



STRATEGIC INNOVATION: FROM INSPIRATION TO IMPACT

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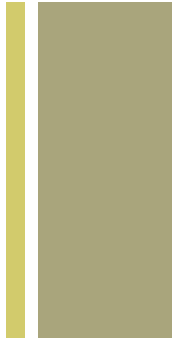
1ST. LEADERSHIP PROGRAM:
GLOBAL BUSINESS LEADERSHIP DEVELOPMENT FOR
THE ASIAN MARKETS

17 JUNE
2015



Innovation Matters

Everybody's talking about it



Robert Nardelli
(Former CEO of GE Power
Systems, Chrysler, Home
Depot)
Bloomberg Business
interview - Jan. 8, 2015

“Innovation is the
buzzword in this
decade”

“Innovate
or
evaporate!”

+ Innovation Matters



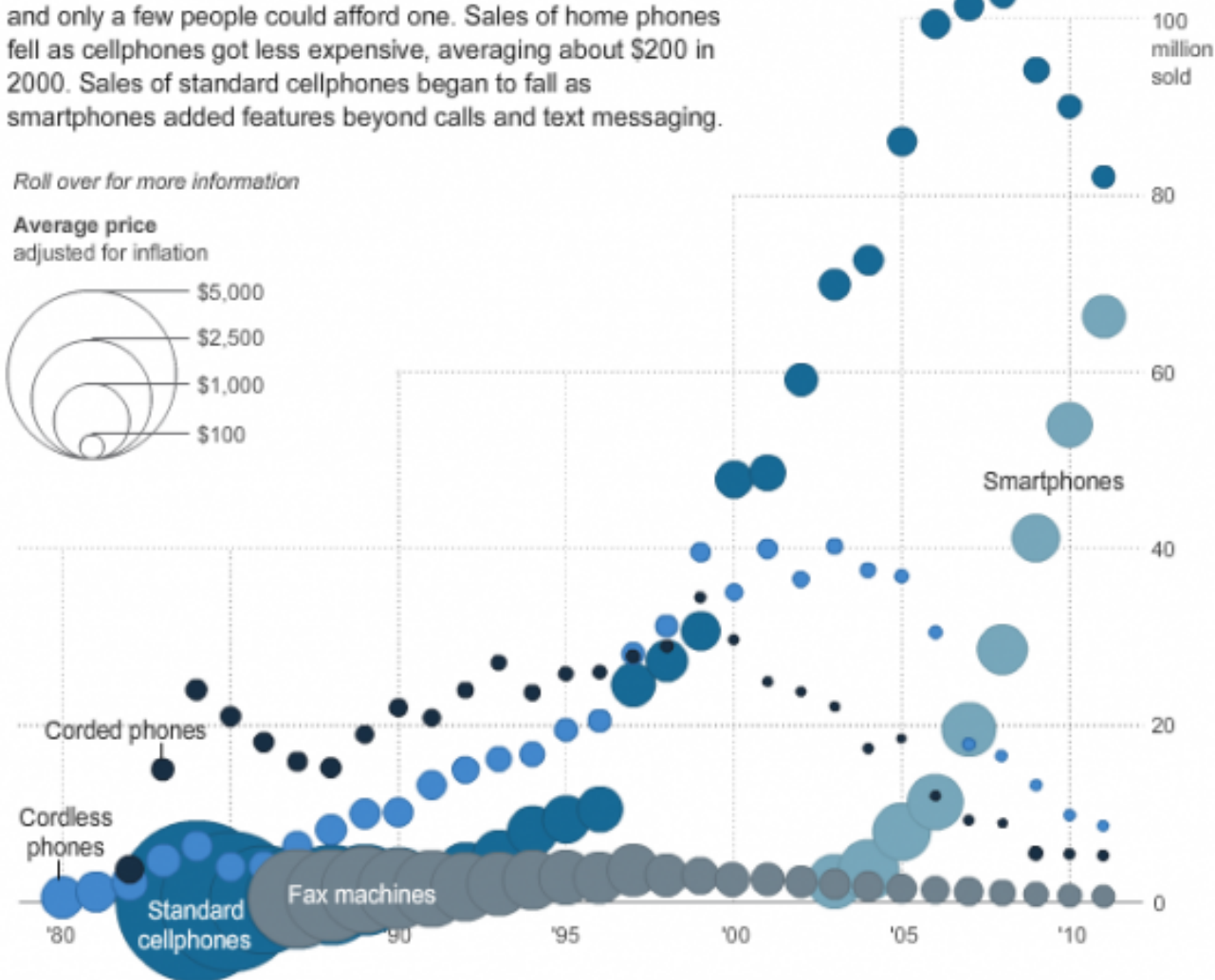
Motorola Vice President
John F. Mitchell



The average price of a cellphone was about \$4,000 in 1984 — and only a few people could afford one. Sales of home phones fell as cellphones got less expensive, averaging about \$200 in 2000. Sales of standard cellphones began to fall as smartphones added features beyond calls and text messaging.

Roll over for more information

Average price
adjusted for inflation

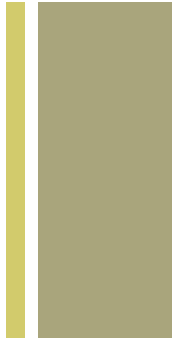


SOURCE: Consumer Electronics Association, GRAPHIC: Alicia Parlapiano / The Washington Post - January 10, 2011.

+ Innovation Matters



+ Innovation Matters ... and it's a big issue



Joseph Schumpeter

Capitalism, Socialism & Democracy (1942)

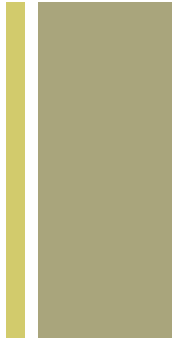
“Creative destructions”

...many firms fail because they don't see
or recognize the need for change...



Innovation Matters

Everybody's talking about it



- Creativity selected as **most crucial factor** for future success in IBM's 2010 **Global CEO study**.
- More than 1,500 Chief Executive Officers from 60 countries and 33 industries worldwide believe that:

Creativity as the number **one leadership competency of the successful enterprise of the future.**



+ Innovation Matters

... It's a top national priority

Prime Minister Shinzo Abe

21st International Conference on the Future of Asia - May 21,
2015

“Asia must be innovative. We must use
innovation to confront the issues that lie in store
for us”

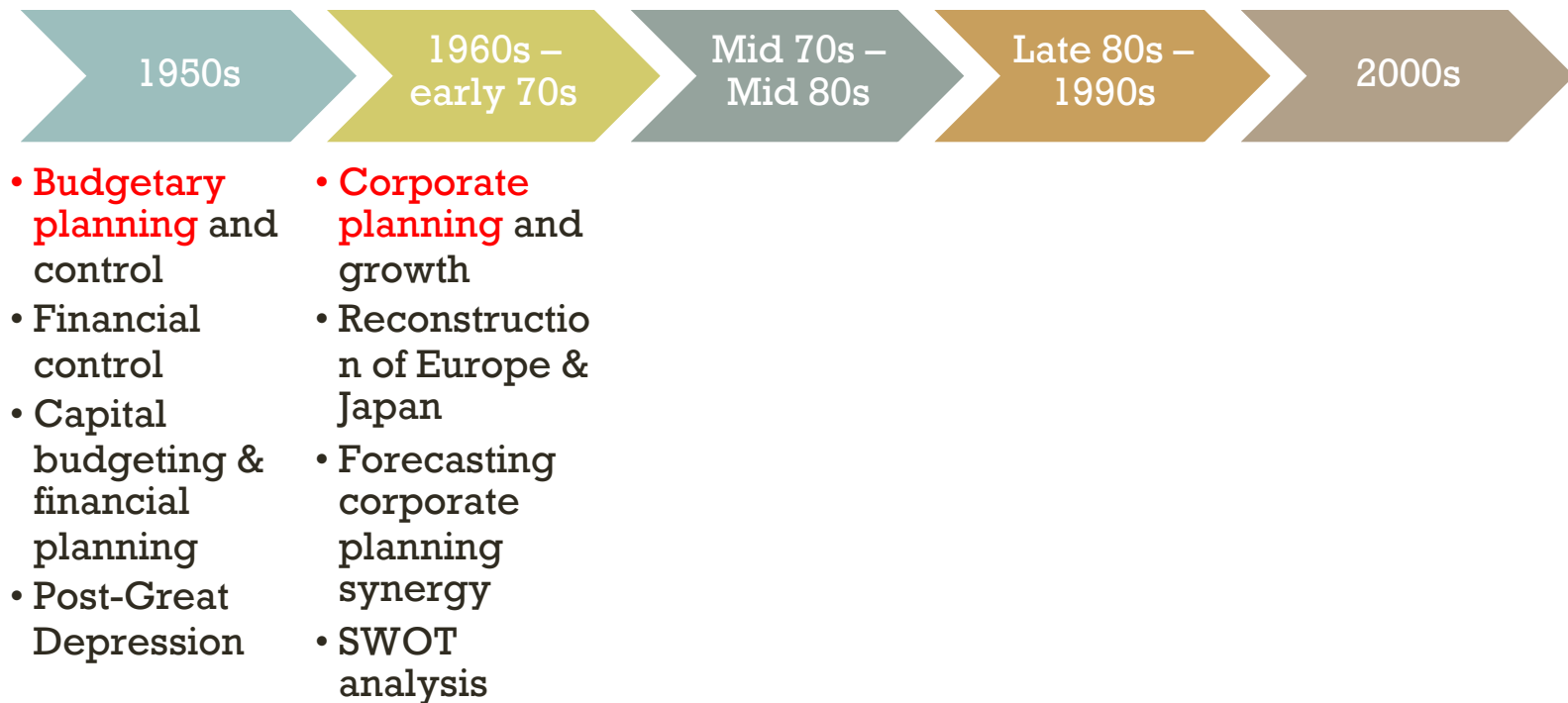
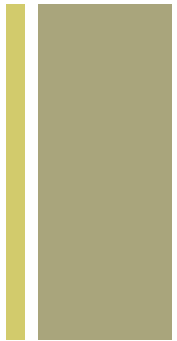
Chinese Premier Li Keqiang - May 17, 2015

“China must rely on innovative development ...
the government is vowing to upgrade industrial
structures and further promote technological
innovation and entrepreneurship”



