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**Innovation Management: A Shifting Paradigm to Innovation Management Styles, Culture,
and Strategies**

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Abstract

The purpose of the thesis is to analyze historical management viewpoints to gain an understanding of the fundamentals of management in order to evaluate current trends. Scientific management, classical management viewpoints, behavioral management viewpoints, and learning organizations are a few of the historical perspectives analyzed and discussed. Most of this analysis comes from secondary data gathered by a variety of sources through the UMKC Bloch School, UMKC libraries databases, and other scholarly sources. Primary data was gathered from an interview at a local Kansas City, Missouri business, Snow & Co. An interview with the owners was conducted to see how they implement innovation and the ideas surrounding managing a learning organization. Innovation and organizational change and adaptation is the future of businesses and the key to long-term growth and profitability. Managing innovation will be imperative to the success of implementing new practices and procedures within organizations. It is important to look at the current landscape and understand the need for these changes as well as the proper management styles associated with them. If organizations are able to empower employees, adapt to changes and new ways of doing things easily, instill an innovative culture within their business, and implement innovative technology, then they will be able to establish a long-term competitive advantage, and better internal and external stakeholder satisfaction.

Introduction

The National Science Foundation's 2008 Business R&D and Innovation Survey, indicated that 22% of the manufacturing companies studied and introduced product innovations into new and preexisting products, and 22% introduced process innovations. 8% of nonmanufacturing companies were product innovators, and 8% had implemented process innovations. (Borouh, 2010, p. 1) Innovation management is more important now than ever, due to the increasing trend of innovation in businesses. The application of innovation to processes and products within companies creates a great need for proper management and implementation of these changes. Innovation activities vary greatly from organizations; some can be new marketing strategies or product development. Others, implement small changes to create an overall impact on the organization's products, activities, or practices.

No matter how small or large the scope of the adaptation, it is important that the process is monitored and benchmarked to ensure that the process or product is meeting the needs of the organization and clients. To monitor this process, one needs to implement proper innovation management. An analysis of historical and current trends of management styles reveals that innovation management is not only the current trend in management styles, but also culture, and organizational structures that we see today. Some of the most prevalent innovation management trends include brand, process, product, and strategic innovation. However, management styles and practices have not always been this way. Below, is a historical overview of past management styles and practices that differ from current trends today.

History of Management

Before the industrial revolution of the 1800's dating back to 600 CE, there were many different trade and economic systems. The most prominent were agrarian, feudalism, and craft industry. Agrarian industry is an economy, based primarily around agriculture and preceded 600. Succeeding Agrarian industry, was feudalism. During feudalism, slavery was no longer economical, therefore, resident farmers were the people who tended the lands. Feudalism was around from about 600 CE- 1500 CE. The feudal system had a hierarchy where serfs were the lowest class and tilled the land. Next, came the manorial lords, who owned the property. This was a very rigid class structure, and established an aristocracy that lasted through, what some would call, "the Dark Ages." (Wren, 2005, p. 21)

The Crusades ended many of the feudalistic ties in Europe, and brought about a time of new markets, trade, and ideas. During the pre-industrial revolution, dating back to the 1100's, many goods were produced in a home to be used by the family. Other goods were produced by guilds and the domestic system. Guilds existed between 1100 and 1500. Merchant guilds were composed of buyers and sellers, while the craft guilds made the goods. The craft guilds produced at a high volume, and the demand was such that everything produced was bought by consumers, and therefore created a customer-management-focus. These craft guilds had their own bureaucratic structure, where the masters owned the tools, materials, and products. There were also journeymen, who were paid employees. Then there were apprentices, who were like interns in the sense that they were learning a trade. Merchant guilds acted like trade associations and made contracts for work. This became the foundation for the domestic system, a widespread production method in 17th-century western Europe. (Wren, 2005, p. 22) The post-industrial revolution period, dating from the late 1800's- early 1900's brought with it a new management theory that changed the relationship of workers to managers.

