

CHALLENGE SUMMARY 6

Leadership Team
Support Materials

THE PURSUIT OF INNOVATION

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'The era of invention is not over, but it has definitely been pushed aside for an era of innovation.

Joseph Schumpeter, Harvard University

An innovation occurs when someone improves on or makes a significant contribution to a product or service that has already been invented.

For example, the mobile phone was invented by Martin Cooper at Motorola in 1973 but it was Steve Jobs at Apple who created the innovative standards by which we judge mobile phones today.

And Sony's influence in the technology market started with the invention of the first tape recorder and through years of creativity and perseverance, they became innovators of a variety of products from computing and electronics to entertainment.

Both Sony and Apple have discovered that innovation seems to not only trump invention in furthering a company's brand and profitability, but it can be far cheaper than running expensive research laboratories.

Innovation drives economic growth and takes place in one or more of five areas:

- The development of a new product or service
- The development of a new ways of making things or delivering services
- The opening up of a new market
- The acquiring of new sources of resources – people, money or raw materials
- The emergence of a new organization – strategy, structure, culture, processes

It seems that great inventors are smaller in number – perhaps business models are leaning towards enabling innovation.

So a company does not need to invent to have a competitive edge in the market, but it does need to innovate and create a product or service that is based on the needs and desires of the consumer.

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