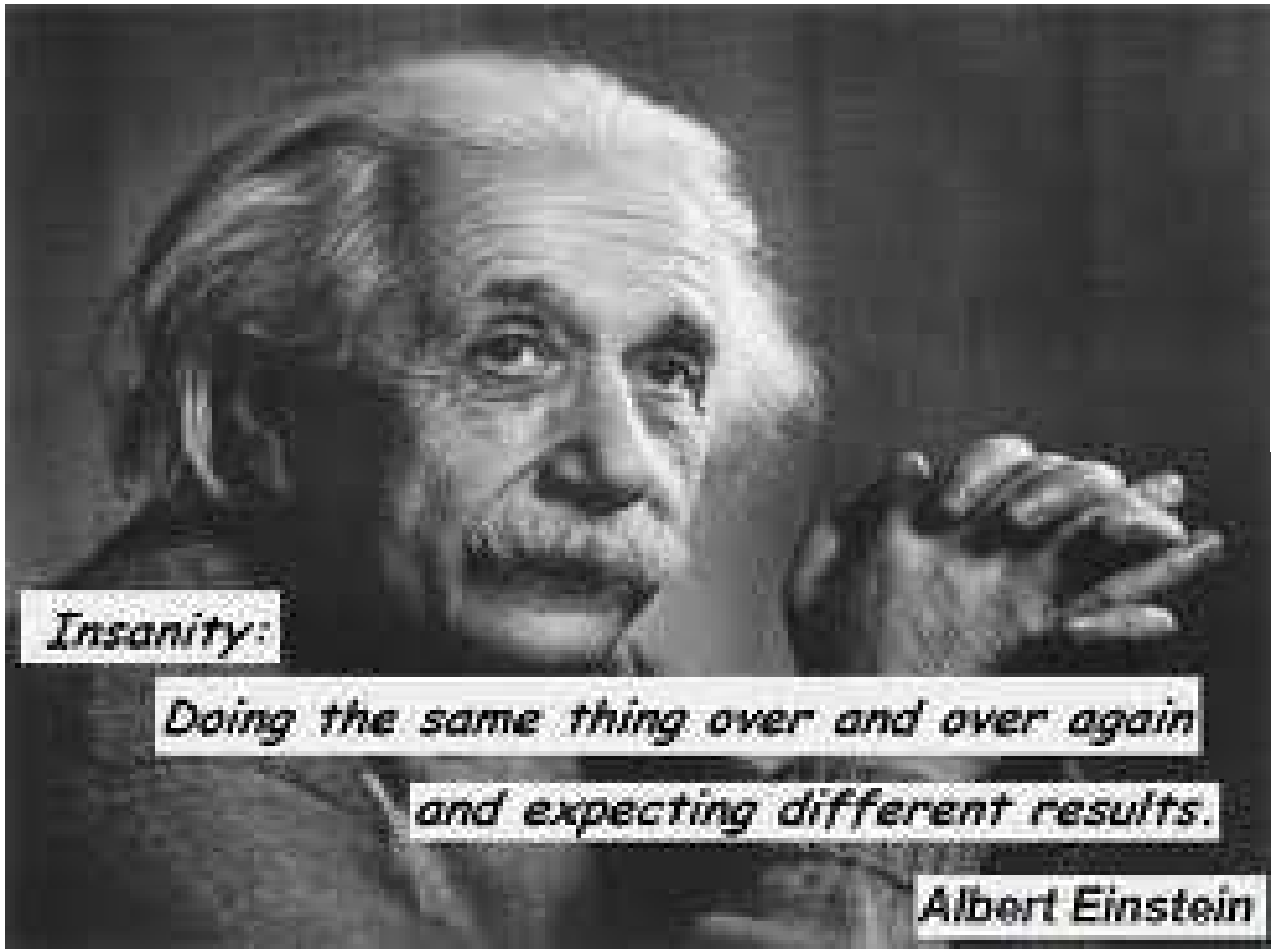
- Knowledge worker mobility
- Venture capital model of 20th C – SPVs/upstart competitors
- Global goods trading
- Reduced shelf-life
- New ideas discarded internally could be taken out by staff

