





## Objectives

The Innovation Development Program (IDP) is a collaborative initiative between red meat companies and Meat and Livestock Australia. It is a new component of MLA's Collaborative Innovation Strategies Partnership (CISP) Program, designed to build the innovation capability of the red meat industry.

The program has been customised for selected employees within the participating companies to develop professional skills to establish, lead, build and sustain innovation.



## Objectives

At the conclusion of the IDP, participants will be recognised as Innovation Leaders (Champions) and will be equipped with expert knowledge and skills to implement innovation systems and projects.

We hope you are inspired to be apart of the IDP and take this opportunity to help build innovation capability in your organisation.

# Innovation

## Why is innovation important? Value Proposition

- Reactive Cost Cutters (Right Side)
  - 85% of companies are reactive rather than proactive with regards to innovation and continuous improvement.
- Proactive Innovators (Left Side)
  - only 15% of companies are proactive with regards to innovation and continuous improvement
  - “Proactive Innovative” companies generate significant new value relative to “Reactive Cost Cutting” companies

### Manufacturer's Performance

Over The Past Three Years

84%	Sales Growth	4%
96%	Profit Margin Growth	13%
63%	Employee Growth	1%

NIST/MEP Network – Survey of 241 international manufacturing companies

**A survey of 241 US manufacturing companies made the following findings:**

**Reactive Cost Cutters (Right Side)**



85% of companies are reactive rather than proactive with regards to innovation and continuous improvement.


Improvements in sales growth, profit margin growth and employee growth are significantly lower in “Reactive Cost Cutting” companies than those of “Proactive Innovative” companies

**Proactive Innovators (Left Side)**

Only 15% of companies are proactive with regards to innovation and continuous improvement

These 15% of companies have growth styles that ***constantly*** make incremental improvements and/or can make dramatic improvements in processes, products and services.

 **Where good ideas come from?** 



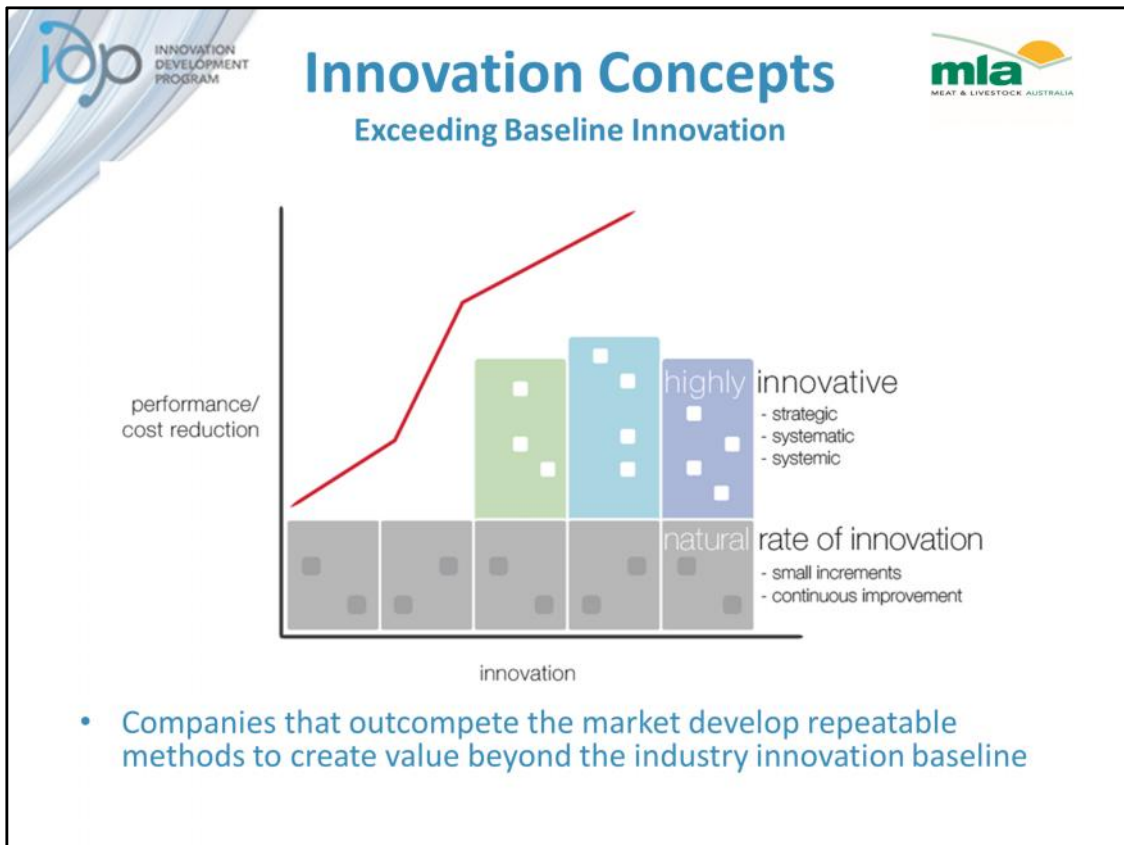
<https://www.youtube.com/watch?v=NugRZGDbPFU>

[https://www.ted.com/talks/steven\\_johnson\\_where\\_good\\_ideas\\_come\\_from?!language=en](https://www.ted.com/talks/steven_johnson_where_good_ideas_come_from?!language=en)

Link to Steve Johnson video titled **“Where Good Ideas Come From”**.

