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# **Types of innovations**

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# Objectives

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- Define “innovation”
  - Discuss different types of innovations
  - Explore enabling factors for innovative ventures
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# What is innovation?

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- The act of introducing something new (The American Heritage Dictionary)
  - A new idea, method or device (Merriam-Webster Online)
  - The successful exploitation of new ideas (Department of Trade and Industry, UK)
  - Change that creates a new dimension of performance (Peter Drucker)
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# What is innovation?

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- We will use *commercializable improvements* as our definition.
    - May be an **invention**
    - May be an **improvement** of an existing product or service
    - In either case, we desire a market to buy the product or service (e.g. to commercialize concept)
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# Innovation exists in multiple degrees

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		Basic Design Concepts	
		<i>Reinforced</i>	<i>Overtured</i>
Linkages Between Modules	<i>Unchanged</i>	<b>Incremental Innovation</b>	<b>Component Innovation</b>
	<i>Changed</i>	<b>Architectural Innovation</b>	<b>Disruptive Innovation</b>

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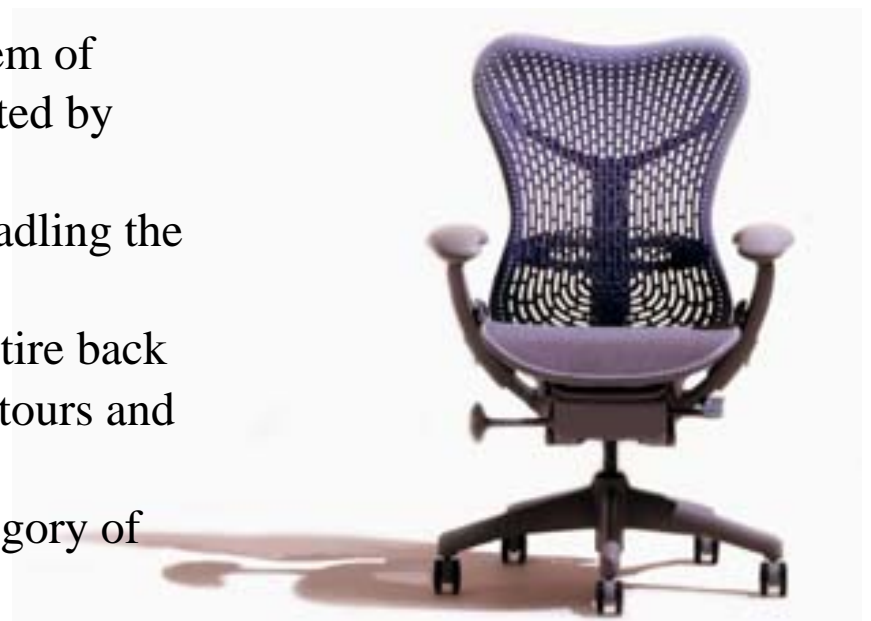
# Types of innovations?

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## 1. Product Innovation

- Introduction of a product that is new or substantially improved
  - May include improvements in functional characteristics, technical abilities, ease of use, or any other dimension
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- **Herman Miller** sought to solve the problem of outdated foam backrests and seats manipulated by numerous adjustment controls
  - Tilt mechanism provides a balanced ride, cradling the sitter by mirroring the natural pivot points
  - Built-in flex zones provide support to the entire back
  - Breathable suspension follows the body contours and distributes pressure equally
  - Features a competitive price point in its category of executive commercial chairs
  - 96% recyclable



Source: IDSA Awards

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# Types of innovations?