- Internal barriers in firms
- Out of date models for internal R&D- stage gate – false positives
- Recover false negatives
- New sources- working with universities!
- Supply and value chain innovation

Drivers

New challenges

Einstein's Definition of Insanity



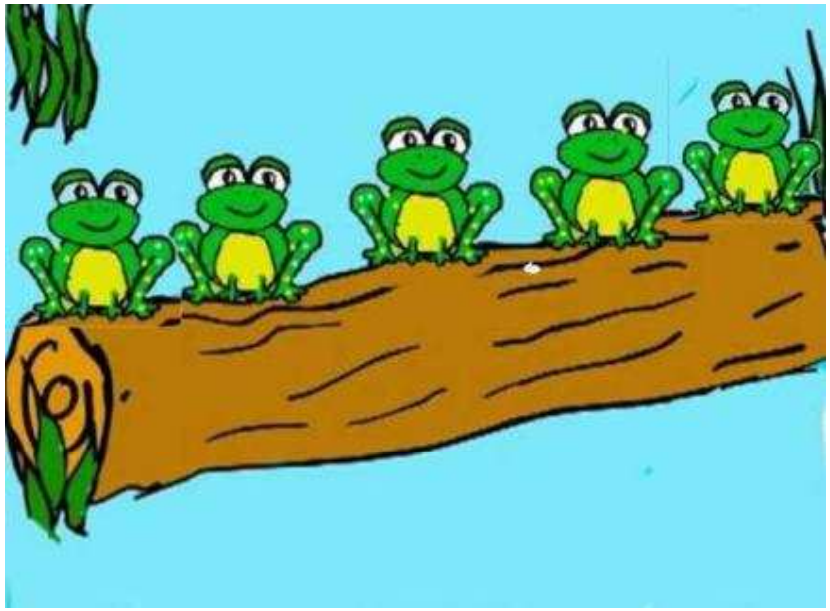
People, places and policy

- The willingness and ability to change
  - Innovation is a state of mind
  - The “five frogs” syndrome
- Safety in numbers – the herd instinct – are others doing it?
  - Hard-wired to be risk averse
  - More likely to act when threatened with loss rather than reward – burning platform
  - Value fit between innovators and their wider environment – survival or otherwise
- Public acceptability and accountability

Barrier (1) – the mindset challenge

"This really is an innovative approach, but I'm afraid we can't consider it. It's never been done before."

Barrier (2): Five Frogs of Innovation



Five frogs are sitting on a log.
Four decide to jump off. How many are left?

Trailblazers Characteristics

Wickland Westcott

1. Hard driving
2. Low rule-following
3. Optimism
4. Trusting
5. Local-place shaping
6. Seek to understand people
7. Innovation
8. Taking charge
9. Imposter syndrome

MANCHESTER 1824
The University of Manchester
Manchester Business School

Career History

- Clear sense of vocation, make a difference
- Early life experiences
- Diffuse career paths
- Mentors/ role-models
- Appetite for responsibility, put self in harm's way
- Overcoming obstacles, been doubted by others

Trailblazers vs Private Sector Stars

Wickland Westcott

Subtle differences at work

Private Sector Stars

Better in...

- Analysis and Decision Making
- Commercial Appreciation
- Communication
- Implementation

Trailblazers

Better in...