Ideas/concepts to think about when viewing this video

1. Does the environment within your company promote “hunches” colliding to create new innovative ideas?
2. Is there strong connectivity across all parts of the company where people are engaged and involved in seeing innovative ideas realised???
3. Do certain departments or groups of people in the business promote idea gathering and implementing better than others?
4. What is an example where this has been done well in your company?
5. What is a challenge to this being done well?



Companies that outcompete the market develop repeatable methods to create value beyond the industry innovation baseline.

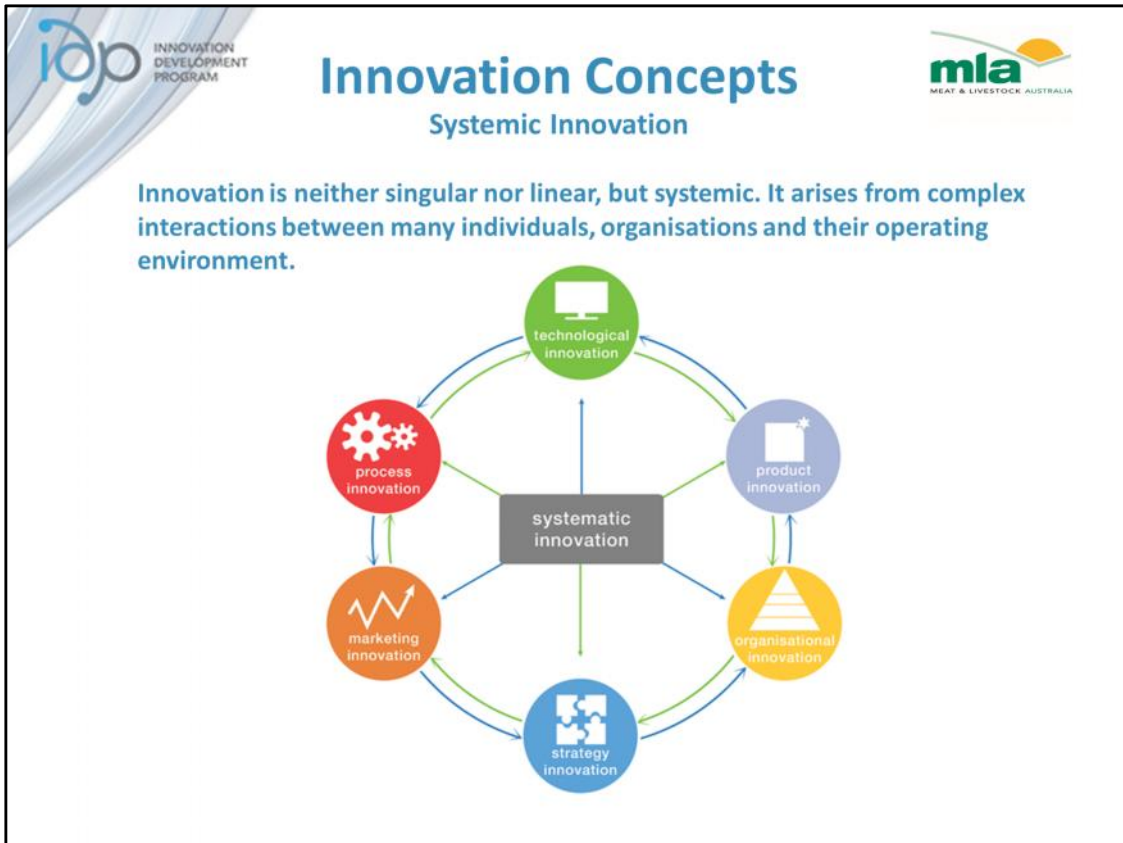
**Key Point.....**“Successful innovative companies don’t copy what others do; instead they use innovative ideas from others as a spring board to come up with a unique application, product or service for themselves” (Burrus, D, 2013). They are able to leverage their creativity and their innovative capabilities to attain repeatable and sustainable long-term success.

Highly Innovative Organisations who exceed baseline innovation are:

- **Strategic:** Strategic innovation is about systematically raising the amount of innovation that your organisation produces. Innovative organisations don’t just develop one innovative idea but develop a creative culture that continues to innovate time and time again.
- **Systemic:** Innovation used to be a linear trajectory from new knowledge to new product. Now innovation is neither singular nor linear, but systemic. It arises from complex interactions between many individuals, organisations and their operating environment.
- **Systematic: Successful innovation** requires the careful consideration of all aspects of a business. A great product with a lousy distribution channel will fail just as spectacularly as a terrific new technology that lacks a valuable end-user application. Thus when innovating, an organisation must carefully consider all dimensions of its business systems.