Innovation Matters

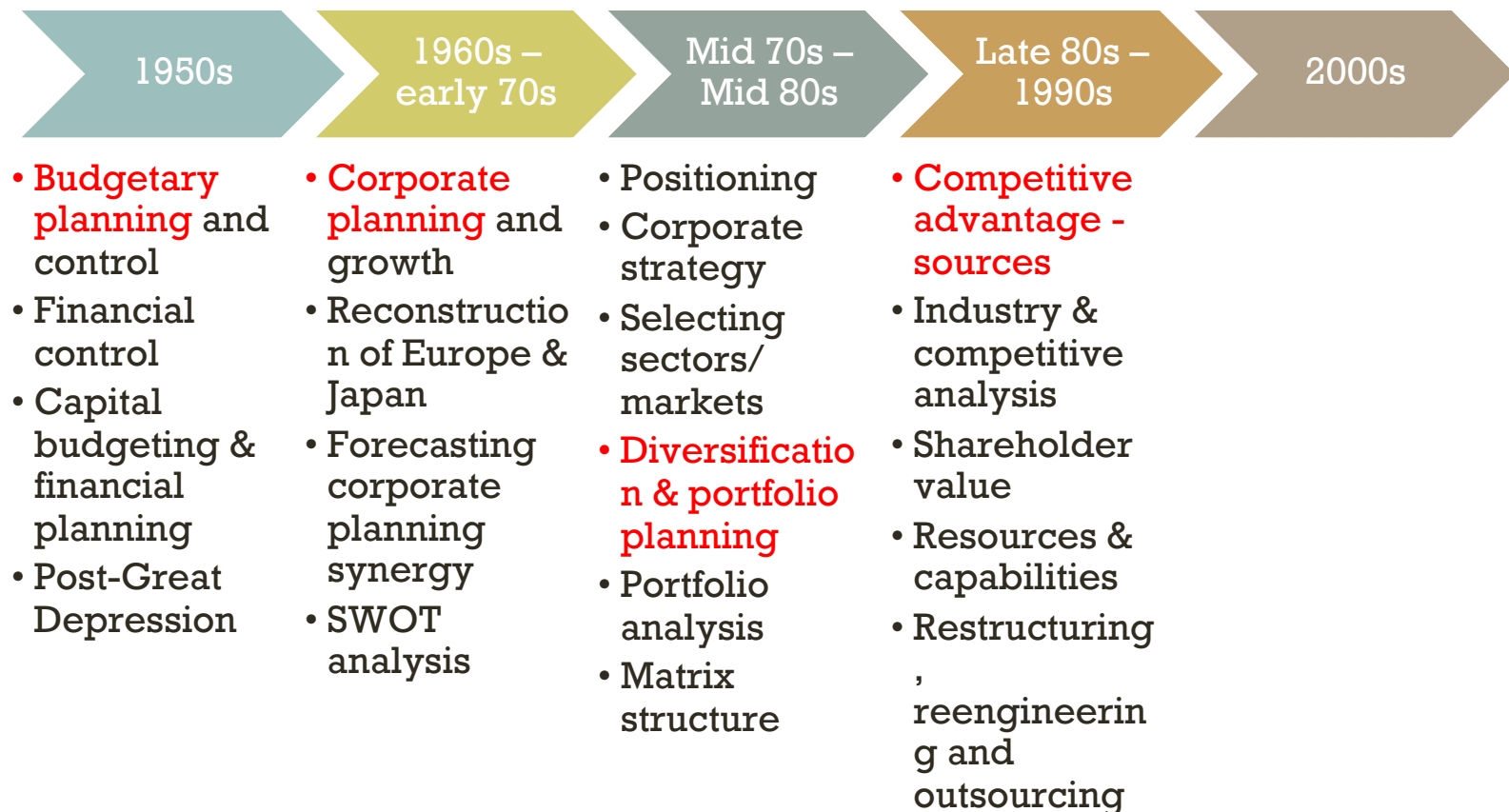
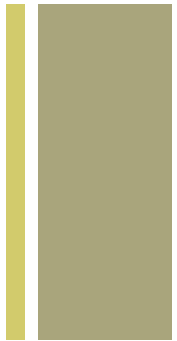
Evolution of Corporate Strategy





Innovation Matters

Evolution of Corporate Strategy





Innovation Matters

Evolution of Corporate Strategy

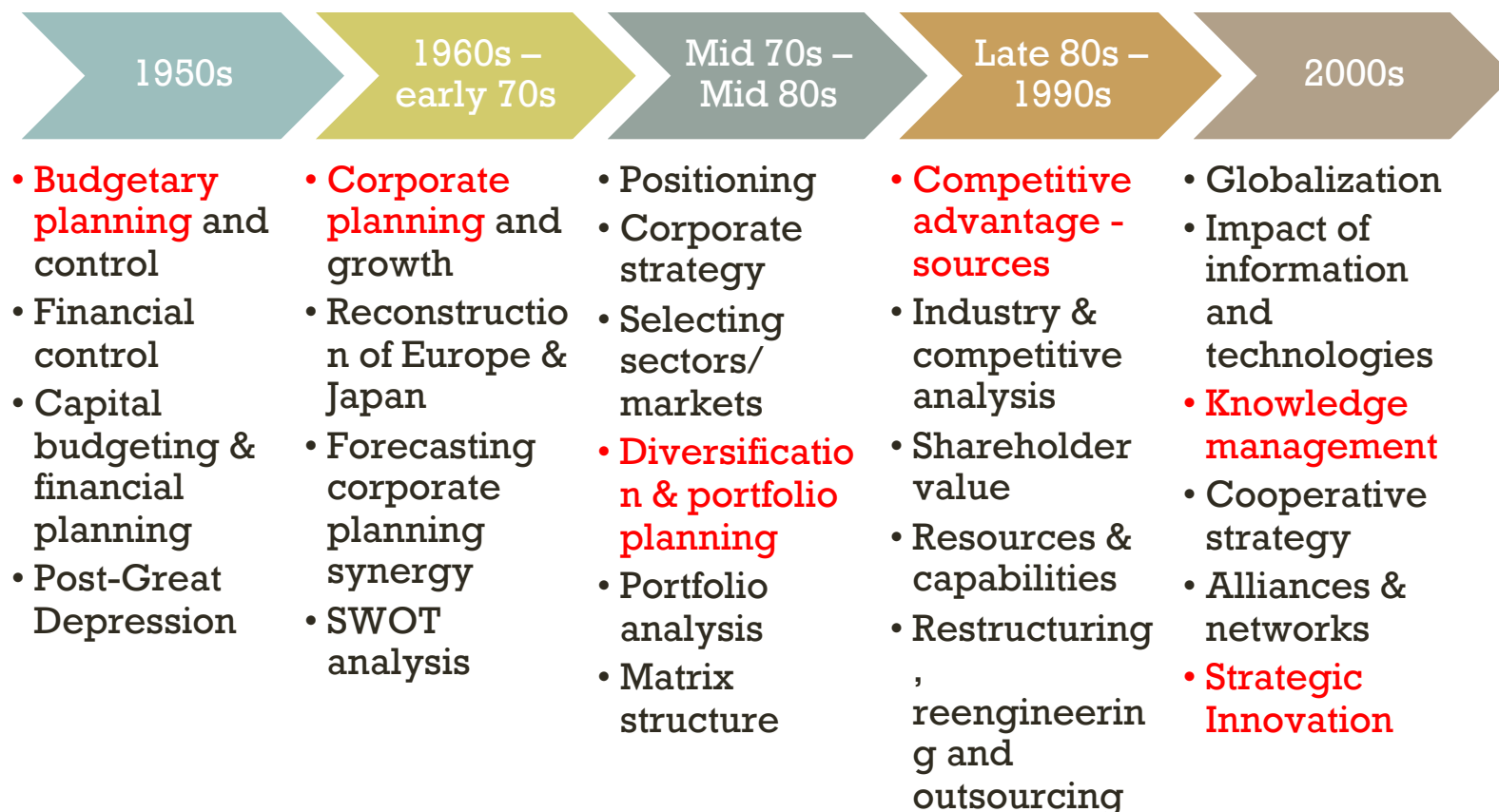
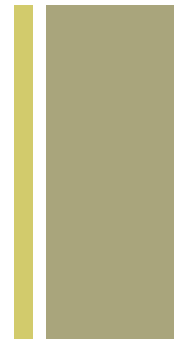
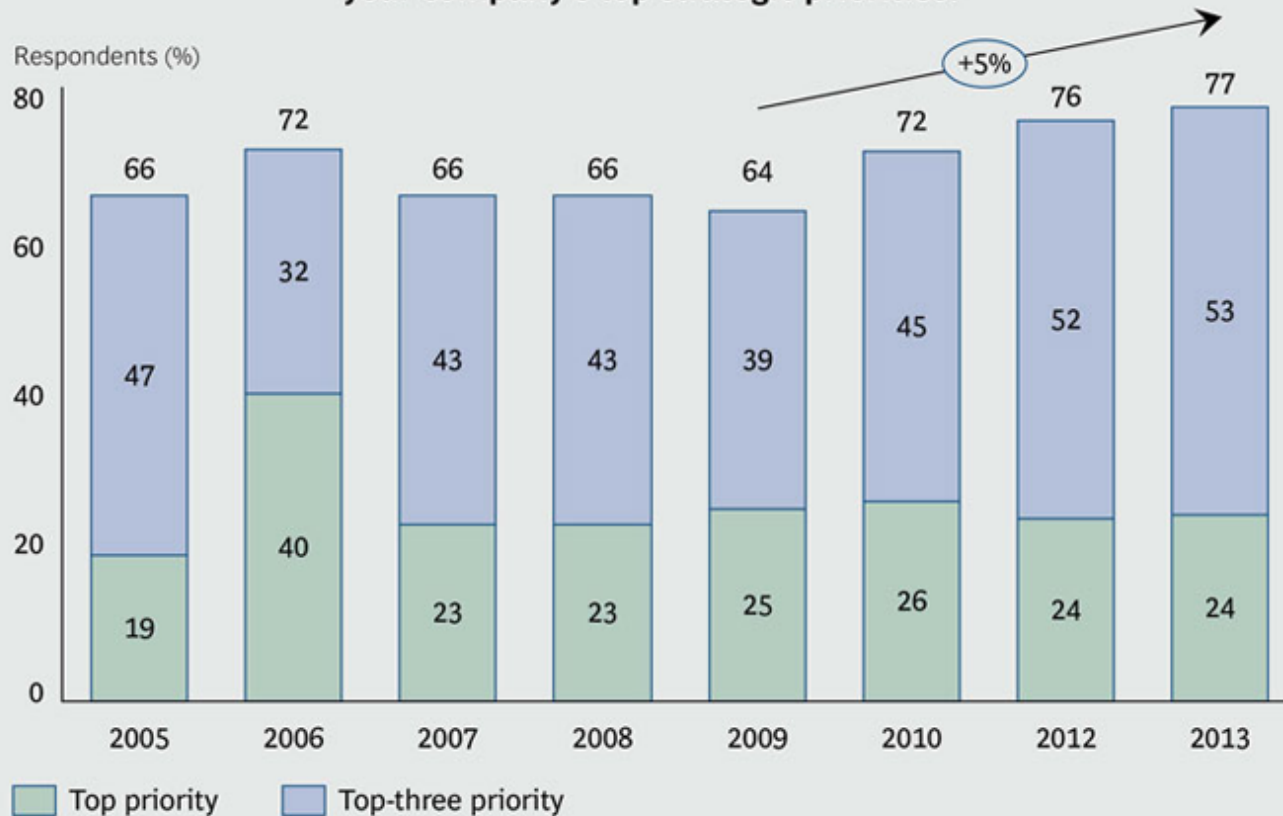




EXHIBIT 1 | The Importance of Innovation Continues to Increase

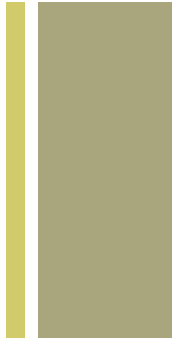
Where do innovation and product development rank among your company's top strategic priorities?



Sources: 2005–2012 BCG/*Businessweek* Senior Executive Innovation Survey; 2013 BCG Global Innovators Survey; BCG analysis.