- Leadership
- Managing Change
- Strategic Thinking
- Teamwork

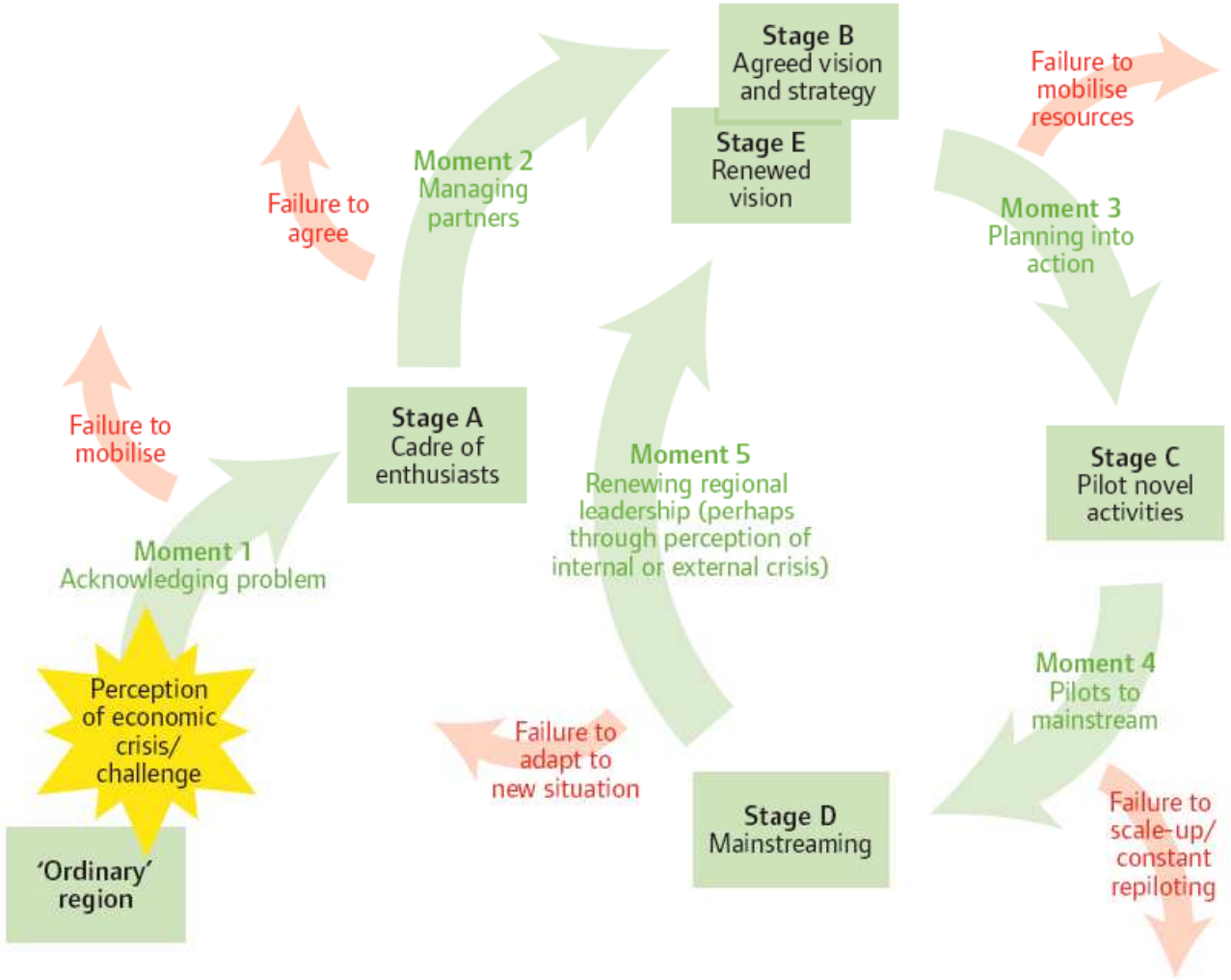
Cities and Innovation

- Total Innovation:
  - No longer only special people in special places
  - Strength of weak ties – networks for global connection and local "spillovers"
  - Clusters of creativity, competencies and firms (cross sector)
- Performance:
  - Metropolitan USA
    - Covers 12% of the land
    - Houses two-thirds of the population
    - Generates 75% of GDP