**Is your organisation highly innovative?**

**Can you think of some examples of highly innovative organisations and then what characteristics make them highly innovative?**



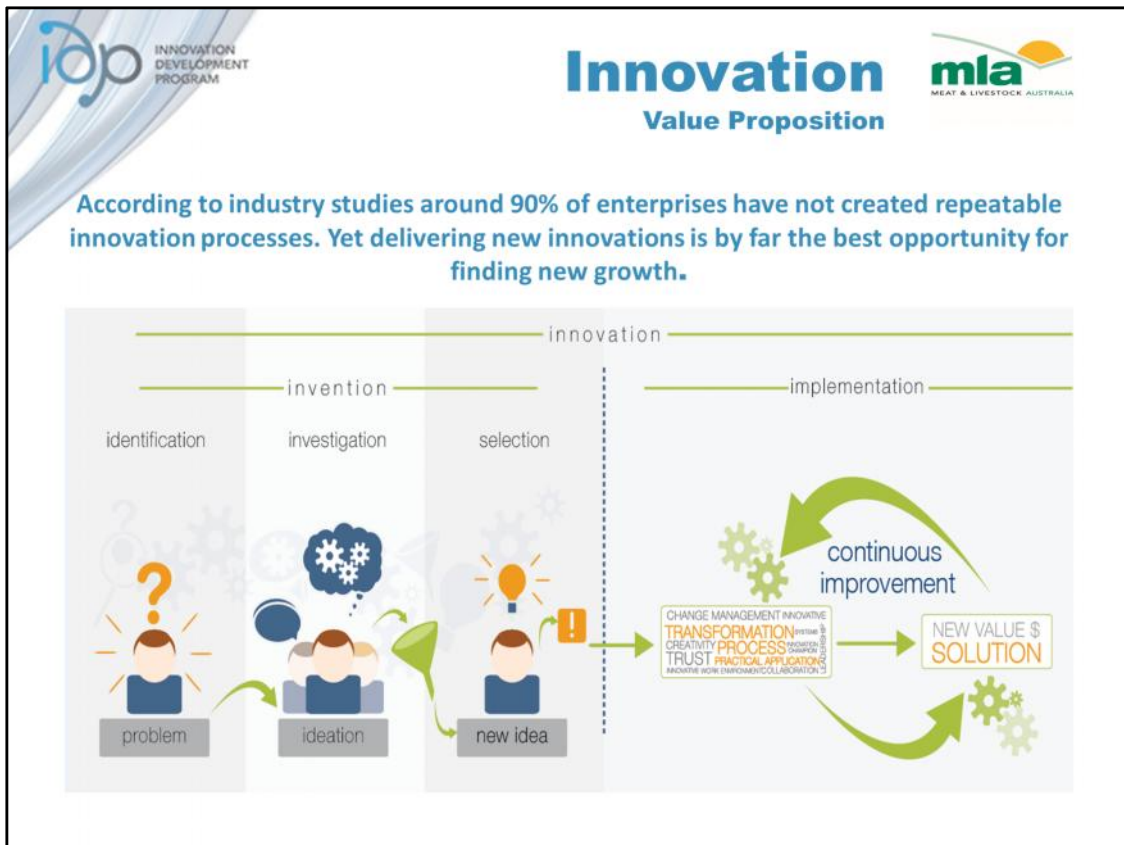
Often when people think of innovation, the first thing that comes to mind is product innovation. However, there are more than **6 types** of innovation – and the more types you incorporate, the more successful your innovation is likely to be...Technological, Product, Organisational, Strategy, Marketing and Process Innovation. Often for one type of innovation to be realised, innovation is needed in other areas of the business.

**Systemic Innovation** can be defined as “A set of interconnected innovations, where each is dependent on the other, with innovation both in the parts of the system and in the ways that they interact.”

For example, a technology innovation may deliver product and process improvement but an unwilling or unformed sales team may miss the marketing opportunity. A competitor with a more innovative and well connected sales team may generate greater value from the same technology innovation due to a higher level of systemic innovation.

**Can you identify some innovation examples that have occurred within your organisation for each type of innovation outlined in the diagram above?**

**Now can you think of how each of these innovation examples may have been interconnected with other innovations within your organisation. For example, a product innovation may have also resulted in a marketing and/or process innovation?**



**What exactly is innovation? If asked, how would you define innovation?**

The term innovation is often associated with words like creativity, collaboration, invention, continuous improvement and research and development. Activities such as these are just subsets of the innovation process; however we incorrectly interchange these terms with the word “innovation”.