Scientific management emerged during the latter part of the Industrial Revolution around 1909, and was introduced by a man named Fredrick Taylor. Scientific management is "the use of a scientific fact-finding method to determine empirically the right ways to perform tasks" (Wren, 2005, p. 124). Taylor used time studies to collect analytical data and to set a standard for the time needed to complete a job. A time study measures how long it takes to perform certain jobs, and after collecting this data, a standard time frame is determined by the person conducting the study and that person decides the time needed to complete each individual job duty. This led to Taylor's theory of a task management system. There were two critical parts to the task management system. The first, was implementing performance standards through the use of time studies. The second part, was finding workers who could meet these standards when they were incentivized by the differential piece rate. This differential piece-rate system is used in determining how much to pay workers, based on the performance and time standards set forth by the time study. Workers receive higher compensation for doing the job within the set time parameters, and they receive less compensation for taking longer than the task time. In other words, incentives that matched with worker's abilities.

An issue with this management style was the complexity of creation and organization of plans and the implementation of the time parameters. Taylor's principles that constitute scientific

management can be summarized as “Science, not rule of thumb. Harmony, not discord. Cooperation, not individualism. Maximum output, in place of restricted output. The development of each man to his greatest efficiency and prosperity” (Wren, 2005, p. 146). However, in 1911, many “efficiency experts” began to offer solutions to reduce costs and improvements to current practices. People were troubled by the lack of a “human element” in Taylor’s scientific management theory. Which lead to charges that Taylor’s principles were impersonal and cold, which compounded the effect that these efficiency experts had on eliminating scientific management. These factors combined have caused conflicting opinions over the use and implementation of scientific management. Some people were afraid that performance standards decreased efficiency, and others were worried about the lack of human element.

An example of a business that still uses Taylor’s principles is UPS, (United Parcel Service). Beginning in the 1920s, the United States Parcel Service implemented time and motion studies to make employees more efficient when handling packages. For delivery methods, they measured how much time a driver needed to deliver a package to a customer’s door. After this study, UPS determined an optimal time and method for package delivery. In order to achieve this, UPS drivers were then trained to only knock and not ring the doorbell, when delivering packages. UPS has also implemented these studies in their back office practices, expecting employees to “sort 1,124 packages an hour with fewer than one mistake every two hours” (Krumm, 2001, p. 8). UPS believes that by having these standards, they are improving speed, accuracy, and employee’s performance ratings. (Krumm, 2001, p. 9)

Another popular classical historical management viewpoint is administrative management. Henri Fayol and Max Weber pioneered this approach to management, and thought that the focus of management should be on the organization as a whole. They identify four major functions of management: planning, organizing, leading, and controlling. These functions have become the framework for any common business management books and courses.

The first function of planning involves selecting which paths to take the company on and what steps are needed to get there. Managers must identify present and future challenges, which means that they need to analyze the industry and market they are in to see what opportunities there are for future growth. This includes the process of setting deadlines, milestones, and how to reach them. They also re-evaluate plans and update them as changes are made to avoid wasting

resources and reallocating them where needed. The second function of organizing, involves managing and sorting human capital, and financial resources. This function is where managers see opportunities for new activities and assign employees to delegate responsibilities and manage groups. Leading, the third function, is where managers motivate employees and require managers to use effective communication skills as well as disciplinary actions. This is also where managers supervise their employees. Controlling is the final function and is where managers measure their achievements set forth in the planning stage. This is also the stage where managers use corrective action for benchmarks that have not been reached, and how the company can change to meet them. Controlling involves meeting both monetary goals and nontangible goals like a quota or level of customer satisfaction. These function are the foundation for management theory that is taught today. They identify the organization's parts and as a whole to create an overarching, seamless way to plan, monitor, and fix activities in the organization (Kinicki, Williams, 2010, p. 43).

Another important historical management viewpoint was Max Weber's rationalization of bureaucracy. Weber's idea was that bureaucracy, despite the common stereotype of being aloof, inflexible, and hard to motivate to respond to problems, was actually a rational and efficient organization that was based upon principles of logic. He identified five bureaucratic features of a well-performing organization:

1. Definite structure of authority.
2. Clearly defined rules and procedures.
3. Labor was divided with jobs parts individually handled by specialists.
4. No recognition to individuals, impersonal organization.
5. Merit was the foundation for careers and performance-based promotions only.

(Kinicki, Williams, 2010, p. 43)

It is important to study and discuss these "classical" viewpoints because prior to the introduction of scientific management, time and motion studies, and administrative management, work activity did not have a rational approach. Classical management theories were also important because they produced innovations like benchmarking performance, management by objectives, and goal setting. These methods allowed organizations, specifically manufacturing

companies to improve productivity. Some examples of organizations that still use these management practices are McDonald's and Pizza Hut.

