

Title: Innovation and Creativity for Business Advantage

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Host Organisation: Morgans Hotel

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Executive Summary

For an organisation to sustain and possess a competitive advantage, the organisation must recognise the importance of innovation and creativity and how to capitalise on innovation opportunities. For an organisation to be deemed successful careful application of innovation principles and models need to be analysed to fully appreciate the effectiveness of the innovation opportunity proposed and reap the benefits.

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1.0 Introduction

On the 30th of April 2020 a report has been requested by the host organisation Morgan's Hotel. The report has been requested to be submitted on the 10th July 2020. The purpose of this report is to present a business report on a proposed innovation strategy that will help Morgan's Hotel understand the importance of innovation and capitalise on the innovation opportunity while providing a business advantage in Swansea. The opportunity proposed is a gift shop located within the hotel grounds that offer unique/bespoke products that are locally sourced to hotel guests and to those who use the hotel amenities.

Overview of the Organisation

In the heart of Swansea stands a luxury boutique hotel Morgans Hotel, which boasts 42 individual bedrooms, and offers a restaurant and a bar (Morgans Swansea, 2020).

Innovation and Creativity in Context

Innovation

Rogers (2003) states that innovation is a thought of idea, practice or object that is perceived to be new to the individual and the concept of newness is an innovation that involves new knowledge implemented by developing favourable attitude towards it. Similarly, Higgins (1995, p.9) states that "innovation is the development of something new that has significant value to an individual, a group, an organisation, an industry or a society".

Creativity

Pope (2005) describes creativity as 'original and fitting', 'original' in the sense that it can happily co-exist up to the present day and 'fitting' referring to the process of filling a 'space' and fulfilling an appropriate role or function.

Creativity at work (2005) state that creativity is an act of developing new imaginative ideas into reality. Creativity is the notion to perceive the world in new ways, find hidden patterns and make connections in order to generate new solutions via processes such as thinking and then producing.

Innovation vs. Creativity

According to Business Insider (2013) there are claims that innovation and creativity cannot be measured, however performance needs to be measured to identify success. The main difference is centred around focus and the unleashing of potential new ideas. As creativity is subjective in the sense as it mostly manifests via the five senses (see, hear etc) it is difficult to measure. Innovation however can be measured as it introduces change into stable systems into viable ideas. So, creative ideas can be met with an organisation who can apply innovative resources to reap returns.

2.0 Findings

2.1. SWOT Analysis

A SWOT analysis is a technique that is used to focus on an individuals'/organisations' strengths, weaknesses, opportunities and threats that are present and potential risks in the future. A SWOT analysis can analyse internal

organisational factors as well as external environmental factors. The benefit of utilising a SWOT analysis provides valuable as there are greater insight in stimulating thinking which is not restrictive or overly structured (Murray-Webster, 2010).

SWOT Analysis Application on Proposed Opportunity

Upon undertaking a SWOT Analysis (see appendix 1) the following area have been highlighted:

Strengths

Poster POS (2019) states that in order to create a prosperous hotel gift shop, clear thought out decisions need to be made. Already in possession of retail space and potential steady footfall, the author's focus needs to turn to the specifics such as creative gift/novelty ideas which would satisfy customer needs such as:

- Hand crafted products that are unique/bespoke
- Gifts sourced locally from Swansea based artisans and suppliers
- Souvenirs drawn from the local culture of Swansea and Welsh heritage
- Stock offered on customer feedback.

Knowing customers of the hotel/resort can identify what will work and what will sell for example as Morgans Hotel is in a coastal city, products that are destination attraction based will sell better as principle. In addition, engaging with customers can also increase sales. Guests are normally on holiday so staff should create a holiday style atmosphere.

Conversing with customers on their needs will not only resonate as a memorable experience but also add key knowledge to what sells and what is working (Worldwide Sportswear, 2016).

Weaknesses

Though the exposure of the gift shop is to hotel guests only, Morgans is a renowned hotel with a steady footfall (Morgans Hotel, 2020 and Poster POS, 2019). According to Booking.com (2020) products can be offered at a discounted rate to guests to reinforce the engagement of customer message (Worldwide Sportswear, 2016) but careful monitoring of what is selling needs to be utilised.