To further explain:

**Invention**

Invention is the creation of a new concept

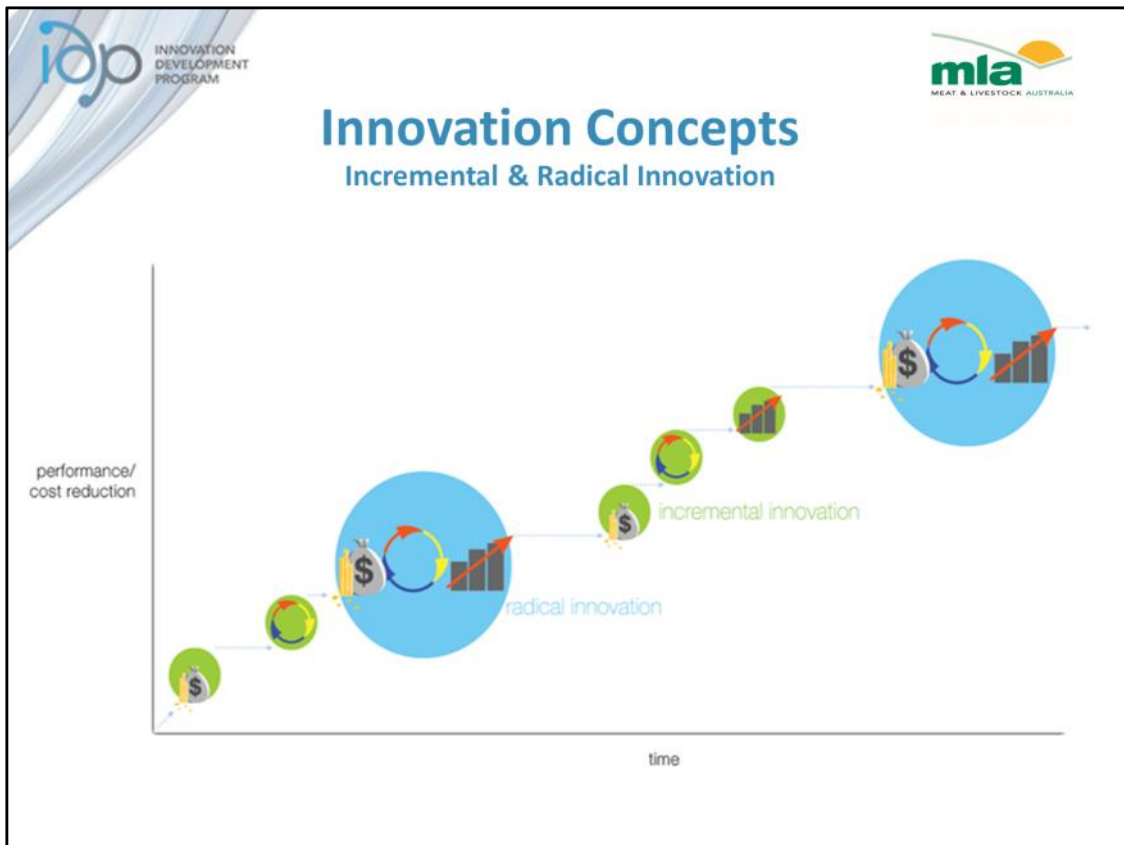
**Innovation**

Innovation is the practical application of new inventions into products and services which can be marketed by the business and add new value to the customer. “Innovation is the multi-stage process whereby organisations transform ideas into new/improved products, services or processes, in order to advance, compete and differentiate themselves successfully in their marketplace (Baregheh, Rowley, & Sambrook, 2009, p. 1334).

**Improvement**

Innovation differs from improvement in that innovation refers to the notion of doing something different rather than doing the same thing better.





**Incremental innovation** is not about huge sweeping changes. On the contrary, organisations that innovate incrementally tend to do so just a little bit at a time. Incremental innovation generally focuses on making modest improvements to existing processes, products or services.

**Radical innovation** involves creating a completely new process or product in response to a market need or opportunity. Radical innovations tend to come about as a result of careful research and development into a specific issue or problem, and frequently make use of new technology to solve them. These kinds of innovations are often seen as 'breakthrough' innovations, some of which can change the entire way an organisation operates and, on occasion, can result in a new product or service that impacts an entire market sector.

- The “Iron Age” changed the way nations interacted and the balance of global power.
- Boxed beef and refrigerated transport were incremental changes that together made radical changes in the way global meat demand was supplied.

**Incremental & Radical innovations** go hand in hand. Note in this diagram that the radical innovation has followed after two or more incremental innovations. Radical innovation is characterised by a long period of Incremental innovations before and after it. The diagram shows the cycle of the radical Innovations and how they arrive after a series of the incremental innovations.

**Example.....**The google driverless car is a great example of incremental & radical innovation. This demonstrates the systemic innovation concept that innovations are interconnected & interdependent. The driverless car is a radical innovation whose benefits/features cannot be fully realised until incremental innovations take place including legal reform (process innovation), social acceptance (marketing innovation), google maps upgrades and automated parking valets (product innovation).

**Can you think of some examples where incremental and/or radical innovation has occurred in your organisation?**



## Definitions

**Innovation** is the multi-stage process whereby organisations transform ideas into new/improved products, service or processes, in order to advance, compete and differentiate themselves successfully in their marketplace (Baregheh, Rowley, & Sambrook, 2009, p. 1334).