+ Innovation Matters

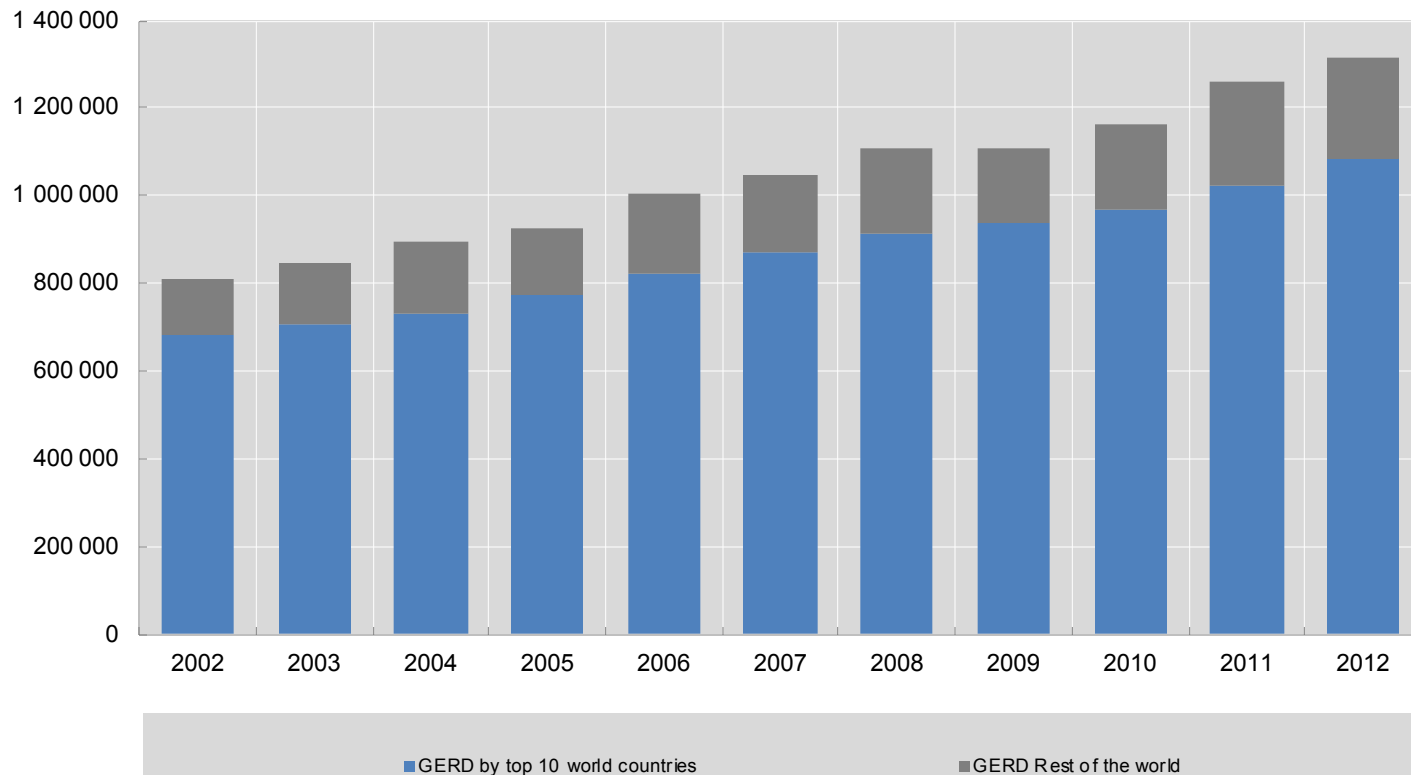
... and it's a big issue



- US\$ 1500 billion a year spent on R&D through out the world by private and public sectors.
- China recorded a massive 21% per annum growth on gross expenditure on R&D, more than triples the OECD annual GERD growth rate.
- China and Korea are now the main destinations of scientific authors from the United States and experienced a net “brain gain” over 1996-2011.

+ Share of top players in world R&D spending

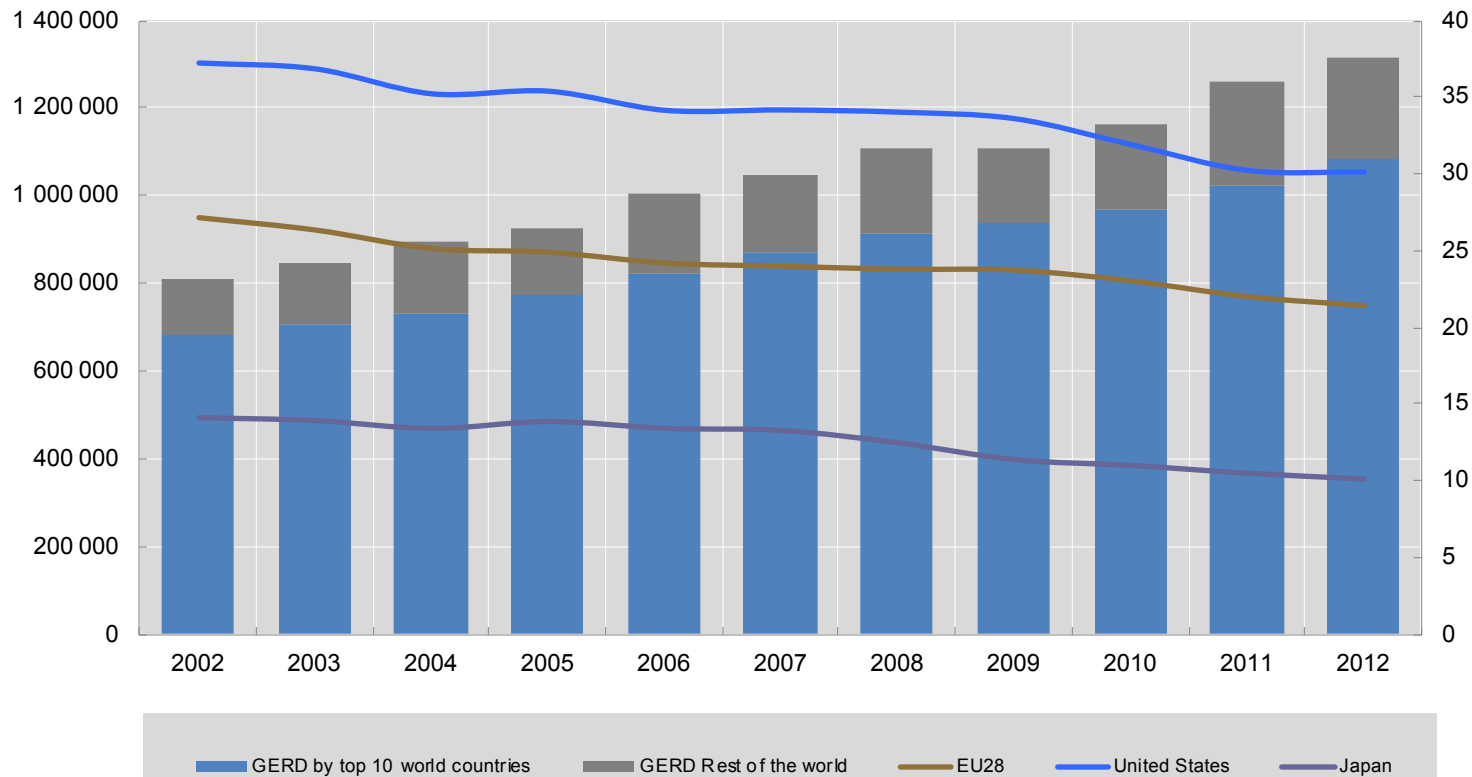
Million 2005 USD PPP



+ Share of top players in world R&D spending

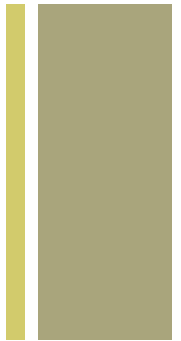
Million 2005 USD PPP

Share (%)



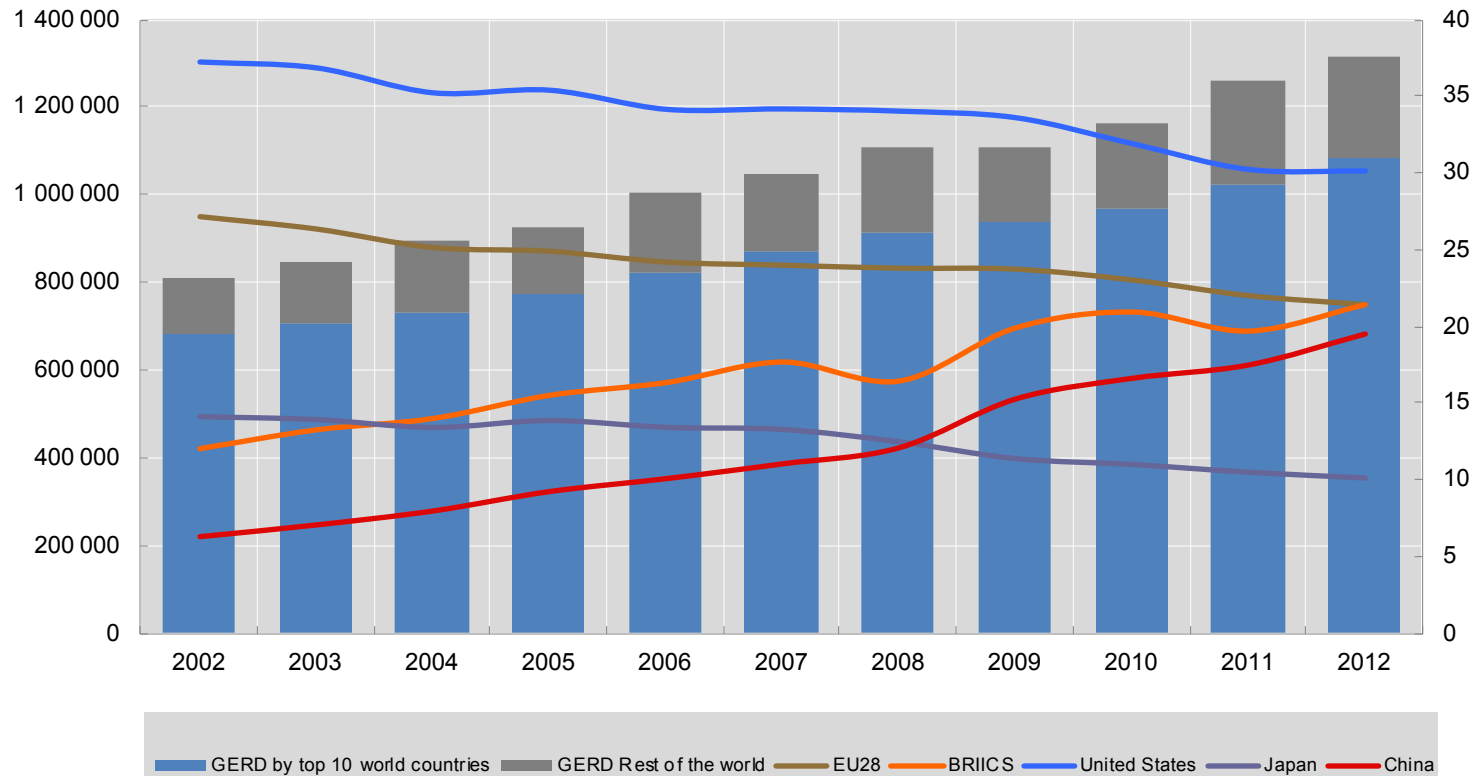


Share of top players in world R&D spending



Million 2005 USD PPP

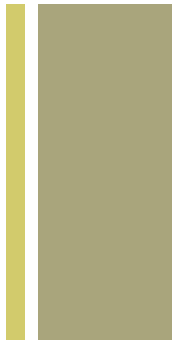
Share (%)





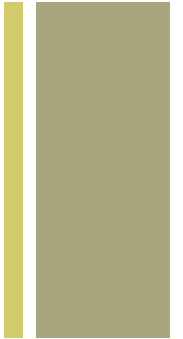
Innovation Matters

... It's a top national priority



- Gross domestic expenditure on R&D (GERD) in 2012 was USD 257 billion in China, USD 397 billion in the United States, USD 282 billion for the EU28 and USD 134 billion in Japan.
- China recorded a massive 21% per annum growth on gross expenditure on R&D, more than triples the OECD annual GERD growth rate.
- China and Korea are now the main destinations of scientific authors from the United States and experienced a net “brain gain” over 1996-2011.