Opportunities

According to Poster POS (2019) creativity plays a big part in running a gift store and state that offering seasonal products will create a brand awareness (Swansea based artisans). An opportunity to reduce overheads can be an option to charge the goods to the guests' room reducing the number of staff manning the shop (Worldwide Sportswear, 2016). The Guardian (2012) state that collaboration with the cultural landscape can help the arts organisation survive in its environment. The creative thinking is about the facilitation of mutually benefited partnerships. Collaboration with Swansea based suppliers can benefit both the artisans and Morgans Hotel thrive. More than making a profit, the collaboration can provide a network within the community.

Threats

To overcome products becoming 'stale', selling products that are enriched with local history and culture can make items more desirable as well as demonstrating engagement of customers and the quality of products (Booking.com, 2020 and Poster POS, 2019).

2.2 Type of Innovation

The Innovation Matrix (see appendix 2) (Davilia et al, 2012) highlights that not all innovations are created equally and that there are three types of innovation, incremental, semi radical and radical. The innovation matrix defines the innovation strategy best to the proposed opportunity. The matrix is split in to four parts:

- Technology based **Semi Radical** Innovation- a significant technological change to the organisation which entails a deep knowledge and specialised capabilities
- **Incremental** Innovation- small improvements to the organisation which adopts creativity and can be solved easily within the organisation
- Business Model-based **Semi-Radical** Innovation- a change of the organisations core business model which requires deep understanding of market dynamics as well as out of the box thinking and a change of technology in a new way
- **Radical** Innovation- a complete change in both the business model and technology dimension referred to as "game changers".

The author can identify that the opportunity proposed falls into the **Incremental innovation** part as introducing a gift store is a relatively small improvement which requires a bit of imagination but does also recognise that the opportunity falls into the Business Model-based **Semi-Radical** Innovation as understanding dynamics can help with collaboration with the right partners and imaginative thinking on how best to run the shop so all stakeholders benefit. This thought process has the components of the 'Six Hats' thinking technique (see appendix 3), 'Green hat' principle (De Bono 2016 and De Bono Group 2020) where Morgans Hotel management can think of creative possibilities and ideas to incorporate into the opening of the shop.

2.3 Models of Innovation

2.3.1 Open and Closed Innovation (see appendix 4)

Open Innovation

Forbes (2011) defines Open Innovation as “the use of purposive inflows and outflows of knowledge to accelerate internal innovation and expand the markets for external use of innovation”. This is understood as two facets to open innovation:

- “Outside in” aspect: whereby external technologies and ideas are intertwined with the organisation's own innovation process
- “inside out” aspect: whereby an underdeveloped technology or idea within the organisation are allowed

out of the parameters to be implemented into external innovation processes.

Closed Innovation

A closed innovation is described as, all innovations, ideas and technologies are developed within the confinements of the organisation resulting to opening to the outside impossible. Intellectual property remains under the organisation's control. Closed innovation requires higher demands from employees who are skilled and large amount of funding is invested into internal research and development to lead in innovative solutions (Lead Innovation Management, 2018).

The author can determine that the proposed opportunity is an open innovation as it requires the expertise of external artisans ("outside in") who can collaborate alongside Morgans Hotel's internal processes to reduce research costs, share the risks as well as speed up the process. Knowledge from both internal and external parties can benefit immensely. However, it can be argued that open innovation can lead to disputes between parties but nevertheless the benefits out ways the cons (World Economic Forum, 2015).

2.3.2 The Innovation Process

The innovation process (see appendix 5) within an organisation requires the attention of four key areas for the innovation to be deemed successful (Tidd and Bessant 2018). Entrepreneurial goal and context need to be clearly defined and the innovation goal is proven to be a necessary component in the innovation process and can generate

adequate analysis on what is to be strived. The initial phase operates as a funnel in generating ideas.

The four key areas for analysis are:

1. **Reorganising the opportunity:** necessary checks to whether the objectives meet the needs of the innovation process. Emphasis should be placed on the initial idea. Morgans Hotel need to evaluate all key components needed and apply depth to all objectives such as sourcing local collaborators to offer products to sell.
2. **Finding the resources:** the innovation structure requires responsibilities of employees who will be involved in the innovation process and what role they will undertake? Morgans Hotel should allocate employees or hire new staff who will be involved in the research and development of the gift shop and its contents.
3. **Developing the venture:** suitable methods in creativity techniques and ideas that best suit the organisation and the requirements needed. The quality of the ideas is paramount for the innovation to flourish. Key strategies that should be undertaken by the hotel is the advertising of the gift shop (via word of mouth, website and local ads). Branding of the niche products will also develop the venture.
4. **Creating the venture:** in the implementation of the innovation, suitable methods serves the bases for imposing systematic agility. The vision and strategy of the organisation should directly impact all stages of the

process. Morgans Hotel need to fully immerse in the innovation project which will demonstrate engagement and communicate all decisions with collaborators.