### Nine organisational characteristics for innovation adoption:

1. leadership and innovation champions;
2. innovation networks;
3. shared values and a culture of problem solving;
4. organisational size and structure;
5. social climate;
6. social network (inter-organisations);
7. training readiness and efforts;
8. traits and readiness for change;
9. absorptive capacity.



## Definitions

**Absorptive capacity (AC)** “An organisation’s capacity to utilise innovative and existing knowledge” (Wisdom, Chor, Hoagwood, & Horwitz, 2014, p. 484). Zadeh, Rezaei, and Patel, (2012) further define AC in a helpful three-stage learning process:

- Exploratory learning, where an organisation accesses external knowledge;
- Transformative learning, integrating external knowledge with existing organisational knowledge; and
- Exploitative learning, which involves actually using the integrated knowledge (p. 365).

A sub-set of innovation is a concept termed *absorptive capacity*. **Absorptive capacity** has been defined as “An organisation’s capacity and willingness to utilise innovative and existing knowledge”.

Leaders and innovation champions are one of the most significant organisational characteristics in pre-adoption of innovation and for absorptive capacity (AC) (Kelley & Lee, 2010). The effectiveness of those who lead and champion innovation projects depends on their capacity to:

- (a) navigate bureaucracy within their organisations, and
- (b) to secure commitment to achieve innovation objectives.

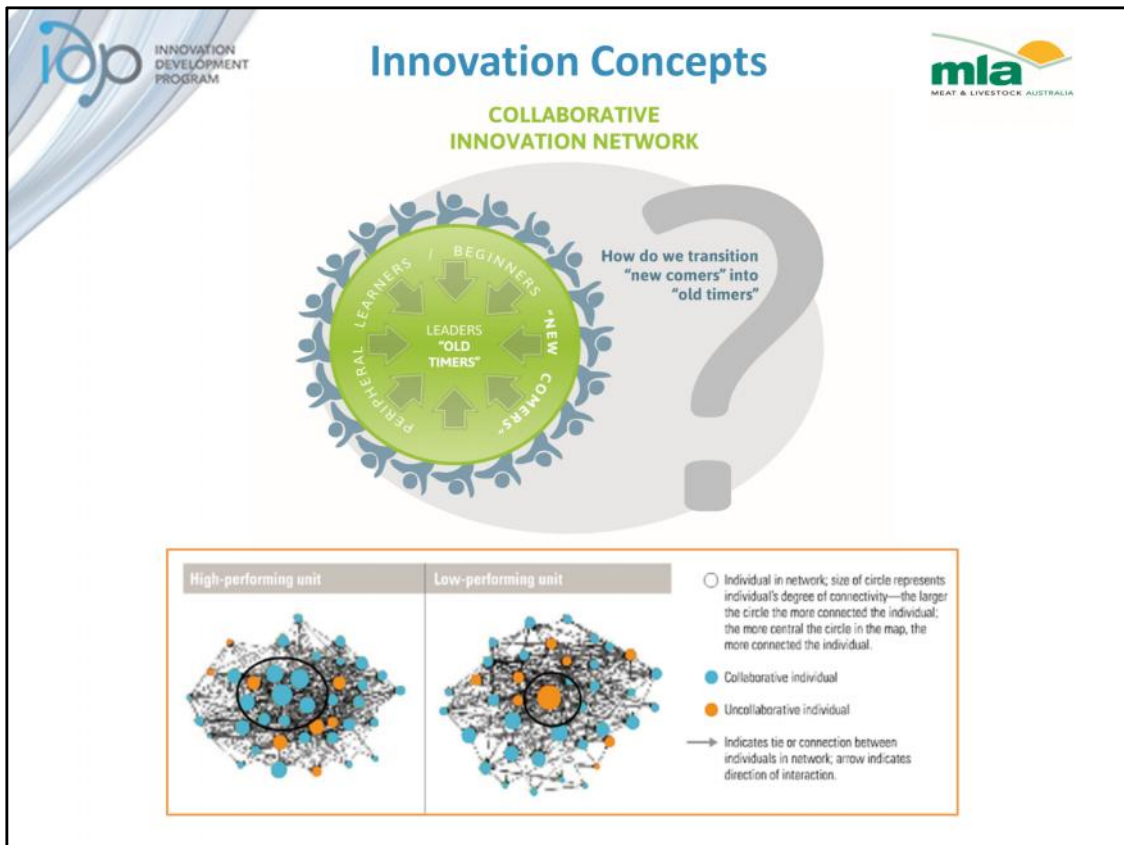
## How does a company connect minds?

- “Chance favours the connected mind” *(Stephen Johnson)*
- The slow hunch – systems that encourage half a hunch to collide with another
- Increased connectivity – reach out and combine hunches

Stephen Johnson’s video talked about connecting ideas (and people) to create an AHH moment where something NEW transpires that is greater than the sum of the two parts.

As discussed already, Leaders and innovation champions play a key role in highly innovative companies to connect, draw and engage people.

- Think of some ways this is occurring in your organisation?
- Where could this be improved?
- What has your role been in supporting this connectivity and engagement at different authority levels across your organisation?