+ The challenge

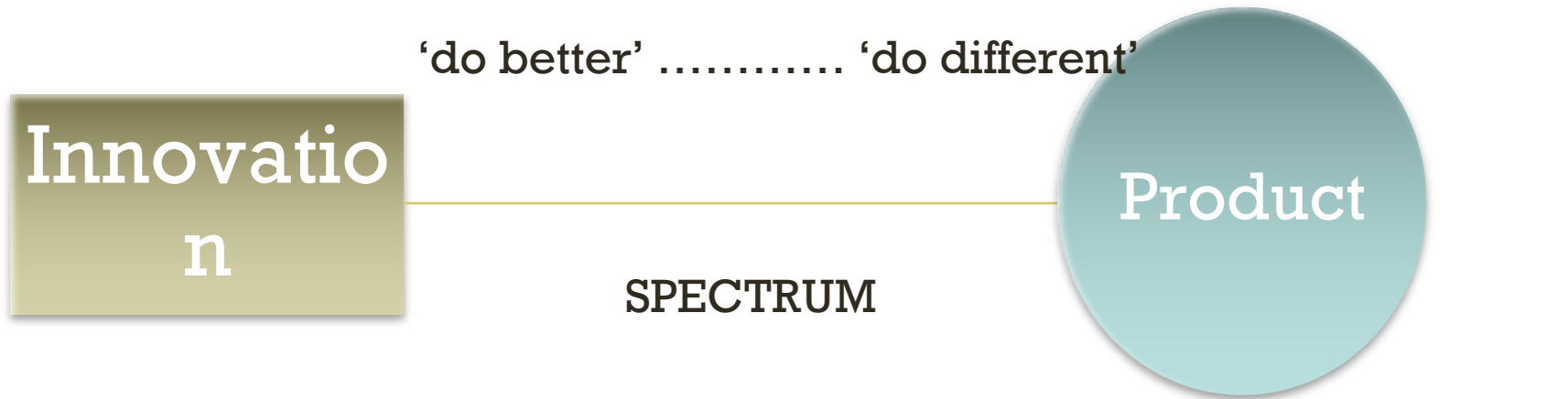


There are lots of opportunities, but ...

- where do we start?
- what are the dimension?
- What are the space for us to innovate?

A strategy to explore the innovation space is imperative

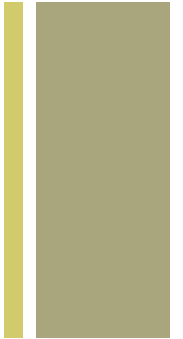
+ Exploring innovation space



We usually got excited with dramatic stuff
- The radical change

Most innovation is rather boring!
It is about **doing things a little bit better** ... but worth doing.

What we offer?
• Physical product
• Service



1st mass-market inexpensive ball point pen



Ladislao José Biro. 1899-1985

Dec. 11, 1945. L. J. BIRO 2,390,636
WRITING INSTRUMENT
Filed June 17, 1945 3 Sheets-Sheet 1

Fig. 1

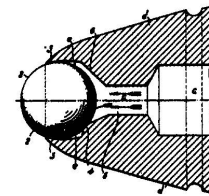
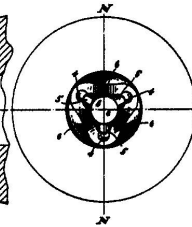


Fig. 2



Inventor
L. J. Biro
Ladislao Biro
Attorney

Original drawing of Biro patent

Point design, June 1943.

Patente original Biro

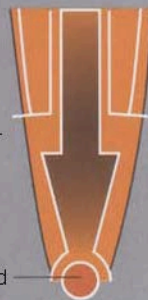
Diseño de la punta, junio 1943



Ballpoint pen

Birome

The ball turn free and take ink and then left it on the sheet of paper



Point enlarged



Uniform lines

Ink

Semi solid ink - water insoluble.
Resist storage without drying but immediately it dry on the sheet paper.

Simple?
Appearances
can be deceiving

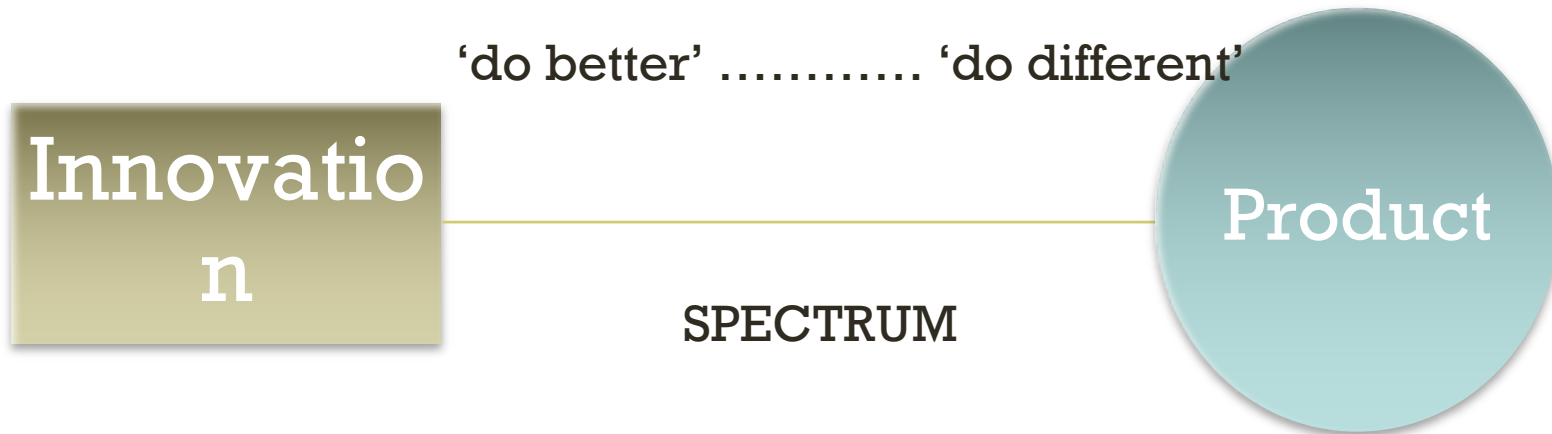
At first glance, BIC® Cristal® has an extremely simple design, yet it is in fact quite technically complex. Since 1949, BIC has made no compromises and is nothing to chance in order to continually improve the performance of BIC® Cristal® and offer the consumer the same quality of writing throughout the life of the pen.



A focus on technology...

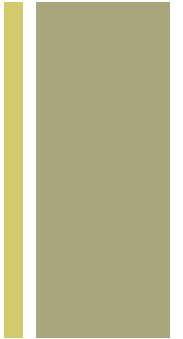
Could you have imagined that so much technology goes in to the pen that you've carried with you since childhood?
And did you know that today, BIC® Cristal® is still produced by BIC in its own factories in France, Brazil, Mexico, and South Africa... and on machines that are also designed by BIC? The company also manufactures its own inks to guarantee a smooth and high quality writing experience.

+ Exploring innovation space



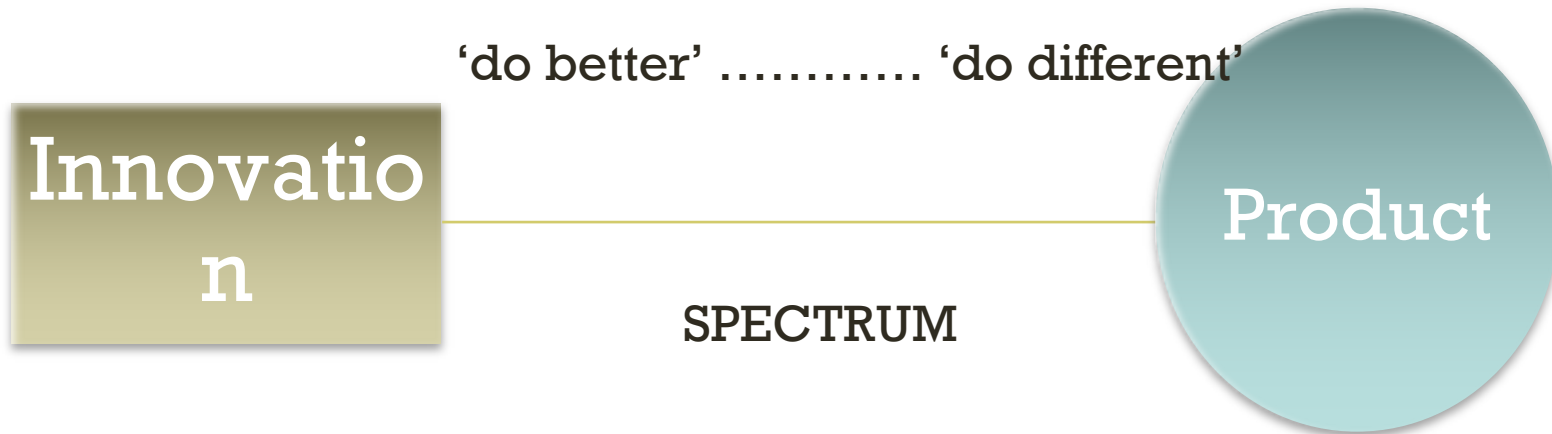
What are these people been doing for 60 years? ...it's just the same.
The pen superficially **looks the same**. But, better writing experience.

+ Incremental Innovation



- Between 1980 and 1990, Sony produced a total of **160** different versions of the Walkman.
- Which amounts to a new model **on average every 25 days**.
- Seems trivial but can be important because they enable a company **to keep up with the competition** and maintain or lead the market.
- The consistent process of incremental innovation did indeed **reinforce Sony's image** as a powerful force in the marketplace.

+ Exploring innovation space



Wonderful piece of engineering that gets better and better.

12 million of ball point pens are being sold everyday.

Continuous incremental innovation is important.

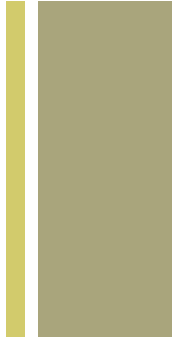
+ Exploring innovation space



Change the way we create and deliver.

Upstream and downstream processes in delivering what we offer.

+ Radical Process Innovation



The world glass (window)



Two important properties:

1. Flat
2. Smooth

+ Radical Process Innovation

- Medieval/ traditional window
- Need to be grind and polish

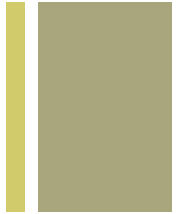


+ Radical Process Innovation

- new grinding techniques
- new polishing powder



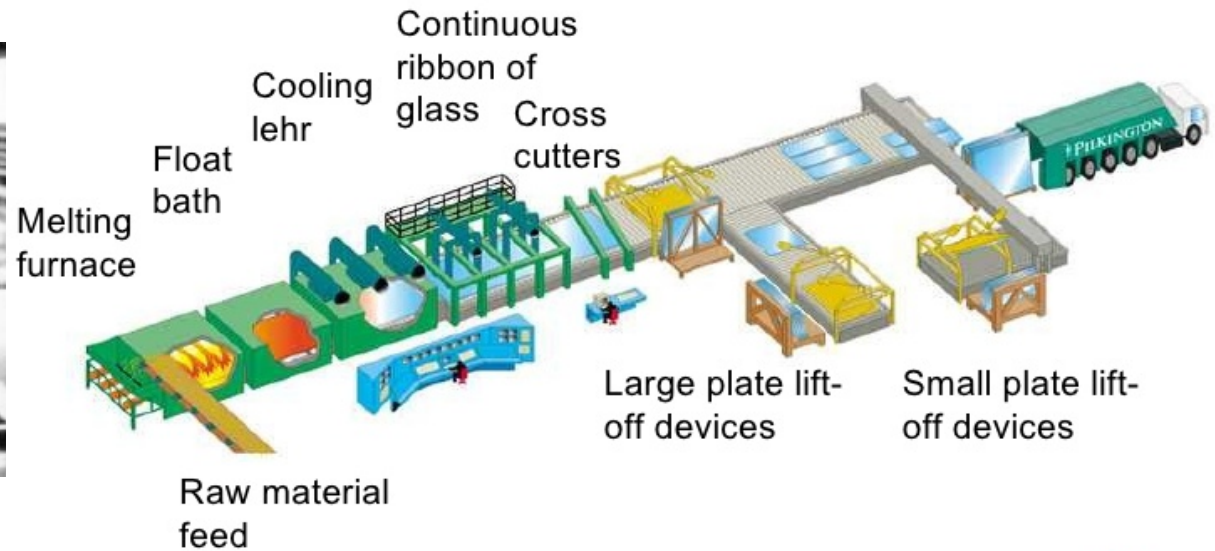
+ Radical Process Innovation



Sir Alliar Pilkington



Float Glass Process



He changed the way how we make windows.

