

Leadership, Innovation & Product Development

Graham Howe, School of Logistics & Manufacturing Engineering
Room MT305, Cadogan Building | graham.howe@smu.ac.uk



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What are we going to cover in the next sessions;

- Innovation thinking
- **Innovation Strategy in the context of the organisation.**
- Intellectual Property
- Knowledge for Competitive Advantage
- Product Management Systems
- New Product Development
- Rapid Product Development
- New Product Introduction
- Project Management
- Change Management & Leadership
- Teams

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Innovation thinking

- From last week, is Innovation as unpredictable as one thought?
 - Why is that the companies that have all the funds, bomb in the face of the start-ups?
 - We saw that in the case of P&G;
1. Alan Lafley, P&G CEO - Setting the context.
 2. John Osher, Entrepreneur
 3. Darin Yates, Team Leader / Brand Manager
- **Innovation = f(Strategy + Creativity + Execution)**

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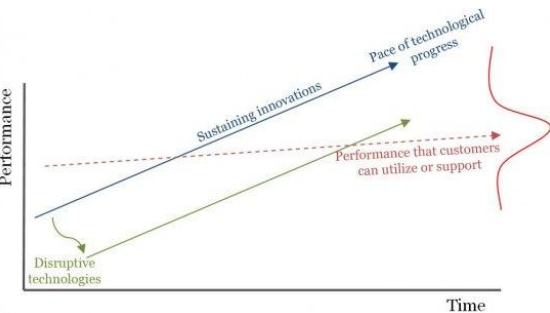
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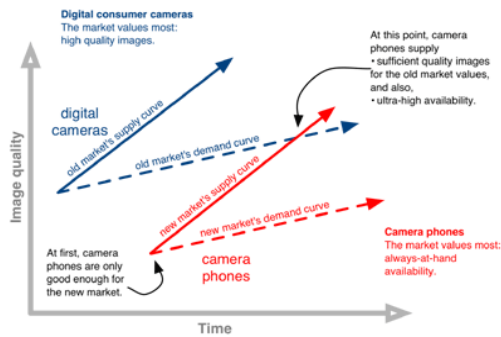
Innovation thinking

- From the 'Profit and PR' are the real enemies in Innovation – What are your views?
- Perhaps it's the principles of good management that make innovation risky and unpredictable?
- Perhaps Clayton Christensen has an answer?
- His first book, The Innovator's Dilemma received the Global Business Book Award as the best business book of the year (1997); and in 2011 The Economist named it as one of the six most important books about business ever written.

Innovation thinking

- If we look at the computer industry at the time of mainframes, it was all quite complicated and expensive.
- Most industries have started to face similar problems.
- In the Mainframe example, given it was expensive and complicated meant that you didn't compute very often until the arrival of the PC.
- What changed?
- What made computing affordable?



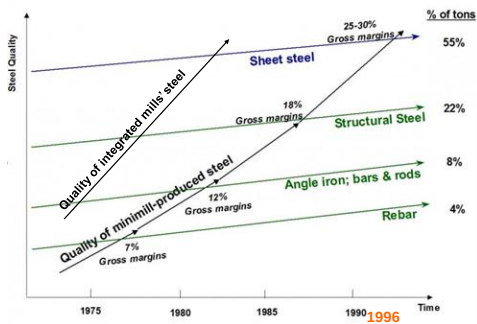


Disruptive Technologies

- Steel production in the mid 1970's;
 1. Massive integrated mills
 2. Mini-mill with electric furnaces.
- Most important dimension of a mini-mill is (for the same amount of steel) delivers a 20% cost advantage.
- Not one integrated mill company ran a mini-mill.
- Mini-mills control 60% of the steel market in North America
- All but one of the integrated mills has gone bankrupt.

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Disruption Business Models.

- Disruptive business models has been the dominant historical mechanism for making things more affordable and accessible, and for also generating corporate and economic growth.

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Disruption Business Models.

Yesterday	Today	Tomorrow
• Ford • Department Stores • Digital Equipment • Delta • JPMorgan • Xerox • IBM • Cullinet • AT&T • Sony Discman	• Toyota • Walmart • Dell • Southwest Airlines • Fidelity • Canon • Microsoft • Oracle • Cingular • Apple iPod	• Cherry • Internet Retail • SkyWest • ETFs • Zink • Linux • salesforce.com • Skype • China / India • Cell Phones

Recovery from disruption

- Some companies have gone on to recover from such situations.
- How?
- Have set-up new autonomous business units and given it the untethered charter to 'kill' the parent business.

"It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change."

Charles Darwin

- Is a business unit designed to evolve?
- No, it's designed to do a specific thing.

Recovery from disruption

- DIGITAL Computer systems.
- Leader in the mainframe business.
- Digital tried to get into the PC business
 - (spent it is rumoured in the region of \$2bn)
- They're only innovation was the PCs.
- Tried to take them to market in the same business model that they used for mainframes & they could not compete at the price.
- Clayton Christensen talks of 3 linked enablers to achieve success.

Disruptive Innovation

- Every disruption has 3 enablers;
 1. Technological enabler
 2. Business Model
 3. Commercial System
- All three have to be present and valid for disruptive innovation to occur.

Disruptive Innovation

- Will regulation help?
- The disruption takes place outside the regulation
- Regulation will change to catch up / respond to the disruption.

So can we generate disruptive innovation?

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3M

- Formerly known as the Minnesota Mining and Manufacturing Company
- Founded on the North Shore of Lake Superior, Minnesota in 1902
- With over 76,000 employees they produce over 55,000 products
 - Adhesives
 - Abrasives
 - Laminates
 - Passive fire protection
 - Dental products
 - Electrical materials
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3M

- Richard Drew, 1899 - 1980
- American inventor who worked for 3M in St. Paul, Minnesota, where he invented;
 - Masking tape,
 - Cellophane tape
 - Duct tape.
- In 1923 3M employee Richard Drew visited an auto-repair shop in St. Paul, Minnesota.
- 3M produced and sold sandpaper and Drew was in the shop to test out a new batch.



“3M Way”

- McKnight’s philosophy had a profound effect on the way 3M does business.
- 15% of all employee’s time is allowed to be on their pet projects (the “3M Way”).
- Yet there is a clear a tension between innovation and efficiency.
- Why?
- Because innovation usually challenges existing procedures and norms.

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