Innovative Places: Cities

- Innovation crucial for jobs and growth
- Innovation – now is more than R&D – move from pipelines and patents to platforms
- Innovation Systems Approach – information flows and institutional connectivity
- Place matters – connectivity – local and global – knowing strengths and weaknesses
- Cities have agglomeration advantages
- Leadership of the right kind is critical
- Learning by Doing is important
- Networks can be developed and leveraged– Chance favours the connected mind (Steven Johnson)

Place Based Innovation Journey – Leading Innovation



Benneworth, P. (2007) *Leading Innovation: The role of leadership in promoting regional innovation policies in 'ordinary regions'* NESTA, London

Place Based Innovation Journey – Leadership Styles

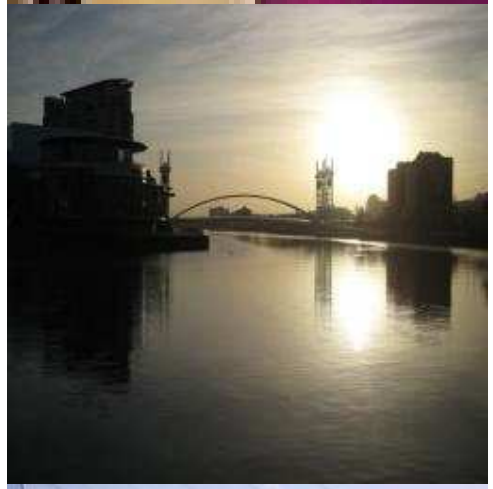
Figure 4: A 2x2 classification of regional innovation leadership styles

Benneworth, P. (2007) *Leading Innovation: The role of leadership in promoting regional innovation policies in 'ordinary regions'*
NESTA, London

Manchester Today?

Key attributes

- Peer to Peer Knowledge Exchange
- Connecting Institutions and People
- Communities of Innovators – leveraging reciprocity, trust and mutual self-interest
- Leadership – beyond boundaries – horizontal and dispersed – permissive of emerging innovation
- Processes for Interactive learning