(Zapfl, 2020 and Tidd & Bassant, 2018).

2.3.3 4P's to Innovation

The 4P's innovation mix (see appendix 6) can help organisations distinguish where an opportunity to innovate lies and where can services/products improve (Tidd, 2017). The four processes described by Tidd and Bessant are:

- **Product:** What does the organisation offer and how can services be improved? The incremental change of the gift shop can make Morgans Hotel more appealing
- **Process:** the change in the way things are delivered. Morgans Hotel need to take necessary steps such as acquiring supplies, workflow of staff and construction of the gift shop within the hotel.
- **Position:** where does the target of the offering lie? The gift shop will be in the hotel grounds. Advertising will be communicated on the niche products available and information on the designers behind the products.
- **Paradigm:** framework and principles that underline the way organisations are conducted. To improve the hotels service to guests, the gift shop will enhance customer experience.

(Egypt Innovate 2020: Harvard Business Review, 2010: WordPress, 2016).

2.4 Force Field Analysis

Kurt Lewin's Force Field Analysis tool (see appendix 7) guided the 'reasons for' the launching of the gift shop. Connelly (2017) states that it is important to define the vision of a future desired state and recognise the forces within social situations to achieve success. The strengthening of the driving forces needs to outweigh the restraining forces (obstacles). Upon undertaking a force field analysis, the author can determine the 'forces for change' are as follows:

- Unique products to Swansea (souvenirs from stay at the hotel)
- Support for local artists, designers and communities
- Extra income for Morgans Hotel
- Enhance customer experience
- Offer personalised/bespoke products.

The score generated is 20 and outweighs the forces resisting change (score of 12). The internal drivers determined above include a need to increase profitability and update services provided. The external drivers determined above include changing demographic trends and benefits the gift shop will provide for people (Mindtools, 2020).

2.4.1 Barrier and Risks

The author has highlighted 'forces resisting change' that can hinder the proposed opportunity. These are:

- Difficulty in mass produced products due to the nature of how items are made which can leave shelves half stocked

- Items on offer can be costly as they are individually produced
- Need staff to operate the shop
- Might be difficult to find Swansea suppliers to come on board.

Mindtools (2020) and Conelly (2017) state that unfavourable factors are components of resisters of the unknown such as commitments of partners and obligation towards customers.

3.0 Conclusion

To conclude the report the author has recognised several competitive innovative and creative business opportunities to enhance Morgans Hotel. The gift shop would provide a beneficial aid in strengthening relationships between clients and the Swansea arts community. Ensuring that each decision is clear in the specifics of what the vision of the gift shop would entail including the products that would be sold. The utilisation of customer feedback would encourage management's reviewing to be constantly updated on what is working and what could be improved further. The incremental innovation of making a small improvement of the addition of the gift shop can benefit customer experience and create job opportunities for employees and create partnerships with the local community. As the gift shop opportunity is an open innovation the benefits include collaboration, knowledge sharing and reduced research costs.

4.0 Recommendations

Recommendations outlined by the author to ensure the viability of the gift shop include:

1. Train staff that will work in the shop or hire new staff who are equipped and experienced in managing a shop. The employees manning the shop will also need to follow the expected requirements of the hotel's standards. If new staff are hired, then it would be beneficial if the staff have prior knowledge or are able to research Swansea based artisans/suppliers.
2. Spread the word that the hotel is looking for Swansea based collaborators and offer meetings with those who come forward so ideas can be communicated to how to implement the shop. This can be done by placing advertisements with local media outlets as well as the hotel website. The advertisements should include the mention of the new gift shop.
3. Monitor and review the shop's adequacy to view what is working and what improvements need to be made. Staffing problems, shops aesthetics etc. All can be discussed weekly/monthly via meetings.
4. Measure performance: such as products that are selling, do changes need to be made on the suppliers being used.