Making a glass by pouring it on water and make it float.

96% of the world windows are made based on this process.

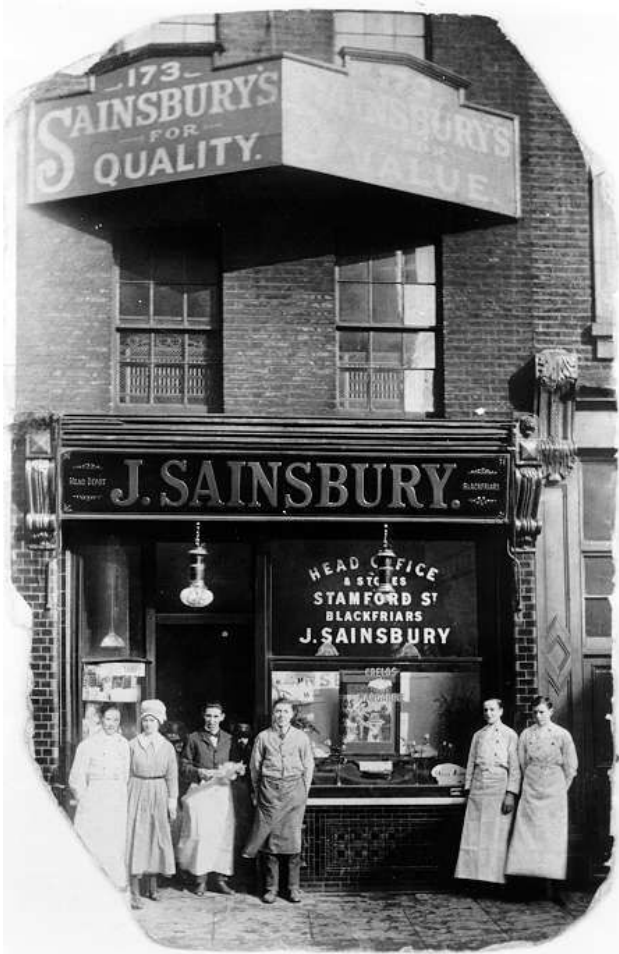


+ The Float Glass Process

Where the idea comes from?



+ Radical Process Innovation



Sainsbury's

+ Radical Process Innovation



+ Radical Process Innovation



People were looking through the window.

It was just like a tourist attraction.

+ Radical Process Innovation

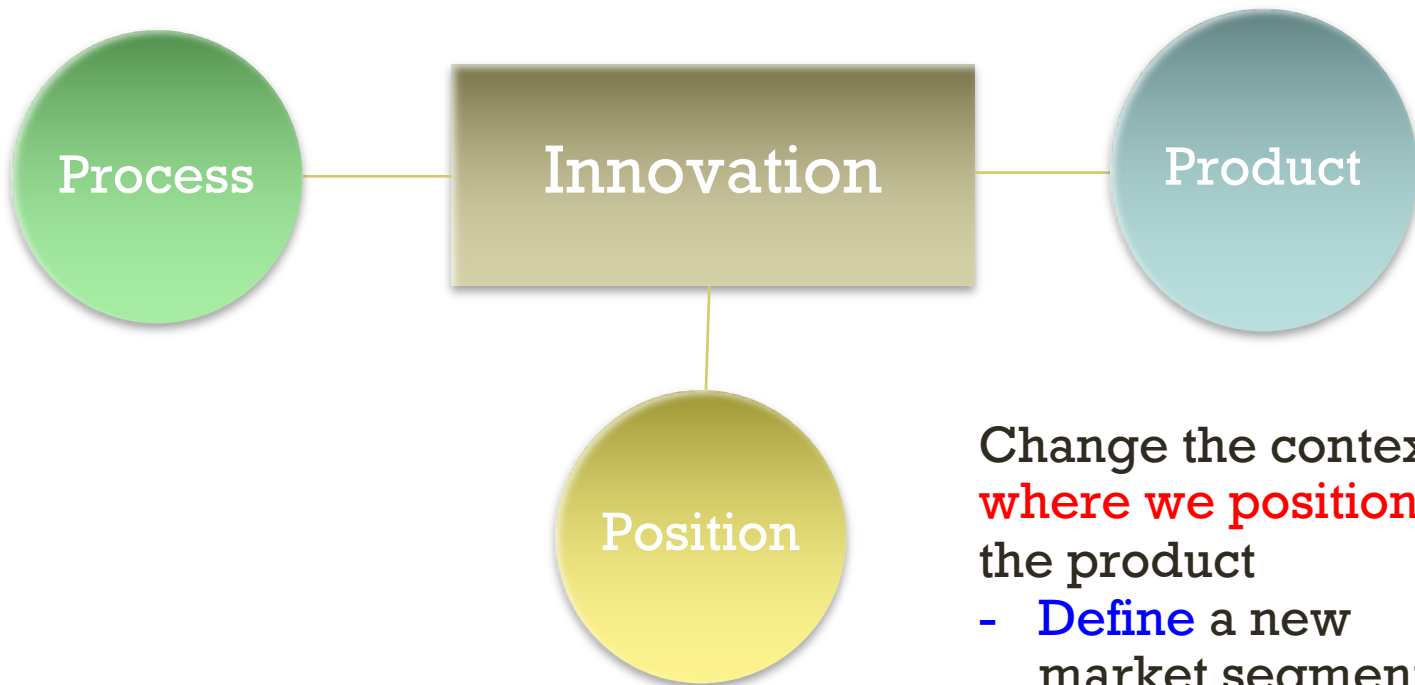


It doesn't just happen!

Have to explain how to do self-service shopping.

They need to educate the people.

+ Exploring innovation space



Change the context
where we position
the product

- **Define** a new market segment
- **Repositioning** the market

+ Position innovation



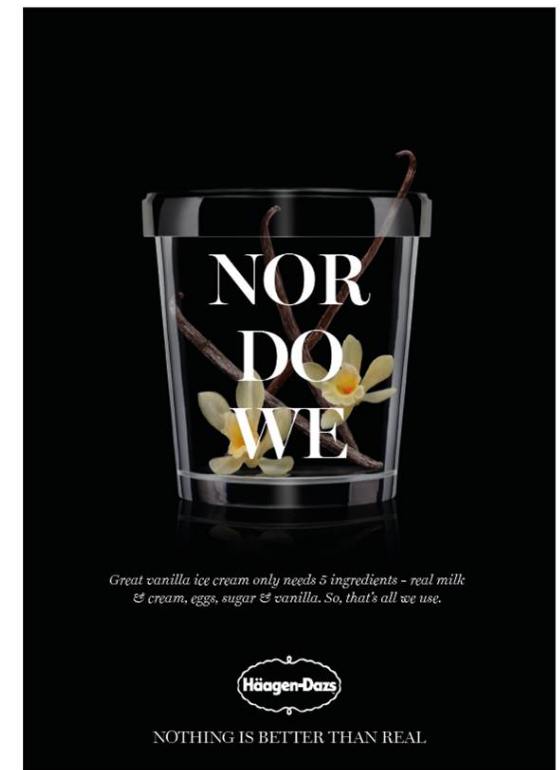
+ Position innovation



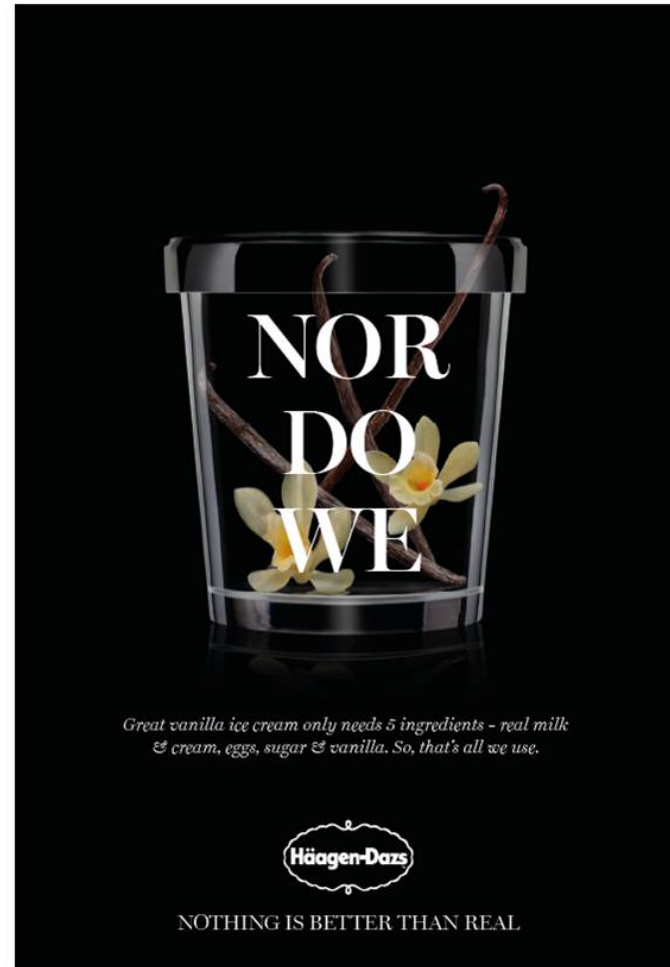
Pleasure is the path to joy.