Innovation Manchester

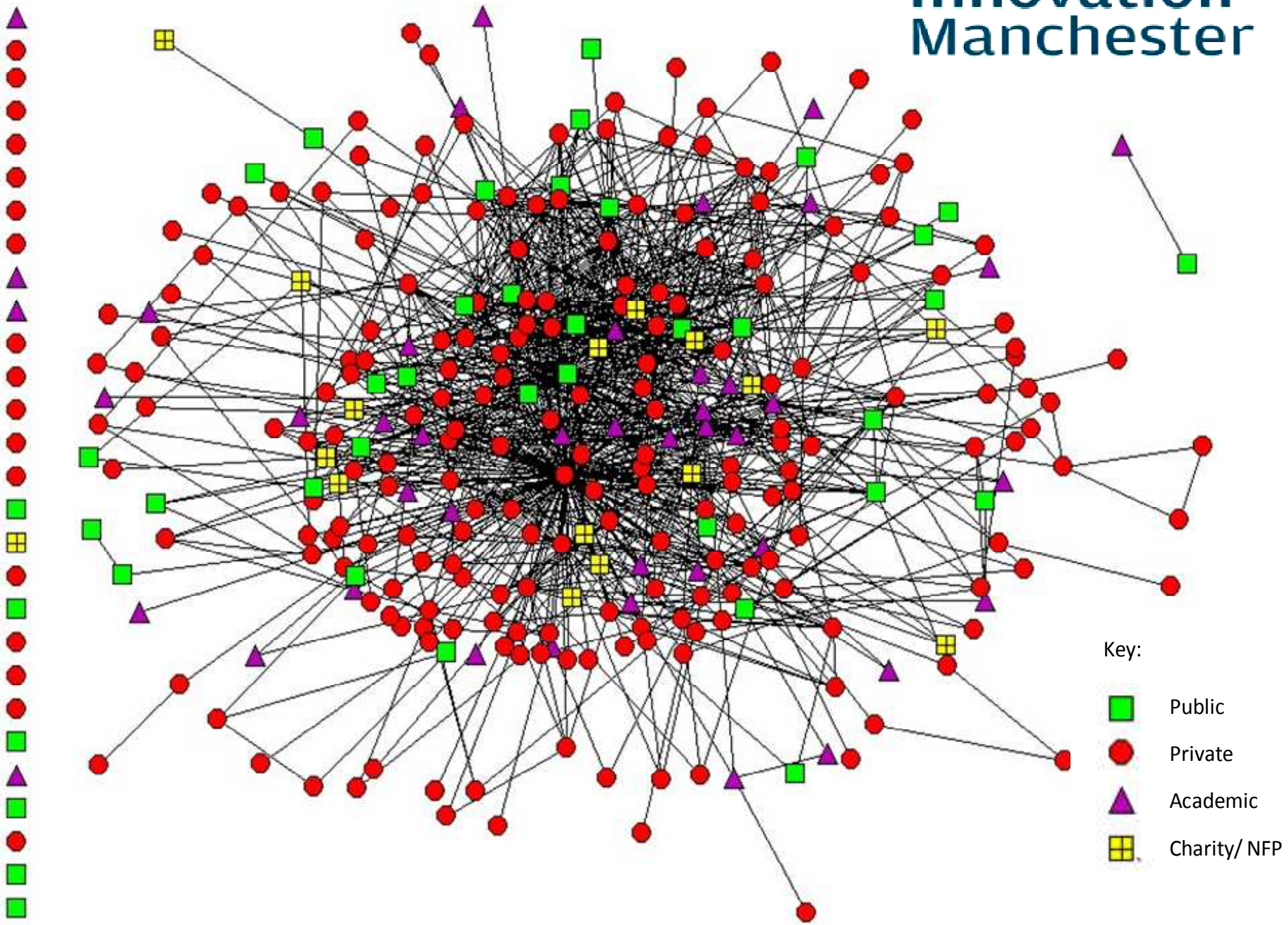