**Collaborative Innovation Network** can be defined as:

**“A team of self-motivated people with a collective vision, who collaborate in achieving a common goal by sharing ideas, information, and work.”**

Most organisations continue to assume that innovation comes from that individual genius, or, at best, small, sequestered teams that vanish from sight and then return with big ideas. However, this is not the case, most innovations are created through networks — groups of people working in concert. Collaborative Innovation networks have been around for as long as human beings have learned together. At home, at work, at school, in our hobbies, we all belong to communities of practice, a number of them usually. In some we are core members. In many we are merely peripheral.

**Formal & Informal Collaborative Innovation Networks:** In some organisations there are both formal and informal collaborative innovation networks. However, there is a great deal of interest to encourage, support, and sponsor more formal networks which increasingly benefit from shared cross functional knowledge that may lead to higher productivity.

**Can you think of any collaborative innovation networks (formal or informal) that currently exist within your organisation?**

With reference to the diagram above (bottom) the following can be observed:

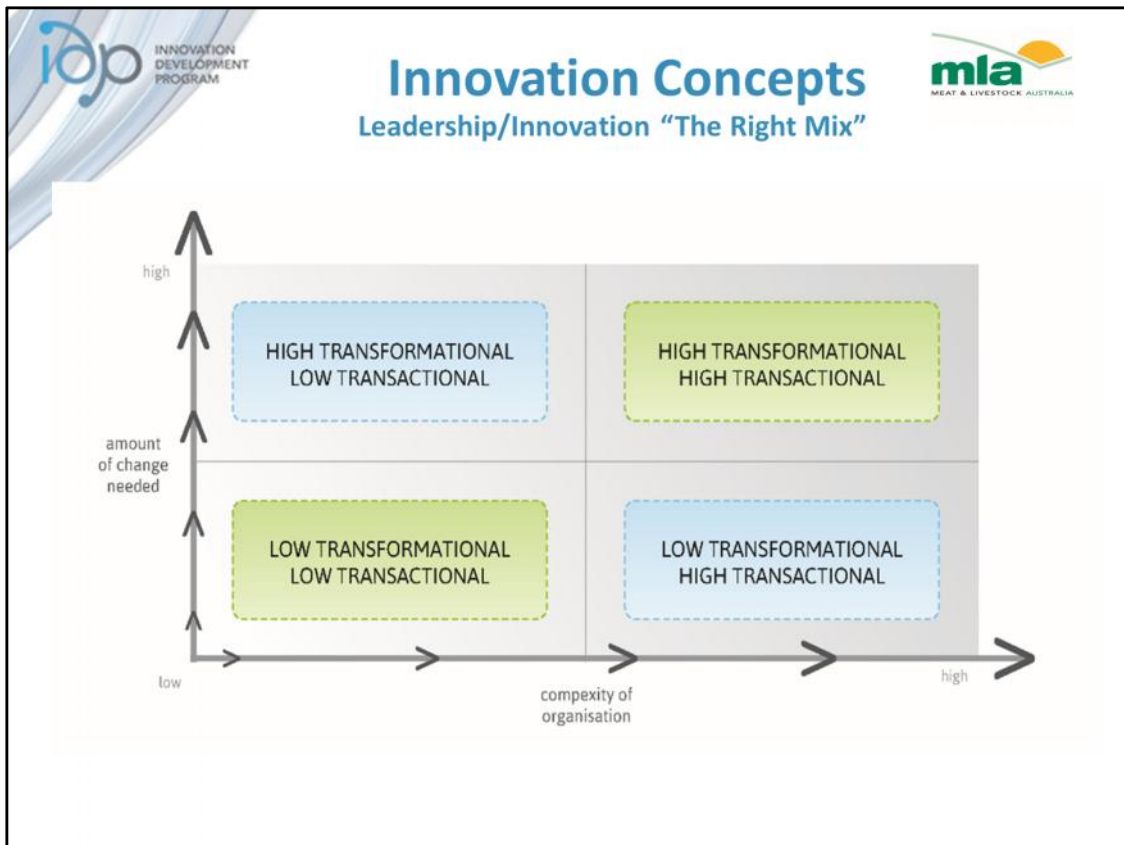
**High Performing Unit (Left)**

A larger leadership group with an open and positive mind-set is a distinguishing feature of the higher-performing unit.

- A number or leaders are central; most have collaborative mind-sets
- Team structure is decentralised; network is rich in interactions
- Its information network is also more decentralised, with a larger number of connections.
- Hierarchy is still evident in the higher-performing unit, but its information and knowledge network is more distributed, and more of the members participate actively.

**Low Performing Unit (Right)**

The lower-performing unit has just one leader, who controls most of the interactions and has a negative mind-set about openness and collaboration, and there are far fewer connections. The network design is more centralised.