+ Position innovation



+ Position innovation



+ Position innovation



+ Position innovation



+ Position innovation



+ Position innovation

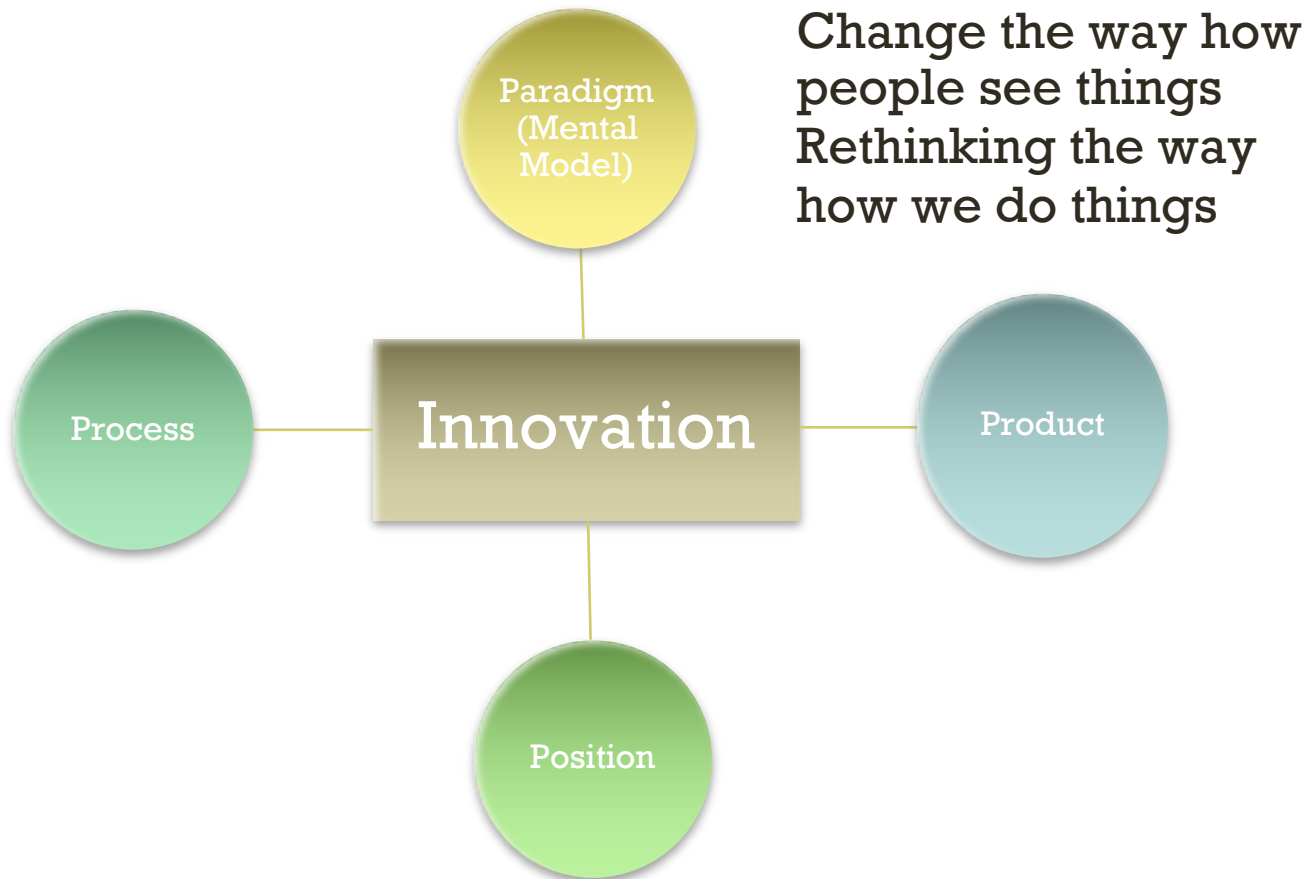


**NOW
EVERYONE
CAN FLY**

Buy Now
Fly Now!



+ Exploring innovation space



+ Paradigm innovation



Javier Sotomayor
(Cuba)

World record
holder for High-
Jump since 1993

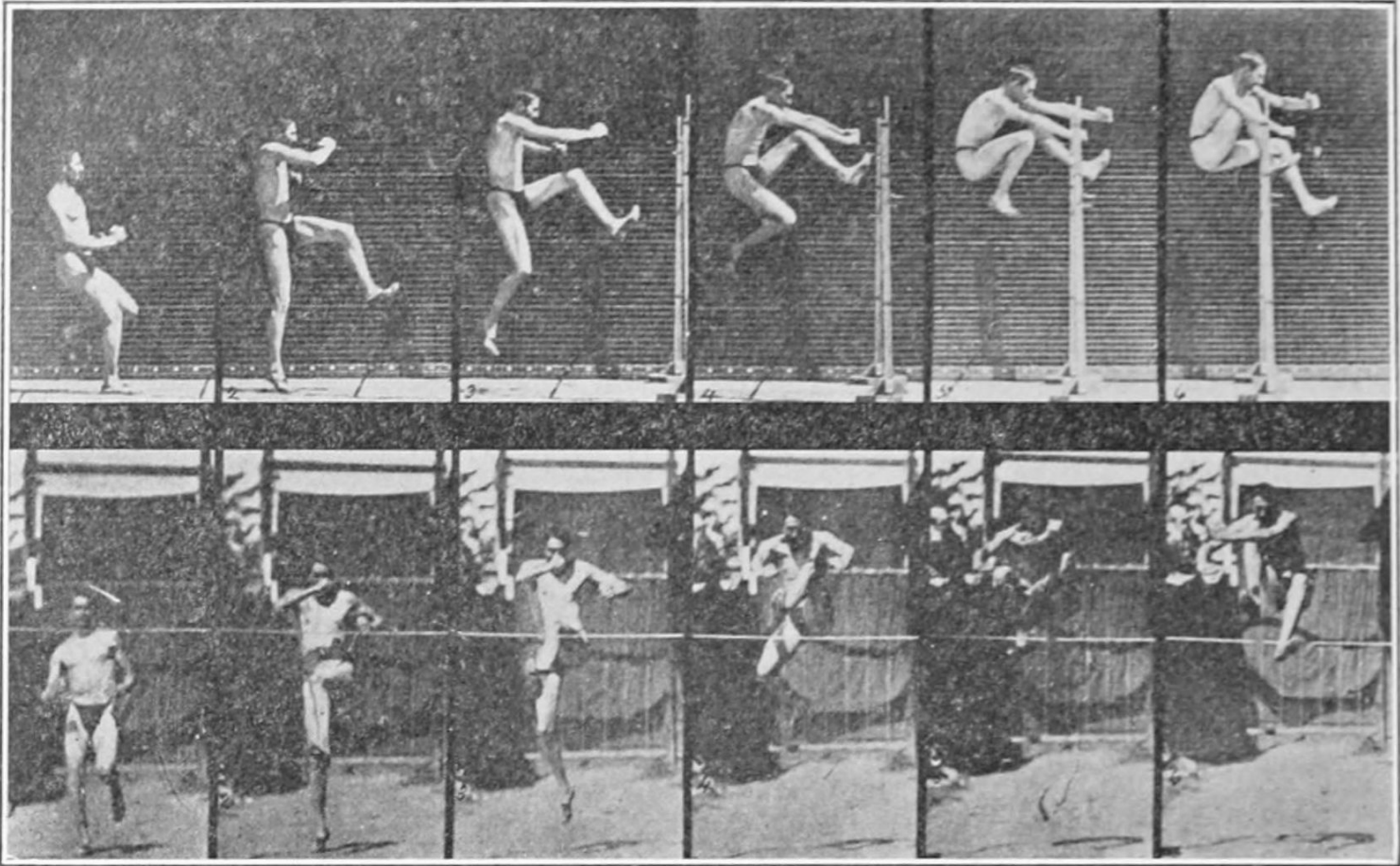


+ Paradigm innovation



His record was unbreakable for more than 20 years.

+ Paradigm innovation



+ Paradigm innovation

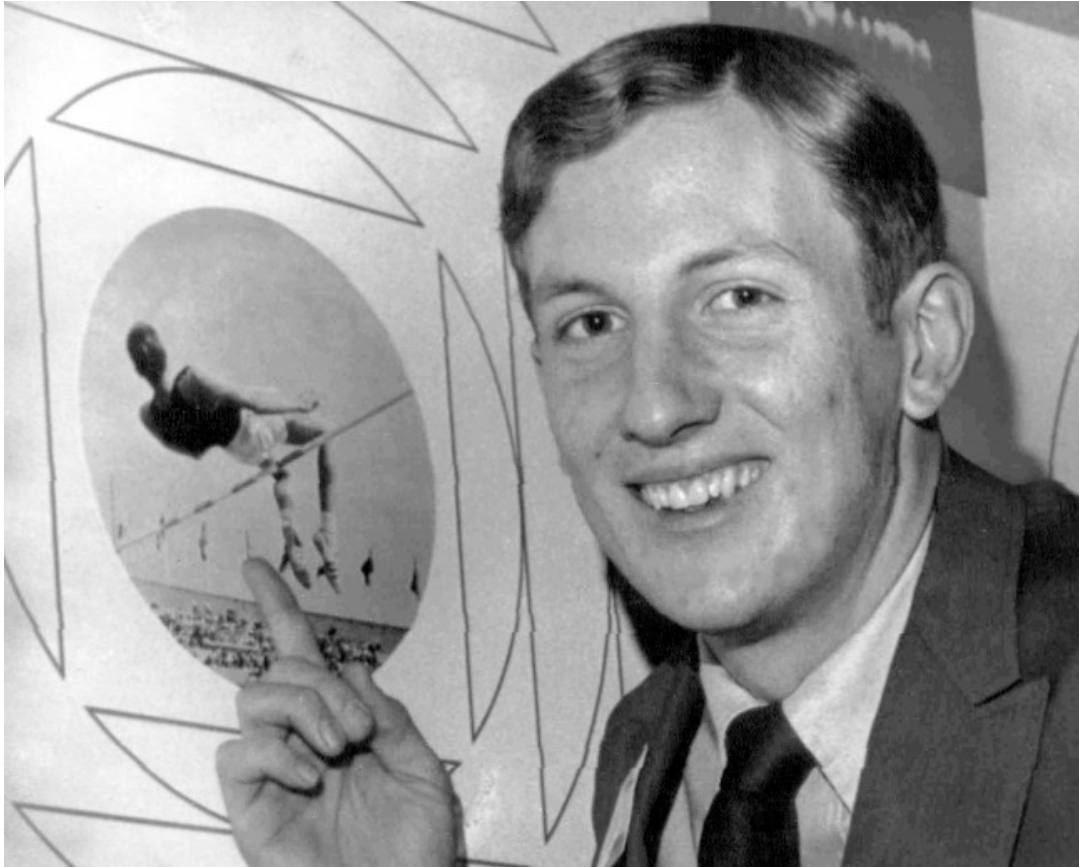


Ray Ewry
Olympic Games
London, 1908

World Record: 1.98
m

Scissors over the
bar technique

+ Paradigm innovation

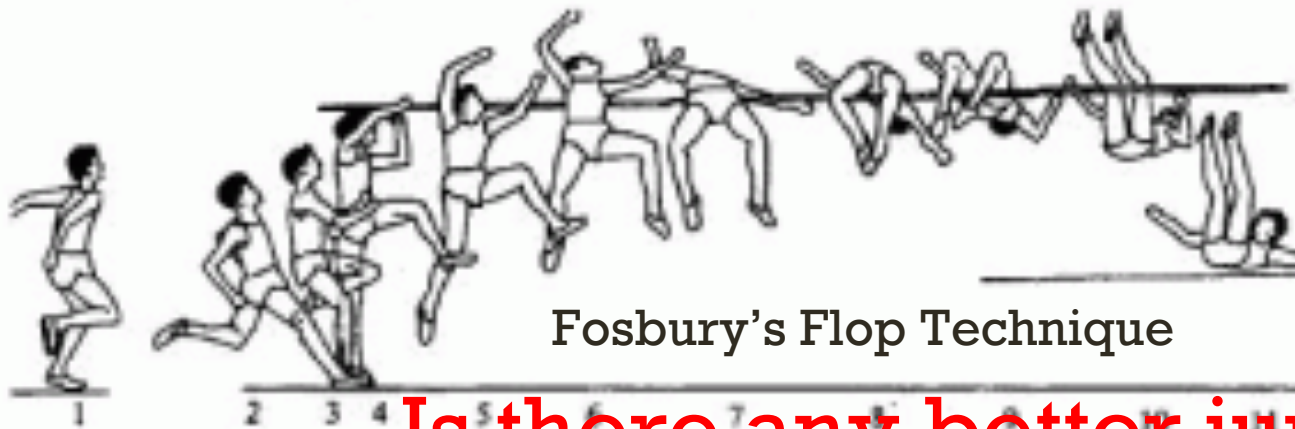
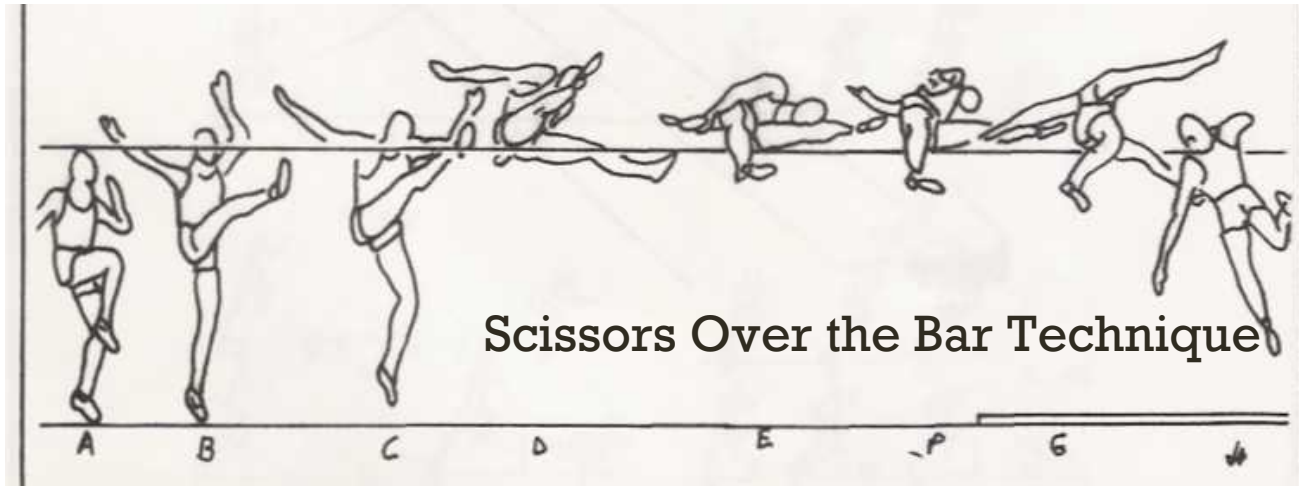


Richard Fosbury
Olympic Games
Mexico, 1968

World Record: 2.24 m

Fosbury's Flop Technique

+ Paradigm innovation



Is there any better jumping technique?

