



A service of  
Forte Business Group Ltd  
73b Maxwell Road  
Blenheim 7201  
Marlborough  
New Zealand  
☎ +64 274 967 821  
Skype: tonysmale  
tony@forte-management.co.nz  
helen@forte-management.co.nz  
www.forte-management.co.nz

## Strategic Innovation

---

**Strategic innovation means taking a planned and structured systems approach to the whole creativity and innovation process, wherever it occurs inside and outside the organisation, capturing it, protecting, developing and adopting or commercialising it and harvesting the maximum value.**

Most management thinking has focused on New Product Development and either on strategy (and the process of strategic planning) *or* on innovation (and the process of new product development) so strategy and innovation have developed as largely separate schools of thought. NPD usually takes place in an organised manner in the R&D department, universities and research institutions and develops products and services intended for sale to customers. However, within most organisations there is a steady flow of innovation taking place developing new products and processes for use within the company. This is a vital process for improving performance but it is also an important source of commercialisable innovation that more often than not lays unrecognised within the firm.

Strategy and strategic planning has mainly focused on the corporate and business unit (SBU) levels while innovation has focused mainly at the product level. Strategy has been applied to the product level as rarely as innovation has been applied to the corporate or business unit level. Only towards the end of the twentieth century did researchers and managers begin to challenge the traditional mindset and combine innovation and corporate strategy.

Researcher Dr Gary Hamel [Hamel, G. (1998) "Strategy innovation and the quest for value". *Sloan Management Review*, 39(2), p8.], defines strategy innovation as the **"capacity to reconceive the existing industry model in ways that create new value for customers, wrong-foot competitors, and produce new wealth for all stakeholders"**.

Strategic Innovation: © Forté Business Group Ltd 2010

Other closely related expressions that are used include value innovation, nonlinear innovation, discontinuous innovation, competitive innovation, and new-style product development. Similarly, Kim, C.W. and Mauborgne, R. (1999) "Strategy, value innovation, and the knowledge economy. *Sloan Management Review*", 40 (3), p. 43) define value innovation as a concept that **"makes the competition irrelevant by offering fundamentally new and superior buyer value in existing markets and by enabling a quantum leap in buyer value to create new markets"**. Finally, new-style product development has been described as **"reshaping an existing market by changing the nature of competition . . . , by breaking existing rules, and introducing new ones which work in one's favor"**. (Johne, A. (1992) "New style product development". *Management Decision*, 30 (1), p. 8).

Forté management  
August 2010