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In a previous paper, we suggested that the key drivers of organisational performance are Leadership, Customer Focus, Employee Engagement and Innovation, and gave a brief introduction to each of these four topics. In our strategic development work with organisations of all sizes, we focus on these four drivers and have found the most ignored and least understood to be Innovation.

Innovation is often ignored because of complacency, inertia and lack of understanding of what real innovation can do for a business. Yet it can be an amazing catalyst for business success, growth and profitability. It can help you save time and money, and give you the competitive advantage to grow and adapt your business in the marketplace.

Active innovation is about...

- Doing things differently
- Developing new and/or improved products/services
- Introducing more effective processes and equipment
- Applying new principles in management practices
- Seeking both incremental and major step changes in the way things are done
- Exploiting new technology, introducing new materials, components
- Introducing green technologies which reduce waste and use consumables more effectively.
- Sales from products/services <3 years old (% of total sales)
- Lead time for development of new products/services (weeks)
- New products/services developed (no. pa)
- Enabling technologies developed (no. pa)
- Development projects completed within budget and time (% of total)
- New products/services introduced right first time (% of total)
- Average age of products/services (years, % over 3 years old)
- Cost reduction of existing products/services (%)
- Benchmarking comparisons against leading companies
- Design or technology award

The benefits of active innovation...

- Greater responsiveness to customer demands
- Improved product/service design and quality
- Greater potential for a wider product/service range
- Streamlined relationships with suppliers and customers
- Improved operational efficiency
- Faster turnaround times
- Reduced waste levels and downtime
- Reduced capital tied up in stock/work in progress
- Enhanced staff skills, increased staff retention
- Well-established correlation between investment in innovation and sales growth.

Successful companies typically achieve 30% of sales from products and services launched in the previous three years.

Assessing active innovation...

It is rarely easy to measure the direct impact of innovative activities. However, the following have been used successfully. Some measure inputs and others outputs.

- Expenditure on innovation (% of sales)

A checklist of actions to improve active innovation...

- Ensure innovation is driven by business needs, not by the attraction of change for its own sake
- Innovate in those areas which drive the performance of the business – leadership, customer focus, employee engagement, innovation
- Set up cross-departmental innovation team(s)
- Encourage creativity and demonstrate confidence in new ideas throughout the organisation. Remove self-limiting beliefs. Make it fun. Take a helicopter view
- Provide adequate people and resources
- Collaborate with suppliers and customers
- Manage the risks involved in introducing new products, services, markets, procedures etc
- Monitor the external environment (competitors, customers, own industry, other industries) for changes, threats, opportunities
- Seek advice from external bodies (eg trade association, universities etc)

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