+ Paradigm innovation

Now Available On:
amazon.com[®]

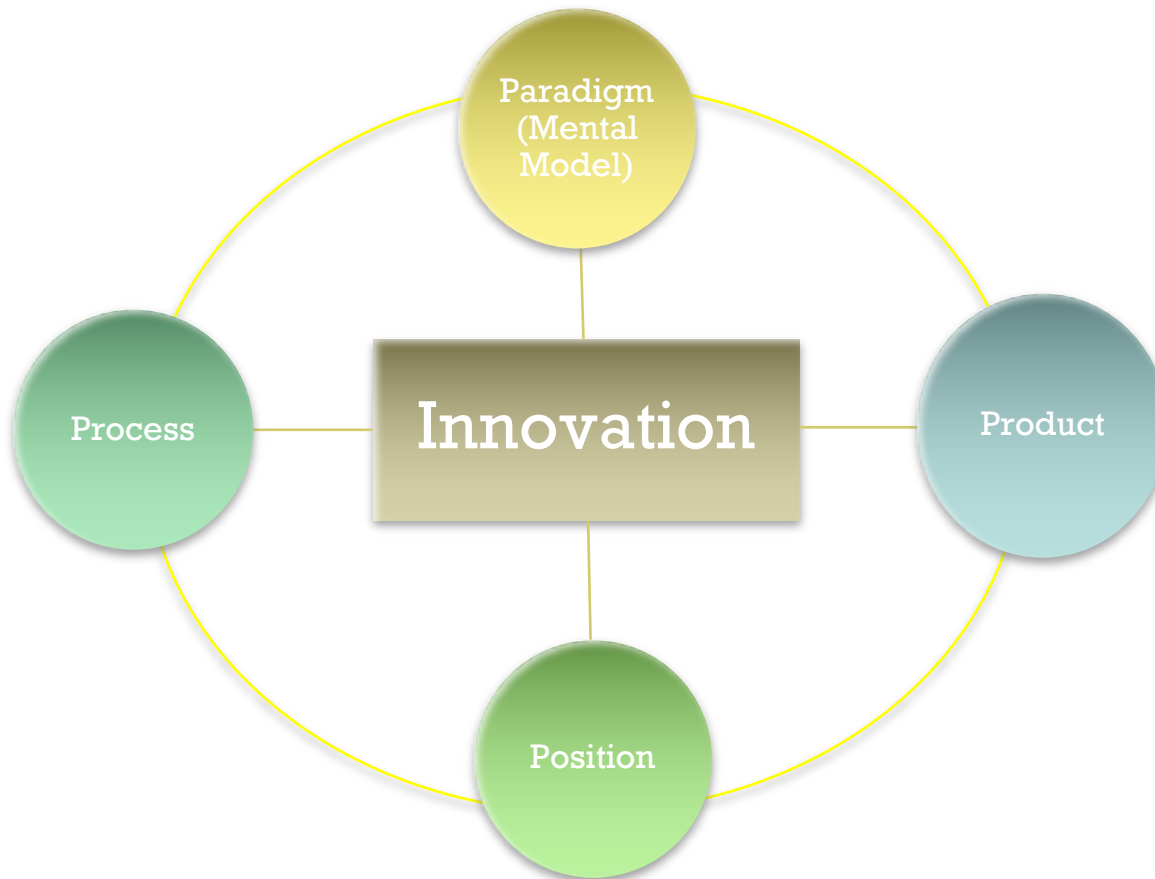
The Netflix logo, consisting of the word "NETFLIX" in a bold, white, sans-serif font with a 3D effect, set against a solid red rectangular background.

Why would you that?

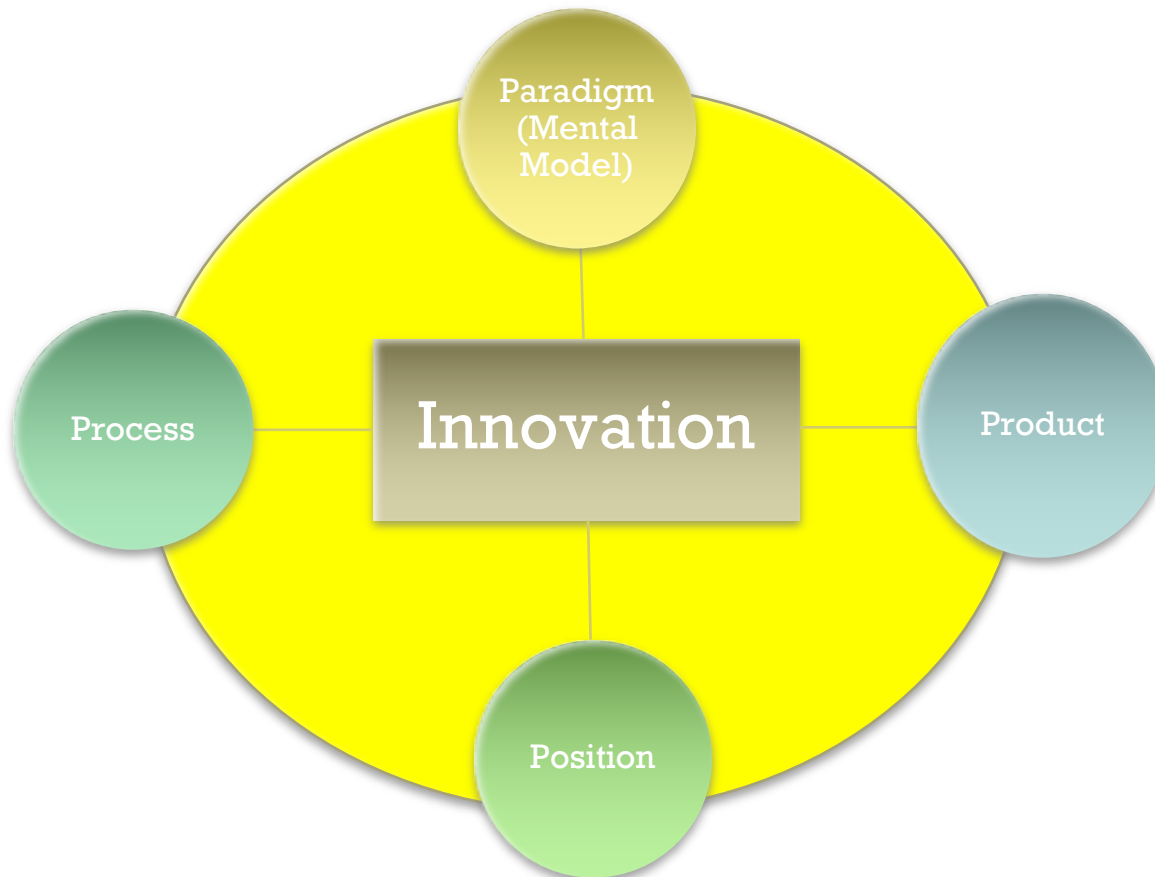
Changing the mental
model.

Changing and
transforming the
business model

+ Exploring innovation space



+ Exploring innovation space



+ Innovate or evaporate!



Blockbuster Videos

- Failed to capture new market growth to Netflix
- Could not generate new cash streams



Borders

- Failed to capitalize on e-commerce via internet
- Competitor advantages (Amazon, iStore, Etc.)



Kodak

- Failed to sustain *continuous* improvement
- Low budget allocation for innovation activities

+ Innovate or evaporate!

Either ... we are waking up and disrupting the world ...

or ... we are being disrupted.

The question is, how can we be the innovators (disruptors)?



+ How do innovators do it?

How did the existing innovators change the world?

- They think differently
- They act differently
- **They ask a lot of questions** – questions that provoke people to think uncomfortably



+ How do innovators do it?

Curiosity is power ...

- The challenge is asking question that **we don't know**...we don't know...and start asking them.
- how many things that I'm dead wrong about ...

What's working?

What's not?

Why?

+ How do innovators do it?

Curiosity is power ...

- Peter Drucker – The Practice of Management (1954)

“The important and difficult job is never to find the right answers, ... it is to find the right questions ...”

- It is the key to unlock the problem.

QUESTIONS?

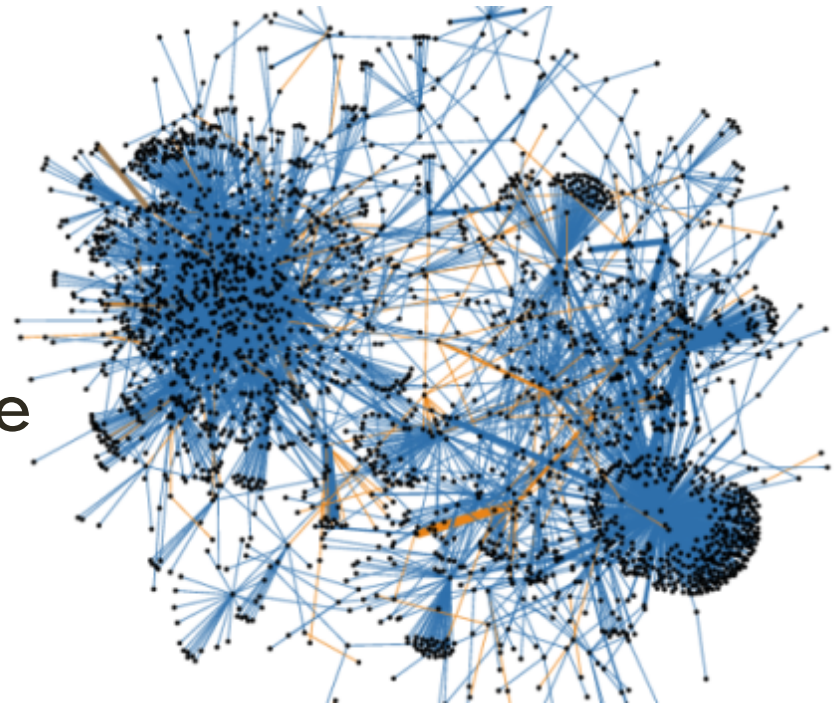
- Does your company have a question centric culture?
- Does your company develop a question centric leader?

-



+ How Innovation happens?

- Innovation does not happen in a simple way.
- It happens in a way that are **very complicated**.
- We need to weave those strands together to create value
- **Innovation is about connecting the dots...**



Knowledge spaghetti

+ The ballpoint pen

Connecting the dots ...