Behaviorism is another historical management perspective that changed the classical management school of thought with the idea that motivating employees towards achievement and understanding human behavior will ultimately improve the processes, procedures, culture, and employee satisfaction. Research on early behaviorism was led by Hugo Munsterberg, Mary Parker Follett, and Elton Mayo. Hugo held a PhD in psychology and thought that psychologists could contribute to business management in the following ways:

1. Observe jobs and conduct studies to determine who is best for certain jobs.
2. Employees do their best work under specific psychological conditions; therefore, it is important to identify those conditions and place people appropriately.
3. In order to get employees to follow management more closely, psychologists can help develop management strategies. (Kinicki, Williams, 2010, p. 44)

These contributions lead to the development of industrial psychology, which is the study of human behavior in the workplace. Another influencer of behaviorism, Mary Parker Follett, thought that organizations should become more democratic, and that both managers and employees should work together. She is important to the study of management because she laid the foundation for things like "self-managed teams", "workers empowerment", and "inter-departmental teams" (Kinicki, Williams, 2010, p. 45). Elton Mayo is the last founder of behaviorism, and conducted *Hawthorne studies*, which investigated certain outside environmental factors in the workplace, such as lighting, wages, rest time, and length of a worker's day to see how they impacted worker productivities. Despite the *Hawthorne studies* lacking enough empirical evidence to support the conclusions that they made, it did bring to light the importance of workers as "social" beings and that if managers build good and supportive relationships with their employees then it could improve the worker's productivity, and therefore, the overall productivity of the company. (Kinicki, Williams, 2010, p. 46)

The next aspect of behavioral management is the human relations movement, which builds on the ideas of the *Hawthorne studies*, in the sense that improved human relations, could lead to increased productivity among workers. Abraham Maslow took this idea and created his

hierarchy of human needs, which are physiological, safety, love, esteem, and self-actualization. (Kinicki, Williams, 2010, p. 46) Douglas McGregor then created Theory X & Theory Y which describe how managers have different attitudes towards employees, and how having a negative attitude can mean that a manager has a certain type of view of employees. Managers in Theory X have a negative view of workers, and therefore, think of workers as not responsible, resistant to innovations and change, and not able to exert self-control or the ability to be proactive. On the other hand, in Theory Y, managers are optimistic, and view workers as having the opposite capabilities than Theory X suggests. It is important to recognize and study these theories so that managers can avoid self-fulfilling prophecies, meaning that if a manager expects a certain outcome, then it will happen that way because of the pre-determined mind-set of the manager. The third aspect of behaviorism is the behavioral science approach, which uses scientific research as the foundation for developing theories around human behavior, specifically in the workplace, and then these theories can be translated into practical tools for managers to use every-day (Kinicki, Williams, 2010, p. 46).

Contingency viewpoint is a contemporary perspective that highlights the importance of managers' adaptability to different situations, and that depending on the circumstance, should act or manage in the most appropriate way, contingent upon the individual and the current environment (Kinicki, Williams, 2010, p. 53). Gary Hamel's ideas align closely with contingency management, and has suggested that management theory is outdated and management innovation is essential to long-term organizational success and profitability. In order to update management theory, he suggests that we look at it like a process that needs continual improvements and innovations in order to achieve growth and sustainability. It can be challenging to get management innovation going within pre-established, old, bureaucratic, traditional companies, but if managers can identify core beliefs and ideas behind the culture within an organization, then it is possible for change. It is important to study the contingency viewpoint because it addresses problems on an individual case bases, but also to tailor the solution to the problem at hand. (Kinicki, Williams, 2010, p. 54)

Total quality management is a historical management perspective that viewed quality as an important way that companies can maintain their businesses long-term, because the idea is that ensuring high quality is less costly than poor workmanship. The founders of TQM are Edwards Deming, Joseph Juran, and Kaoru Ishikawa. This theory has four major components

that drive it, those being: quality, people, organizations, and senior management. The people component, is the idea that employees care about producing quality work and goods, therefore, the right tools and management needs to be set in place so that employees can produce high quality goods and services. Another idea of TQM is that organizations are comprised of separate independent parts, and management needs to be able to utilize cross-functional teams, and that organizations collectively need to solve problems. The final component of TQM and the quality management movement is that senior managers are directly accountable for the quality of the goods and services their company produces, and therefore, are responsible for ensuring their quality. (Hackman, Wageman, 1995, p. 310-311)

Total quality management is the process of continually improving, training, and ensuring customer satisfaction. The two main elements of TQM are its people and improvement orientation. The way that TQM makes these improvements to quality is through benchmarking, outsourcing, and statistical process control to name a few. There are four components to total quality management:

1. Continuous improvement should be made a top priority within organizations.
2. All employees should be involved in TQM.
3. Let customers and employees give their feedback, and take their suggestions to improve pre-existing processes.
4. Use standards to correctly recognize problems and eliminate them through proper courses of action (Kinicki, Williams, 2010, p. 528).

