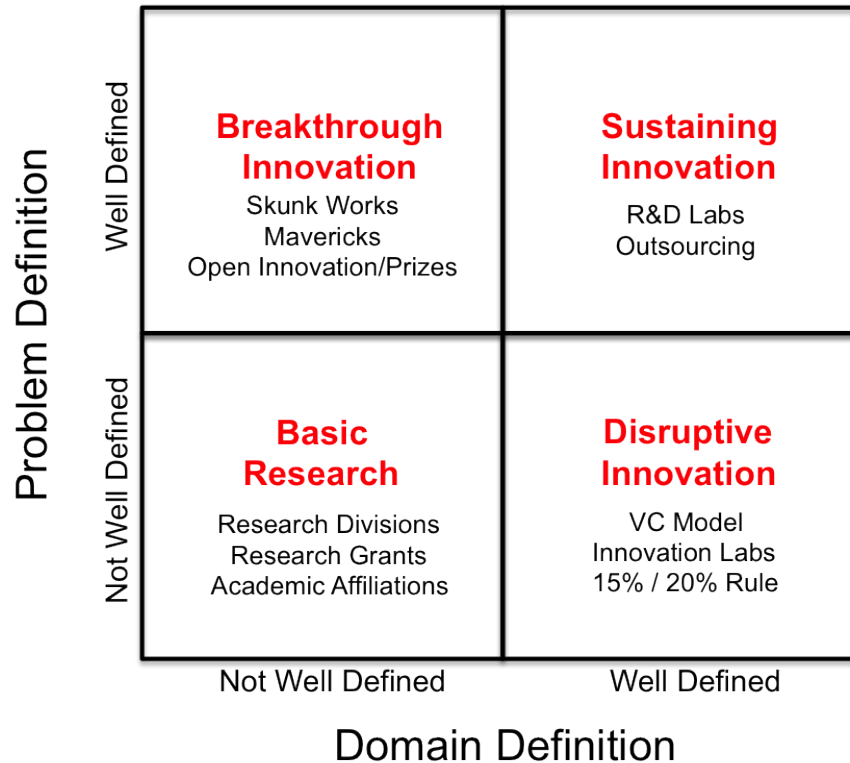


Process Innovation and Customer Value [Video]

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Innovation Matrix



Dramatic shifts have occurred in technology and have transformed how firms do business and connect with their customers. Innovation is enabling firms to organize in new ways, design better products, and manage supply chains. Winners in today's economy will be those companies which can clearly define their processes, organize around those key processes, and work closely with their business partners.

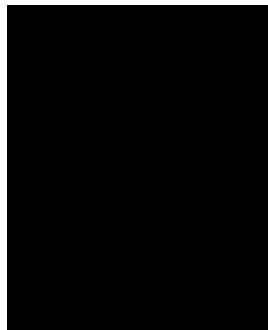
A key question is how do managers employ innovation as a best practice tool to effectively create maximum value for customers? There are three sources of technological "know-how" --product technology (the set of ideas embodied in the product), process technology (the set of ideas embodied in the manufacture of the product), and management technology (the set of procedures associated with selling the product and administering the business unit).

In a national study of 70 B2B technology companies, research found that process technology was the weak link with only 49% of firms mastering this activity (in contrast, product technology and management technology were successful in 81% and 70% of companies, respectively). Success rates were 67% for innovative cultures and 60% for research and development expertise. Medium and large companies were more successful in technology usage than smaller firms.

There are many ideas on how to best innovate. Typically, various multi-step approaches are used to illustrate the innovation process. The accompanying video advocates a 5-step approach to innovation consisting of: 1) identifying the problem/challenge, 2) generate ideas, 3) find a solution, 4) test with customers, and 5) go to market/adjust.

Innovation management can be studied as a process improvement technique across a spectrum of activities (R&D, new product management, cycle time reduction, creative personality types, etc.) and over the short-term and longer planning horizons. A variation in these findings may depend on organizational size, business or nonprofit, industry sector, environmental dynamics, or other considerations (management commitment to innovation, organizational capabilities, resources, etc.).

Video On Innovation



Reference

Weinstein, Art, Jin, Yan, and Barrett, Hilton (2013), "Strategic Innovation in B2B Technology Markets: A Need for a Process Perspective," *Journal of Supply Chain and Operations Management*, 11 (1), 64-76. <http://www.artweinstein.com/uploads/strategicinnovationB2Barticle.pdf>

*Photo Credit: Forbes.com

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