### Leadership & Innovation – The Right Mix

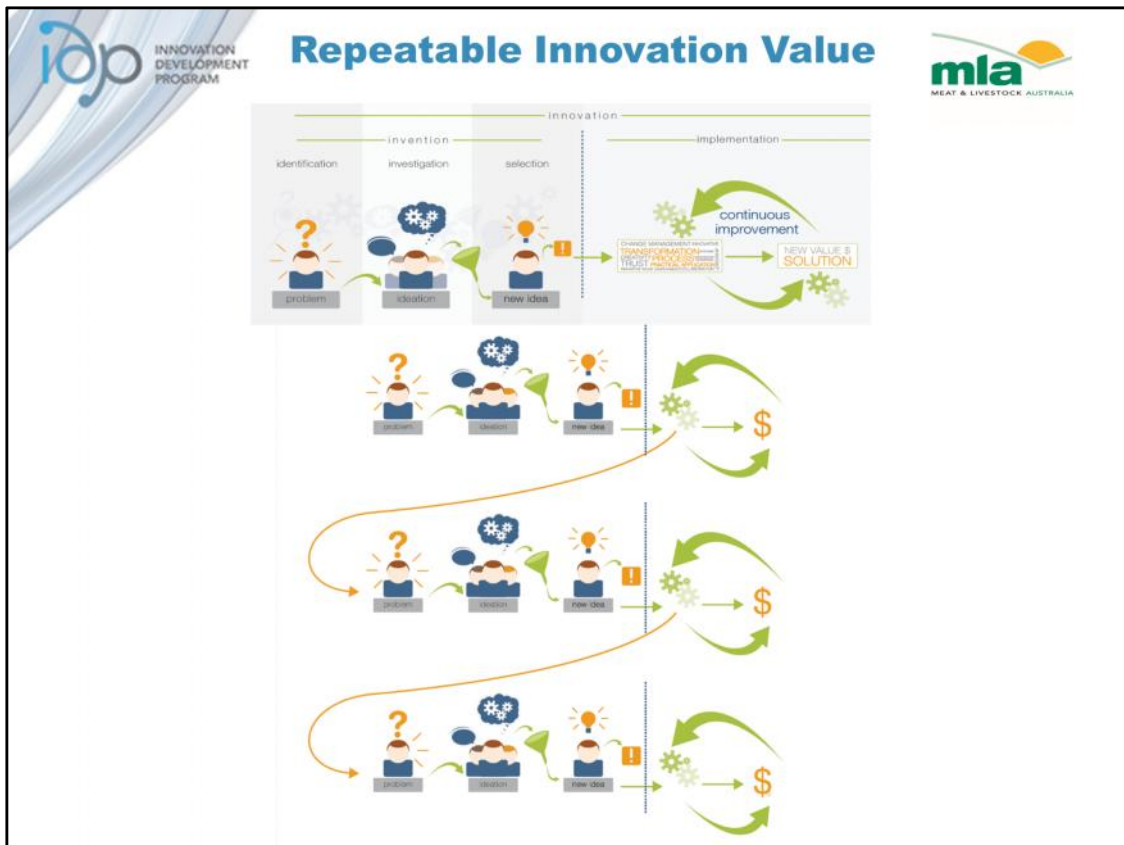
Leadership style influences innovation adoption. **Various leadership** styles play an important role in innovation leadership, each of which are used at **different stages** of the **innovation process** or for different types of innovation.

**Transformational leadership** is said to possess a combination of positive behavioural components recognised as improving performance and innovation among the followers within organisations. For example, transformational leaders are associated with certain environmental conditions such as complexity, uncertainty, and novelty of the work, which involve constant changes that are a suitable environment for innovation to prosper.

Meanwhile **transactional leadership**, which is based on the exchange of rewards between leaders and followers, is more reactive than pro-active in nature, thereby engendering less risk taking behaviour than is common for transformational leadership. In short, it prefers to maintain the **status-quo** than seek change.

The diagram above depicts the “right innovation leadership mix” of transformational and transactional leaders based on the complexity and change needed for an organisation.

**Can you identify some Transformational and Transactional Leaders within your organisation?**



Innovation becomes “strategic” when it is an intentional **repeatable process** that creates a significant difference in the **value** delivered to consumers, customers, partners and the corporation.’

According to industry studies around 90% of enterprises have not created repeatable innovation processes. Yet delivering new innovations is by far the best opportunity for finding new growth.

A number of concepts can be derived from this diagram:

- **Innovation is the practical application of new ideas** - Activities such as creativity, continuous improvement, ideation, invention and R&D are just subsets of the innovation process.
- **Innovation is about new value, not new things** - Creating “new things” is not sufficient when defining innovation. Rather innovation can be defined as the creation of substantial new value for customers and the organisation by creatively changing one or more dimensions of the business system.
- **Innovation differs from improvement** in that innovation refers to the notion of doing something different rather than doing the same thing better.






# Innovation

## Value Proposition

### IDP benefits – What’s in it for my company!

The program seeks to achieve four key company objectives:

1. Build innovation skills by *customising* the learning and development components of the program to meet the requirements of your specific company innovation strategy.
2. Develop managers who will be recognised as “*Innovation Champions*” who will be equipped with the capability to build and implement innovation systems as well as manage key innovation projects that support the company’s strategic innovation strategy.
3. Develop broad innovation *capability* across the red meat industry.
4. Create a strong learning capability network of red meat industry people to *collaborate* on all things innovation.