These four fundamentals make-up the two core principles of people orientation and improvement orientation. Under TQM people are the most important resource within organizations. These people are those who are involved in creating the product or service, such as, suppliers, employees and managers, and those who are customers or are end-users. People orientation assumes that the most important thing is ensuring customer satisfaction and value. Another assumption is that if employees are empowered then they will focus on quality. The reasoning is that if people are included in the decision making process then they will attempt to make improvements to the process and products. Another main component of TQM is that

employees and suppliers need to have proper training, to understand teamwork, and to make sure there is cross-functionality within the organization and its external stakeholders.

Improvement orientation, the second component to TQM, focuses on continuously improving work processes, through smaller, piece-by-piece, improvements to the overall organization. Improvement orientation is rationalized through the idea that if it is done correctly the first time, then it will be less expensive. Other reasons for improvement orientation are that small improvements, even the day-to-day ones that seem to be insignificant, can add up to have a larger impact on the overall productivity of the organization over time. In order to collect accurate data and set standards off of it, TQM tries to eliminate small variations in processes and procedures, that could ultimately affect data collection. This can lead to a decrease in quality defects, if closely measured and standards are followed. TQM requires that the entire organization to be committed, not just lower employees, such as ones that do not have any managerial roles or responsibilities within the organization. Top management must share in the process of incremental improvements, in order to ensure high-quality. (Kinicki, Williams, 2010, p. 529)

Judging the quality of services is harder to do when it comes to TQM. The best way to measure quality is by understanding and collecting customer's satisfaction, which is challenging because it is often based on perception. One way to measure the quality of services are the RATER scale, which allows customers to rate a service along five dimensions. (Kinicki, Williams, 2010, p. 530)

TQM has some tools and techniques for improving quality: outsourcing, reduced cycle time, ISO 9000 (a statistical measure), ISO 14000 (another statistical measure), statistical process control, and Six Sigma. Benchmarking can be based on internal points of reference, or external practices of organizations that are high-performing. Outsourcing can allow employees to be better allocated in a firm, and allow subcontractor vendors to perform certain components better than they would have been done in-house. ISO 9000 and ISO 14000 are standards and procedures that companies must install in order to improve productivity and lessen flaws. These standards can be audited by independent quality-control experts to ensure compliance. Statistical process control checks quality by collecting random samples from production runs and then sees if they are within the standard range of acceptability. (Kinicki, Williams, 2010, p. 533) Six

Sigma allows businesses to strive for very low variation, statistically, in processes, which lessens the chance of defects.

Total quality management is a way to establish performance standards that can unify a production process, and to help eliminate defects. This type of procedure is very important for manufacturing plants and companies. However, a learning organization is also needed in order to innovate and to achieve a long-term competitive advantage. A learning organization is one that creates, acquires, and sends knowledge to all the parts of the organization, and whenever new knowledge is gained or uncovered, the organization will modify its behavior to reflect it. Scanning external environments through things like SWOT analysis, which can be defined as strengths, weaknesses, opportunities, and threats, can help gather new ideas for learning. Having the proper channels and technology so that knowledge can be easily spread throughout the organization is also important for a learning organization, which focuses on collaboration and “team” efforts. Some threats to be aware of in the current landscape are virtual organizations, boundary less organizations, the need for speed and innovation, importance of knowledge workers, who can be defined as someone who interprets and creates information. The most important being human capital and how to manage that resource within a learning organization (Kinicki, Williams, 2010, p. 59). Furthering the organizations goals happens by having a results-oriented strategy. Due to the constantly changing world and business environment, as well as technological advancement, it is important for modern organizations to be comfortable with accelerated change.