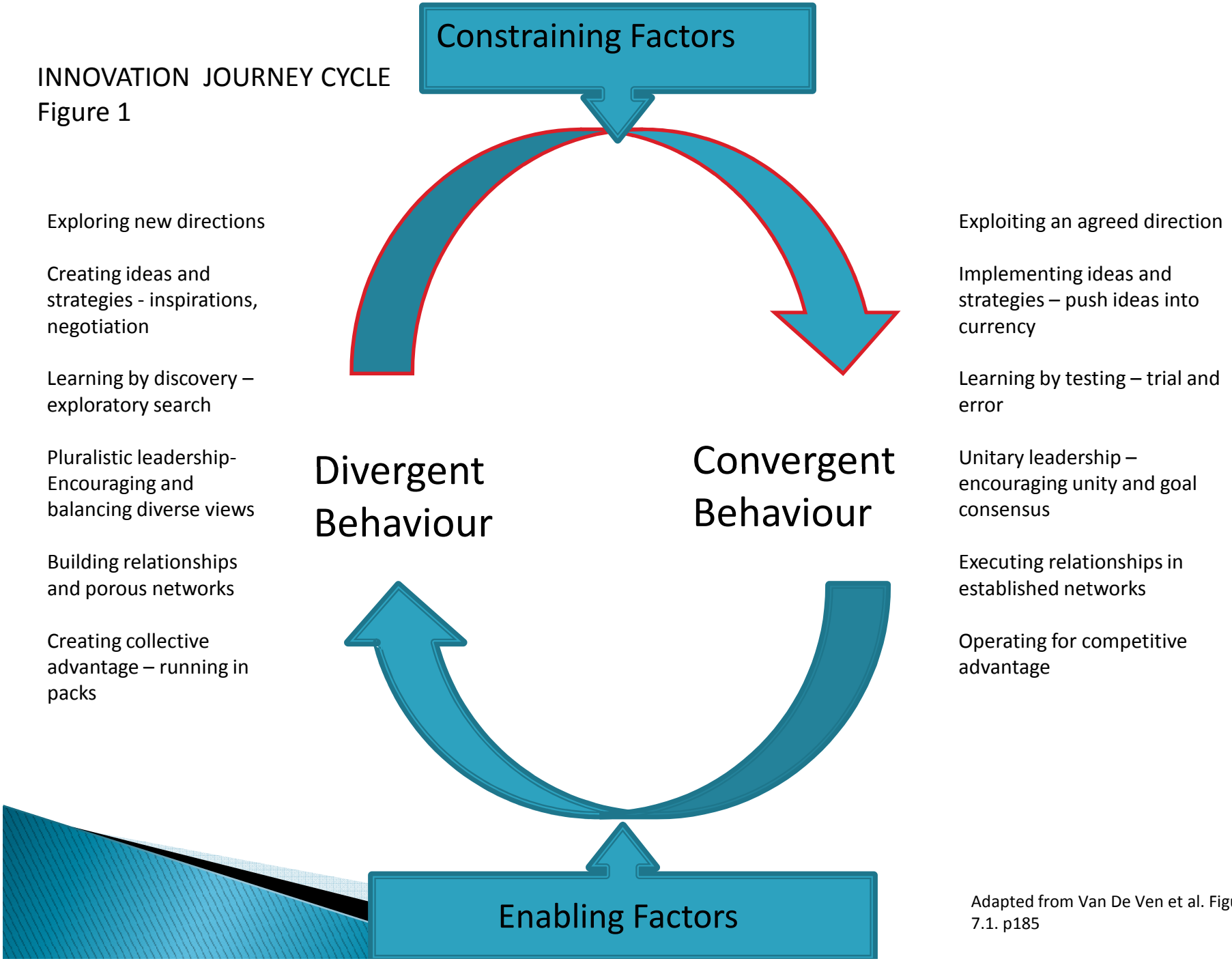


