

ASPECTS REGARDING THE ADVANTAGES OF INNOVATION FOR CORPORATE STRATEGIES

Radu Cureteanu

**Assistant Professor Ph. D., Aurel Vlaicu University Arad, Romania,
radu.cureteanu@gmail.com**

Florin Isac

**Associate Professor Ph. D., Aurel Vlaicu University Arad, Romania,
florinlucian.isac@gmail.com**

Sergiu Rusu

**Assistant Professor Ph. D. student, Aurel Vlaicu University Arad, Romania,
sergiurusu@yahoo.com**

Abstract: *We are in the third millennium, millennium of development intuitive intelligence. Every man and every human group has in its own internal structure a law of evolution. Thus the world was made. Important is that as of personal maturity and / or collectively to realize that there are some natural laws that apply automatically, whether or not we want, whether or not we know about them. One of these laws says that everything is evolving, that it changes continuous, and that every entity is going through an infinite number of innovations - from all points of view. With this awareness we can ask many questions and find many answers within us or outside ourselves.*

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1. The influence of Product Innovation upon Strategy Innovation

Some of us are aware that progress is made through several changes - continues or jumps. Others finds that the current phase is "new" that is different from previous or different from others, sometimes just seems different because the context changes. Individuals or situations are not identical in the universe. There is never identical with anything else. Always we only have differentiated aspects, different - perceived by those interested in news. News is usually constant presence is a way to see and feel the world. Novelty itself is necessary because otherwise everything would stagnate, would die.

It is interesting to note how many companies in recent years have adopted "innovation" as a core value or as part of their mission statements. If we as a society have moved from the Information Age to the Knowledge Age, then this relatively new emphasis on innovation is quite logical. When information is ubiquitous and is no longer a source of competitive advantage, it is the innovative use of that information (via knowledge) that differentiates people, companies, and nations. Innovation may become the basis of all competition in the future. Innovation is the new competitive arena where present-day gladiators, equipped with similar information and access to similar resources, try to outsmart one another to victory.

As we work with and read about corporations today, we see the focus of innovation being placed primarily on the products that they are creating. Go to a company's Web site. If they talk about innovation or have an Office of Innovation, it is frequently related to the work done in their Research & Development labs. Innovation is usually thought of as invention. Innovation is usually new technology being turned into something unique and tangible that the company can sell. For those companies with strong R&D departments, this focus on the invention of innovative products is probably a key element of their corporate strategy.

There are, however, other elements of a corporate strategy beyond innovative products that can help companies compete in their markets. Besides having a product to sell, companies have to make that product and then get it into the hands of customers (and meet their customers' needs). To do this, companies create specific functions such as manufacturing, sales, distribution, and marketing.

These functions and how they interrelate make up the company's business model. The effectiveness and efficiency of the business model is a critical element of a company's strategy. Michael Porter, the corporate strategy guru at Harvard Business School, highlighted the importance of "fit" of the functional activities that make up a

company's strategy when he wrote, "Strategic fit among many activities is fundamental not only to competitive advantage but also to the sustainability of that advantage. . . . Positions built on systems of activities are far more sustainable than those built on individual activities." [3]

The implication here is that the most innovative product on the market may not be able to compete against a less advanced product that has a unique or superior business model. Dell Computer is a successful company because of its innovative business model (selling customized computers via the Internet and use of a very strong supply chain management), not because of its superior computers. Therefore, companies that do not have a world-class R&D capability may still be able to compete effectively in markets if they focus their efforts on building a superior business model. Given the strategic importance of a company's business model in its ability to compete in the marketplace, it is logical that efforts put into improving the business model could provide real value to a company. If that is true, then companies should place at least as much "innovation" focus on the other elements of the business model (and how they interact) as they currently do on the product side. [2]

Strategy innovation is a process of applying innovative thinking to the entire business model of a company, not just to its products or inventions.

2. The use of Innovation as a Strategic Advantage

We live in an environment marked predominantly by the verb to do, and not to be, it is easy to rely on our beliefs and principles. In economic life, local, regional or international some activities can be improved not so through competitive prices (under the conditions offered by cheap labour), but mainly through gradual improvement of product / service offered on market. Organizations are in a position to adopt standards and procedures harmonized in the European context, as pre-requisite for entering the European market - and not a guarantee of success.

Innovations applied in organizations are coming from sincere desire to perform. Combining prior knowledge with the scientific ones, newly emerging in response to new circumstances in our lives can lead to valuable solutions, with great perspectives for development. Financial constraints, limited experience become less important in the solid relations between different actors serious, mature. Frequently we need the transformative power of an alliance, the relations in which we do obliged to do something meaningful. If the objectives awareness is common, knowledge can become a shared one, in terms of gain for all parties involved.