Evidence-based management is a very popular topic in current management peer-review literature. This approach stems from the early 1990s in the healthcare sector. The foundation of evidence-based management is that professional practices should be based solely upon sound research evidence. This evidence supports the effectiveness of each strategy pursued within an organization. The idea is that this research will allow decision makers use it, coupled with their own expertise and client’s preferences, to practice in a way that will get them the most desirable results. This scientific evidence should allow people to make decisions based on “hard-facts” instead of bias or personal preferences, which should improve the quality of services provided. One important thing for organizations to keep in mind, however, is that the evidence/data used to support their evidence-based management practices should be fully evaluated for the context. Also, the underlying assumptions of the results should be fully understood by the organization, to

ensure that this data is relevant for the business to use when deciding to base its practices off it. (Learmonth, 2008, p. 339).

Another growing trend in organizations are learning organizations. These horizontal organizations allow businesses to be more cross-functional and team-oriented, which is the foundation of innovative organizations seem today. Most importantly, the managers within these organizations play a key role to the success and development of the business. As a result, there are three key roles that managers play within a learning organization. They are as follows:

1. Learning as a priority and long-term commitment.
2. Impactful idea generation.
3. Be able to apply these impactful ideas to a wide variety of things within the organization. (Kinicki, Williams, 2010, p. 60)

Understanding the history of management is key to understanding the need for management innovation in the twenty-first century. The path to empowering employees and treating them as an important resource for the overall success of the organization, as opposed to scientific management, has allowed organizations to grow and create new and better ways of doing things. Managing this change within organizations is very important to the overall success, and if businesses can master this change and foster innovation within their culture, processes, and employees, they will achieve long-term success.

Managing Innovation & Organizational Change

Present day economic factors and influences on the market are not limited geographically as they have been in the past. In the current global economy, companies must consider constantly changing markets, and that uncertainty forces businesses to try and create a sustainable competitive advantage. The only way that businesses can achieve this type of advantage is through innovation. Altindag and K usbeci define innovation as; “in terms of firm, means transforming the invention into a product that will provide more commercial success/profitability rather than their competitors” (2014, p. 2). This creates the ultimate sustainable competitive advantage to a company. However, the way that organizations innovate vary depending on the type of business they do or industry they are in. Many businesses implement one or more innovation styles and tactics. Although sometimes innovation can have certain challenges,

among them short product life cycles, associated costs, risks, and the possibility of failure (Brexendorf, Bayus, and Keller, 2015, p. 548), many companies find it profitable to engage in an innovation style.

Scott Berkun, who wrote *The Myths of Innovation*, was a former Microsoft employee that identified what he calls “six seeds of innovation”. Innovation is an undefined or not standardized process, that allows new ideas to grow within an organization. These six seeds are important to understand, because they are the foundation for innovation, and the creative change that comes from it. If one can understand where innovation comes from, they can understand how to better manage it. These seeds are as follows:

1. Innovations often come from people working hard on a well-defined problem.
2. Changing one’s approach to solving a specific problem.
3. Being curious, experimenting, and inventing.
4. The need to create wealth is a driver of innovation.
5. Broadening one’s horizon, and as a result needing to innovate to achieve a goal.
6. Combining the above “seeds” (Kinicki and Williams, 2011)

Management innovation can be described as “a difference in the form, quality, or state over time of the management activities in an organization, where the change is a novel or unprecedented departure from the past” (Birkinshaw, Hamel, and Mol, 2008, p. 826). It changes as the firm implements new management styles, culture, trends, and strategies to orientate the organization to long-term profit, growth, and sustainable competitive advantage. Economic change, where new technologies are introduced into the market and create performance gaps, create a need for management innovation. (Birkinshaw, et al., 2008, p. 826)

Julian Birkinshaw and Gary Hamel propose that there are few perspectives on management innovation. These consist of institutional, fashion, and cultural perspectives. In the institutional perspective, the key components of the innovation process are the institutional circumstances, and the overall attitudes of the groups of people with the most influence. The fashion perspective proposes that the key make-up of the innovation process comes from the suppliers of fresh ideas and how legitimate their proposals are. The cultural perspective indicates

that the culture of the organization in which the innovation is introduced is a key factor in influencing the innovation process.