# Innovation

## Value Proposition

### IDP benefits – What’s in it for me!

The program seeks to help you achieve five key personal objectives by:

1. Building innovation skills through “*customising*” the learning and development components of the program to meet the requirements of your individual development plan.
2. Adding to your “*competitive advantage*”, by developing and building your personal innovation capability.
3. Increasing your “*circle of influence*” with key people in your organisation, thus helping facilitate change.
4. Recognising you as an “*Innovation Champion*” who will be equipped with the capability to build and implement innovation systems, as well as manage key innovation projects that support your company’s strategic innovation strategy
5. Creating a strong learning capability network of red meat industry people to *collaborate* on all things innovation.





# Innovation

## Value Proposition

In an era when continuous improvement (six sigma etc.) no longer guarantee competitive advantage, when outsourcing to China and India is universal, when creeping commoditisation of products, services, and information hammers prices, innovation is the new currency of competition. It is the key to organic growth, the lever to widen profit margins, the Holy Grail of 21st century business.

### **Why is Innovation Important?**

Innovation has been identified by organisations as a key strategy for growth and sustainability in the turbulent and highly competitive global arena.

### **Red Meat Industry**



An industry wide culture of innovation will ensure that the Australian Red Meat Industry continues to be a success in today's complex business environment. Building innovation capability is the key to sustaining productivity and competitive advantage. The fostering of an innovation culture and the implementation of innovation strategies are critical success factors for developing red meat businesses to meet future challenges and opportunities.

### **Efficiency & Increased Value**

Organisations need more than good products to survive; they require innovative processes and management that can drive down costs and improve productivity. Innovation not only improves productivity by allowing greater efficiencies in production but also through increasing the value of products and services that an organisation produces.

### **Competitive Advantage**

Innovation is important as it is one of the primary ways to differentiate your product from the competition. If you can't compete on price, you'll need innovative products and ideas to make your business stand out from the crowd.

Workshop Calendar

Unit	Workshop	Elements	Content	Delivery Mechanisms
1. 2.	Creating a context for innovation	<ul style="list-style-type: none"> <li>Enter and engage in a collaborative creative process</li> <li>Reflect on own role in the collaborative creative process</li> <li>Evaluate and explore needs and opportunities</li> <li>Develop a range of creative approaches</li> <li>Refine concepts</li> <li>Develop concepts to an operational level</li> </ul>	<ul style="list-style-type: none"> <li>What is innovation?</li> <li>Why innovation is important?</li> <li>Creative collaboration – learning from each other</li> <li>Creating a workplace culture that enhances creativity</li> <li>How to become a creative problem solver?</li> <li>Develop and prioritise ideas</li> <li>Understand your customer and pre-empt their needs</li> </ul>	Guest speakers Site visits Case studies Multi-disciplinary teamwork
3.	Lead a team to foster innovation	<ul style="list-style-type: none"> <li>Organise team to maximise innovation.</li> <li>Organise work assignments within team to facilitate innovative work practices.</li> <li>Provide guidance and coaching to team members on innovation in the workplace.</li> <li>Provide a model of innovative work practice.</li> <li>Monitor the team's ongoing use of innovative work practices.</li> <li>Provide feedback on use of innovative work skills.</li> </ul>	<ul style="list-style-type: none"> <li>ability to apply innovative work skills in own work</li> <li>motivate team</li> <li>encourage innovation</li> <li>match staff competencies to task requirements</li> <li>Creative collaboration – learning from each other</li> <li>Creating a workplace culture that enhances creativity</li> </ul>	Guest speakers Site visits Case studies Multi-disciplinary teamwork
4.	Build and sustain an innovative work environment	<ul style="list-style-type: none"> <li>Lead innovation by example</li> <li>Establish work practices that support innovation</li> <li>Promote innovation</li> <li>Create a physical environment which supports innovation</li> <li>Provide learning opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Characteristics of innovative organisations</li> <li>What are the barriers to innovation?</li> </ul>	Guest speakers Site visits Case studies Multi-disciplinary teamwork
5.	Establish systems that support innovation	<ul style="list-style-type: none"> <li>Research context for new system development</li> <li>Generate system concepts and options</li> <li>Develop a plan for the system</li> <li>Trial the system</li> </ul>	<ul style="list-style-type: none"> <li>Feeding and managing the innovation pipeline</li> <li>How to gain innovation momentum?</li> </ul>	Guest speakers Site visits Case studies

**Where are we now, where do we want to be, and how will we get there?**

**The Innovation Development Program aims to:**

**Create** a collaborative innovation network (Create a context for innovation)

**Lead** the collaborative innovation network (Lead a team to foster innovation)

**Establish systems** to support to the collaborative innovation network (Establish Systems)

Set up appropriate **business models** that help build and sustain the collaborative innovation network (Build & Sustain)