2 simple observations ←

The ball point pen was invented by a journalist who made 2 simple observations; that the ink from a fountain pen took time to dry and could therefore be smudged, and the ink used in newspaper printing dried practically on contact with the paper. He set out to discover a means by which the gelatinous ink could be transferred from a cartridge and onto paper, and eventually the answer became clear to them - a ball bearing. The invention bore his own name: Biro.

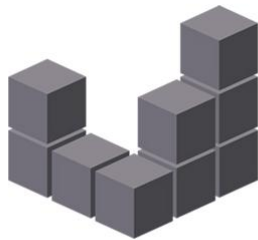
+ The Float Glass Process

Connecting the dots ...



+ Track my device

Connecting the dots ...



tenCube

WaveSecure Hi dariusc | Settings | Logout

Home Features Supported Phones FAQ News

My Device

- Lock
- Track
- Backup
- Wipeout
- Restore

My Data

- Contacts
- SMS
- Call Logs
- Media
- Calendar

Track the SIM in my device

The current SIM inserted in your device is :
+6581611905

Last tracked on **11/9/2008 7:05 PM**

You are currently on your primary SIM. If you use several SIMs, add them to your Safe Sim List!

Track History

Time	Phone Number	Info
Sep 11, 07:05 PM	+6581611905	Your phone was switched on with this number.
Sep 10, 09:52 AM	+6581611905	Your phone was switched on with this number.
Sep 10, 09:50 AM	+6581611905	Your phone was switched on with this number.
Sep 10, 08:21 AM	+6581611905	Your phone was switched on with this number.
Sep 10, 06:42 AM	+6581611905	Your phone was switched on with this number.

WaveSecure Hi 111111 | Trial expires on Nov 24, 08 | Settings | Logout

Home Features Supported Phones FAQ News

My Device

- Lock
- Track
- Location
- Backup
- Wipeout
- Restore

Track the location on my device

Last tracked on **Dec 19, 10:29 PM**

Last Mobile Country Code : 404
Last Mobile Network Code : 10
Last Cell Id : 14062
Last Location Area Code : 138

My Data

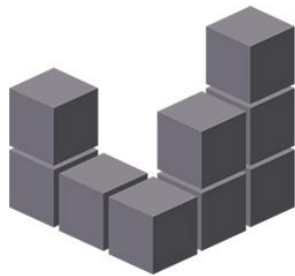
- Contacts
- SMS
- Call Logs
- Media
- Calendar

Map Sat Hyb

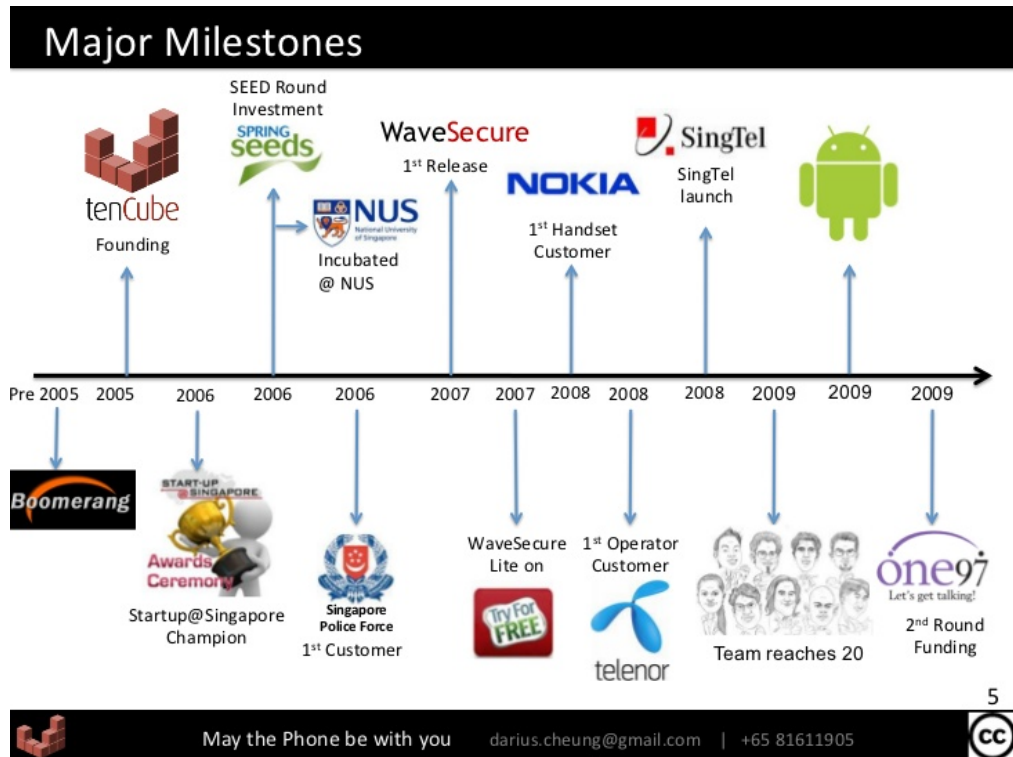
A Google Map of Noida, India, with a red pin indicating the device's location. The map shows various sectors and roads, including Udyog Marg and Ashok Marg. A scale bar indicates 2000 ft and 1 km.

+ Track my device

Connecting the dots ...

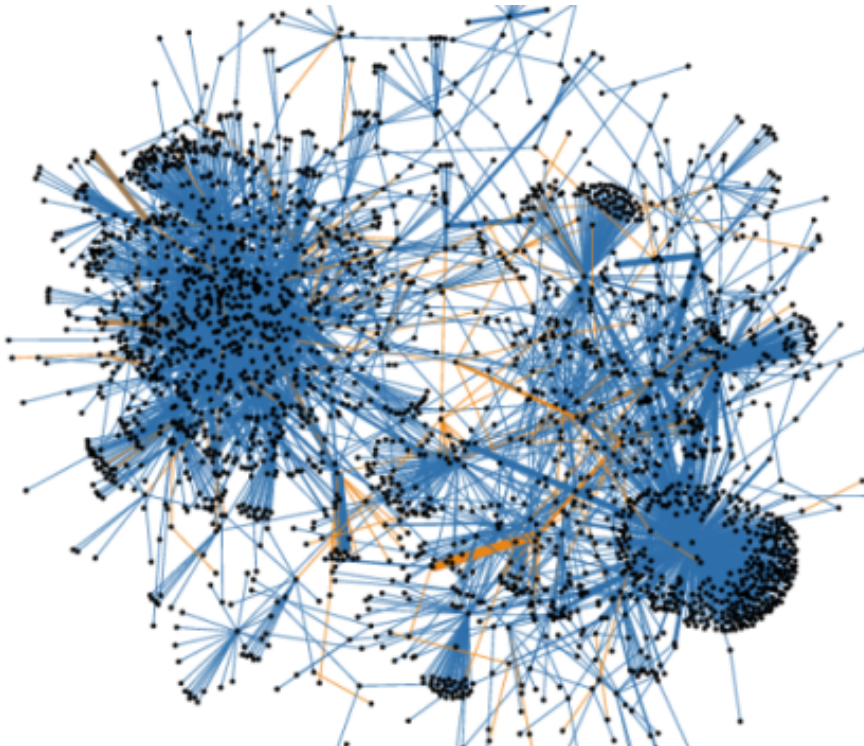


tenCube



+ How Innovation happens?

Knowledge spaghetti



All sorts of strands of knowledge held by all sorts of people

Multi-player game: Open innovation

Complex knowledge flows, not just knowledge creation

+ How Innovation happens?

Open innovations ...

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- Win Awards

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REQUEST
A DEMO



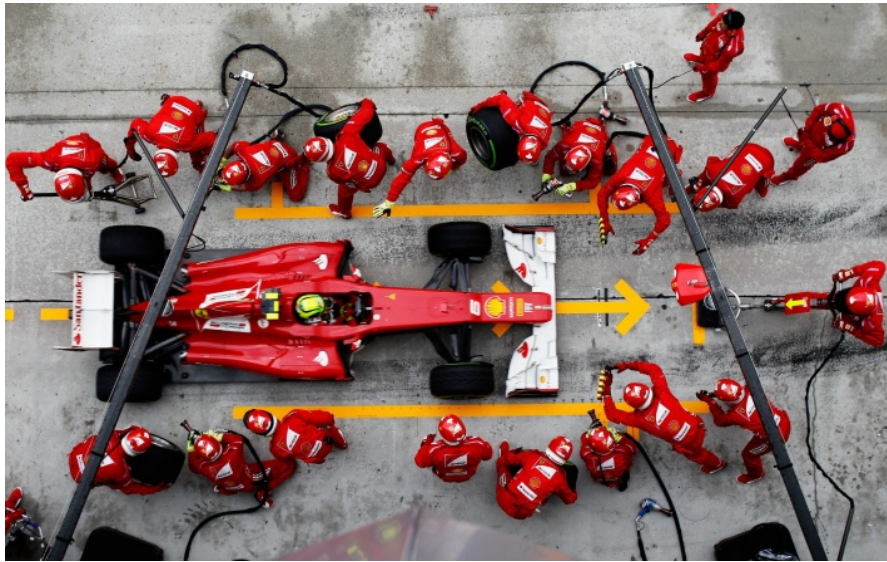
SOLVE A
CHALLENGE



RESOURCE
LIBRARY

+ How Innovation happens?

Recombinant innovation ...



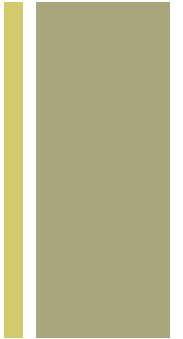
+ How Innovation happens?

Users innovation ...



#005 Curiosity Rover	 Building instructions available.
#004 DeLorean	 Building instructions available.
#003 Minecraft	 Building instructions available.
#002 HAYABUSA	 Building instructions available.
#001 SHINKAI 6500	

+ The classic traps

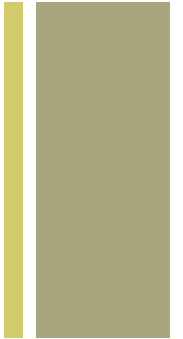


1. Resistance to change

- For many people, is **a frightening thing**, as it disrupt the status quo.
- Innovators use change as **fuel for thought** and as food for action.

sometimes
the things
we can't change
end up
changing us

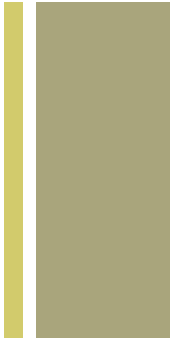
+ The classic traps



2. Misconception that “The best ideas always wins.”

- The best ideas **don't always win**, but that doesn't stop people from believing they should.
- Most innovators were **frustrated** by how their ideas, clearly superior in their own minds, struggled for acceptance in the world.
- The notions of best, good, win and lose are opinions, as is the obsession with framing things in **binary terms**.
- Good vs. bad, bad vs. worst, happy vs. sad are all very **subjective**.

+ The classic traps

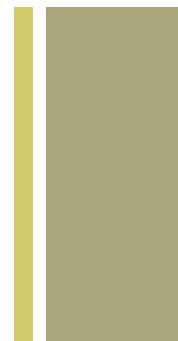


2. “The best ideas always wins.”

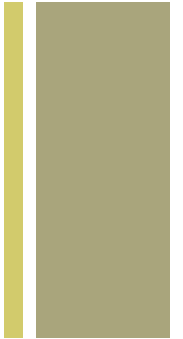
QWERTY keyboard is neither built efficiency nor ergonomics.

Phillips screw is inferior to the lesser known **Robertson screw** (gem of industrial design).

HTML and JavaScript are far from the best software development languages, yet they're the most successful in history.



sometimes
the things
we can't change
end up
changing us



Innovation distinguishes
between a leader and a follower

STEVE JOBS
APPLE CO-FOUNDER, INVENTOR

Share a
LIVKICK