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## 2. Service Innovation

- Similar to product innovation except that the innovation relates to services rather than to products

## 3. Process Innovation

- Implementation of a new or significantly improved production or delivery method
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# Apple's first innovation was not the iPhone

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- iTunes + iPod Mini in early 2000s
  - “Don't just make it smaller, reinvent it!” seems to have been the thought behind the iPod Mini
  - 3.6 oz. is half the original weight
  - 1,000 songs with an 8-hour battery life
  - Footprint of a business card
  - Click wheel provides ease of use and saves space with the integrated button
  - Available in 5 colors



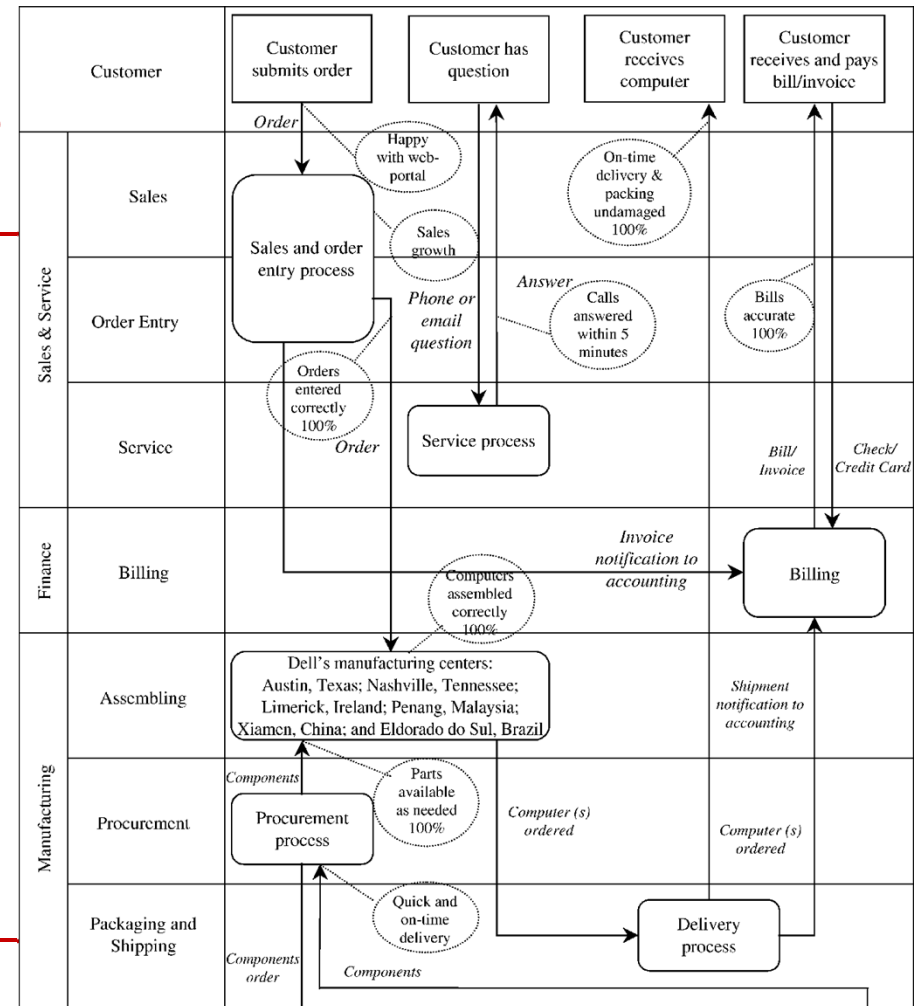
# Types of innovations?

## 4. Business Model Innovation

- Changing the way business is done in terms of capturing value

## 5. Supply Chain Innovation

- Occur in the sourcing of input products from suppliers and the delivery of output products to customers



# Types of innovations?

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## 6. Marketing Innovation

- Development of new marketing methods with improvement in product design or packaging, product promotion, or pricing

## 7. Organizational Innovation

- Creation or alteration of business structures, practices, and models, and may therefore include process, marketing and business model innovation
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For his thesis project at Pratt, Aaron Mickelson explored a radical idea: Instead of simply reducing package waste, why not get rid of packages altogether.

Source: [fastcodesign.com](http://fastcodesign.com)

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# Summary

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- Innovations do not have to be radical and disruptive in order to be viable for new venture creation
    - Incremental changes can be great opportunities
  - Innovations can be developed in products
    - And in business models, processes, packaging, and many other areas
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