Although strategy innovation may be critical for success (or survival) in dynamic markets, it can also be a source of competitive advantage in more stable markets. The company that understands how to create value for both their customers and themselves can change the basis of competition in their industry. By creating efficient business systems aimed at delivering this new value in a market, companies not only redefine value but lock out competitors who are unable to replicate the efficient business model that delivers it. They play the same game with a different set of rules, rules that give them a decided advantage.

Strategy innovation is the process of finding a way to "change the rules of the game" so that your company's products, competencies, and assets provide you with a competitive advantage in the marketplace. If you are not the mammoth size of a company that can compete in a market on the basis of size, strategy innovation allows you to define a new business where "small, agile, and quick" is the only way to provide customers with value.

In his book *The Innovator's Dilemma*, Clayton Christensen suggests that this small company advantage is an important force in the marketplace. He writes, "large companies often surrender emerging growth markets because smaller, disruptive companies are actually more capable of pursuing them. Though start-ups lack resources, it doesn't matter. Their values can embrace small markets, and their cost structures can accommodate lower margins."

Their market research and resource allocation processes allow managers to proceed intuitively rather than having to be backed up by careful research and analysis, presented in PowerPoint. All of these advantages add up to enormous opportunity or looming disaster depending on your perspective." [3]

This is the essence of strategy innovation: "changing the rules" of how customers receive value and having a business model that delivers that value better than anyone else. In that way, you make your weaknesses in an established market irrelevant, and your innovative business model becomes the new basis of competition in a market that you started.

Constantinos Markides, a professor at the London Business School and author of *All the Right Moves*, calls strategy innovation "a fundamental reconceptualization of what the business is about, which in turn leads to a dramatically different way of playing the game in the industry." [4]

In his book *Leading the Revolution*, Gary Hamel cites a number of companies that have dared to reinvent themselves by adopting innovative strategies and creative new business models. He believes that this capability will be required to compete in the markets of the future. "Unless you and your company become adept at business concept innovation, more imaginative minds will capture tomorrow's wealth." [5]

3. The most important Source of Corporate Renewal is Innovation

Strategy innovation is often considered the calling card of startup companies looking to enter already-existing markets. However, established companies also use strategy innovation to their advantage, if they have the instinct for it. We recognize this instinct as a strong, internal emphasis on corporate “renewal.” The instinct for renewal is something beyond a cultural norm; it seems to be embedded in the organization’s DNA, what it sees when it looks in the mirror. These companies are never completely satisfied with who they are today, but are more interested in who they are becoming.

Big companies have not experienced their sustained success by merely evolving. They have taken bold, strategically innovative steps at critical points in their histories to redefine who they were. How else does one explain the radical shift in the business of these companies from their origins?

Procter & Gamble was once exclusively a soap manufacturer. At one point in their history, IBM made scales and cheese slicers. Before Nokia was in mobile phones, they were a paper products company. These companies are more concerned with their future than their past. They are proactive. They believe that corporate renewal is healthy, if not critical to their ongoing survival and success. All have confidence that they will still be in business in 2050 without believing it will be the same business they are in today. Companies with an instinct for renewal as part of their corporate DNA are not on a treadmill. They are vigilant in the examination of their business peripheries, expecting the boundaries to change as the marketplace changes. And, when more radical opportunities present themselves, they are poised to respond. That is how a soap manufacturer becomes successful in the pet food business, how a producer of cheese slicers wins Nobel Prizes for physics, and how a paper products company becomes a world-beater in wireless communications.

They expect to renew through strategy innovation and, in the process, be more vital tomorrow than they are today.

Conclusion

- Strategy innovation is shifting a corporation’s business strategy in order to create new value for both the customer and the corporation.
- Strategy innovation is a process of applying innovative thinking to the entire business model of a company, not just to its products or inventions.
- Strategy innovation is the process of finding a way to “change the rules of the game” so that your company’s products, competencies, and assets provide you with a competitive advantage in the marketplace.
- While strategy innovation may be critical for success (or survival) in dynamic markets, it can also be a source of competitive advantage in more stable markets.
- Established companies with an instinct for corporate renewal use strategy innovation to remain vital and relevant over time.
- Strategy innovation can provide new growth prospects for companies in any marketplace and should be a capability, if not a core competence, of every company hoping to survive in the dynamic business world of the twenty-first century.

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