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7.0 Appendices

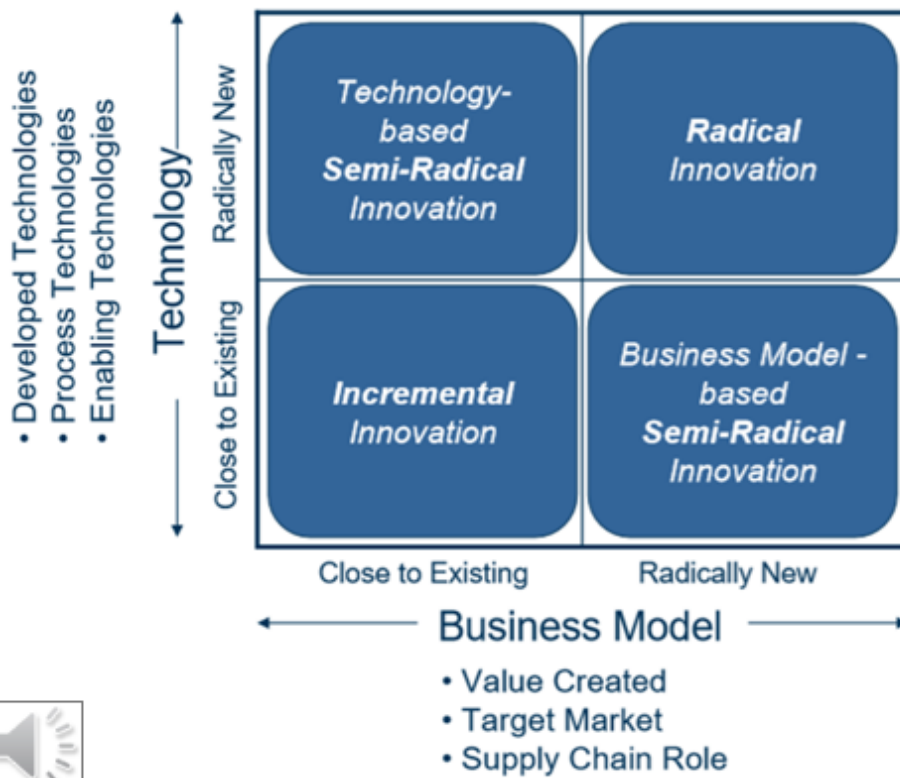
Appendix 1

SWOT Analysis

Strengths	Weaknesses
• Offer unique products (handcrafted) to hotel guests and who use the hotel facilities • A souvenir to take away from guest's stay in Morgan's hotel (Novelty or iconic aspects of Swansea local culture) • Morgans Hotel is well established so guests can buy with confidence • Enhance customer experience for guests • Steady footfall hurdle already overcome	• Only exposure of shop is to hotel guests • Might be costly for collaborators to keep up with demand • Stock • Weak knowledge of customer needs resulting in a generic inventory of products
Opportunities	Threats
• Collaborate with Swansea based artists, designers and artisans • Integrate with the local community and products produced • Stock seasonal products • Gift wrapping service for nominal fee • Offer package delivery to room • Offer inclusive experience (staff speaking local language-Welsh)	• Other establishments can adopt the same concept • Stocking only necessities so stock becomes stale

Appendix 2

Innovation Matrix



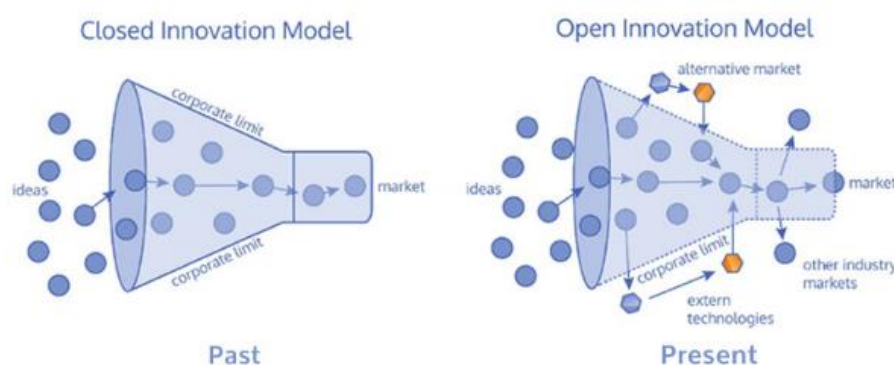
Appendix 3

Six Thinking Hats

	The White Hat calls for information known or needed. "The facts, just the facts."
	The Yellow Hat symbolizes brightness and optimism. Under this hat you explore the positives and probe for value and benefit.
	The Black Hat is judgment - the devil's advocate or why something may not work. Spot the difficulties and dangers; where things might go wrong. Probably the most powerful and useful of the Hats but a problem if overused.
	The Red Hat signifies feelings, hunches and intuition. When using this hat you can express emotions and feelings and share fears, likes, dislikes, loves, and hates.
	The Green Hat focuses on creativity; the possibilities, alternatives, and new ideas. It's an opportunity to express new concepts and new perceptions.
	The Blue Hat is used to manage the thinking process. It's the control mechanism that ensures the Six Thinking Hats® guidelines are observed.