Image & analysis by Daniela D'Andreta

Innovation Manchester

INNOVATION JOURNEY CYCLE
Figure 1



Adapted from Van De Ven et al. Figure 7.1. p185

MANCHESTER'S INNOVATION JOURNEY Figure 2

Innovation Manchester (2)

Innovation Teams and Innovation Boardroom – explores new directions

Creating ideas and strategies - inspirations, negotiation

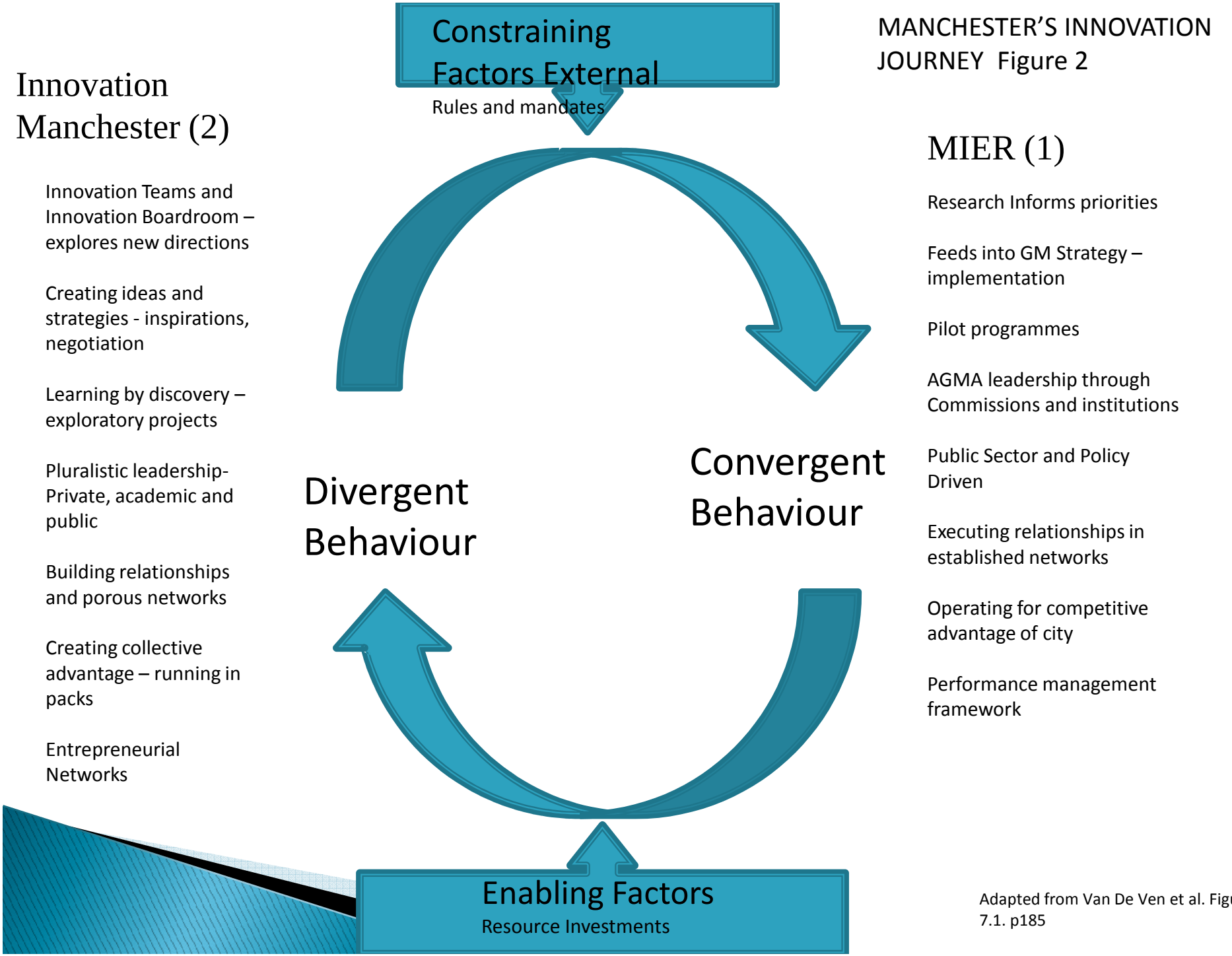
Learning by discovery – exploratory projects

Pluralistic leadership- Private, academic and public

Building relationships and porous networks

Creating collective advantage – running in packs

Entrepreneurial Networks



MIER (1)

Research Informs priorities

Feeds into GM Strategy – implementation

Pilot programmes

AGMA leadership through Commissions and institutions

Public Sector and Policy Driven

Executing relationships in established networks

Operating for competitive advantage of city

Performance management framework

Adapted from Van De Ven et al. Figure 7.1. p185

STI and DUI Innovation

- Increase R&D and R&D links
  - Increase R&D capacity
  - Joint firm and university projects
  - Higher education
  - Subsidies for R&D infrastructure(labs, etc)
  - Increase mobility between unis and industry
  - commercialisation

- Foster learning and co-operation between
  - On the job learning and org. Innovations
  - Matchmaking and networks
  - Trust and joint innovation along value chain
  - Stimulate joint working across sector businesses(food/health)

STI mode (Science Driven)

DUI Mode (User Driven)

Policy Problems

- BIS – Innovation and Research Strategy for Growth 2011
- Innovation Policy – hard because the adoption of novelty is hard.
  - Innovators venture not only into the unknown but into the unknowable
  - Innovation policy should be a process not an outcome
  - Roots in industrial policy:
    - Focus on planning
    - Targets
  - Focus should be on information discovery – not prove what is correct but discover what was unknown (State of Uncertainty, NESTA).

Increasing Absorptive Capacity of the Innovation System

Potential Actions:

- Increase the innovation capacity in indigenous companies
- Raise the level of opportunity recognition and confidence to “do”
- Connect diverse individuals and organizations
- Encourage / grow entrepreneurial attitudes by leaders
- Develop active intermediaries
- Beware of “negative” path-dependency and lock-in
- Ensure alignment of expectation from universities with local innovation system
- **Learn by Doing**

Thank You !

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Knowledge Economy Innovations