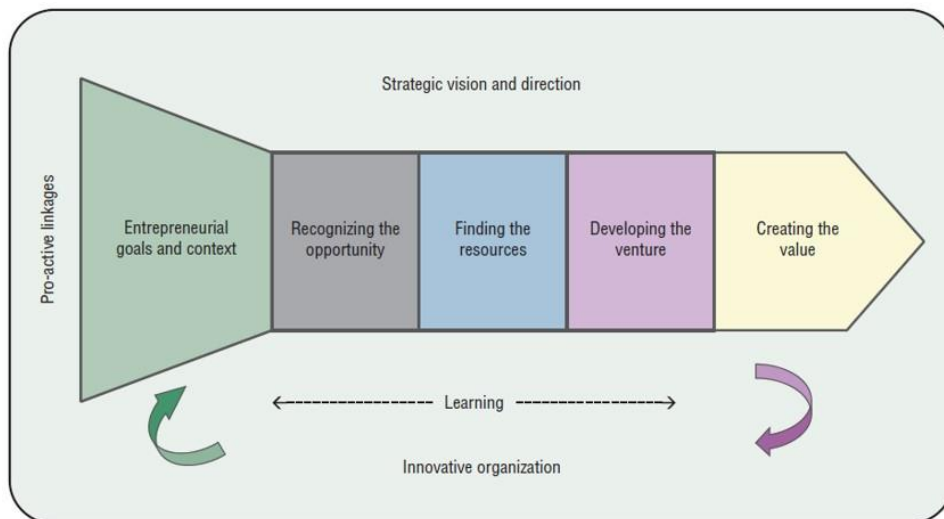
Appendix 4

Open and Closed Innovation



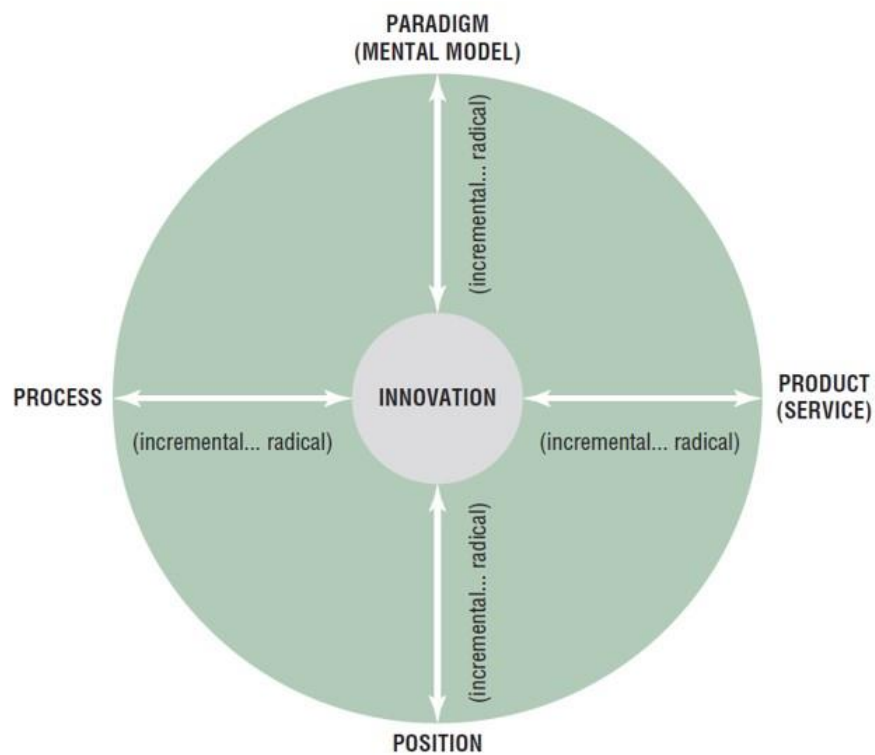
Appendix 5

The Innovation process model



Appendix 6

4P's To Innovation model



Appendix 7

Force Field Analysis