Even though these perspectives and their assumptions vary, there are some common themes. Some of these include the idea “that established organizations do not change easily, that management innovation has both rhetorical and technical components, and that the outcome of the introduction of a management innovation is rarely what was intended by the senior executives who introduced it” (Birkinshaw, et al., 2008, p. 827). It is important to understand these perspectives on management innovation, so that when managers are implementing an innovative process or idea, they can think about how people’s attitudes will influence the process. Also, it is important to think about the cultural aspect because getting you a new idea or process to be accepted within an organization can sometimes be the most challenging part. This can be especially true for an established organization where employees are used to things being done a certain way, therefore, any changes or adaptations that are not properly managed and introduced can sometimes have a negative effect. If managers and business professionals understand these perspectives and plan for their innovation accordingly, it can help smooth the process and make for a more successful adaptation.

There are some core competencies of successful innovative managers that include knowledge, skills, and abilities. It is important that these managers are able to think in terms of a system, because if you have linear thinking, you think in terms of X causing Y. This is a very basic understanding of cause and effect. For example, machine one has a systems malfunction with caused production to stop. As an innovative manager, you need to think in terms of X causes Y, and Z, which has what kind of effect on X? In this example, if someone is thinking innovatively, they would say machine one’s systems malfunction caused production to stop, and also destroyed a part in machine one, which made machine one less efficient, unless the part is replaced. (Maital, 2012, p. 164) Some key competencies for the individual are motivation (Maital, p. 114), defying the crowd (Maital, p. 118), and vision.

E. Steiner and R. Weber identify some core competencies as (Nawrat, 2014, p. 24):

- The ability to invent up a large amount of concepts in a short period of time.
- Constantly searching for new solutions and being able to pick the most optimal one.

- Having the ability to make innovative connections and original ideas.
- Viewing motivation as both a problem and a challenge.
- Being able to tolerate and respect different opinions, but also being open to constructive criticism and independence of judgement.

It is important for innovative managers to have certain competencies and behavioral patterns. This is key to being successful when managing an innovative change within the organization, because managers need to be able to set examples, and know how to actively deal with issues that can arise due to this change. The Minnesota Innovation Research Program found patterns for top management, as described in *The Innovation Journey*. The following are three patterns observed in top manager's behaviors resulting from the study:

1. Many of the top managers are resource controllers. They are often actively involved in developing and fostering innovations within an organization, and can be found at different levels of management.
2. The top managers often analyzed an opposing view to serve as a check and balance for differing opinions, instead of being one-sided.
3. These managers also followed a process of decision making by objection. This process involves discussing and debating decisions to interpret goals and actions to achieve proper justification and legitimacy of each. (Van De Ven, et al., 2008)

There are often four main areas where change is needed the most. These are people, structure, strategy, and technology. Sometimes employees can feel undercompensated for the tasks they are performing, and as a result, managers can change the way they feel by showing how their benefits are compared to other organizations. Another focus of change with people can be their attitude. If an employee is used to a bureaucratic management structure, as outlined in the history of management portion, then changing the way they view their managers and organization as a whole can play a very important role in bettering the culture of the organization. Finding the right incentives to improve employee performance is another aspect that needs to be evaluated and managed correctly. Continuous improvement of the skills of worker is very important to the success of the employee and organization, implementing the

correct training for new technologies, and managing the way employees are learning and applying new skills is very important. (Kinicki and Williams, 2011)

Technology is always changing and improving, making old technologies rapidly obsolete. This does not just relate to computer technology, but any type of machine or process that allows a business to achieve a competitive advantage with their changed materials used in producing products. It is important that managers are able to make sure that new technology is incorporated into the organization seamlessly. Structural changes are sometimes necessary to furthering an organization. Switching from a vertical chain of command to a horizontal, team-focused, structure allows employees to feel more comfortable providing feedback on bettering processes within an organization. This is just one of the several benefits. Strategy is another change that is important to recognize and evaluate. If internal or external environmental changes arise, the organization must prepare to adapt and change or suffer the consequences of lowered revenue and competitive positioning. Certain consumer trends and preferences can cause organizations to pivot and decide to pursue other product lines. Identifying the need for change and properly implementing it can be crucial to the future of an organization.

Steps for creating change within the organization are as follows:

1. Diagnosing the problem. This can be done through many mediums, such as, questionnaires, surveys, and interviews. The main focus is to identify the way people feel about problem areas, and specify the perceived problems.
2. Treatment of the problem. Planning the necessary change to fix the problem. This can involve stimulating constructive problem-solving among employees, teaching new skills, improve team functions and cohesiveness.
3. Evaluate treatment of the problem. This can include analyzing hard data such as, turnover, grievances, and profitability statistics, and comparing them to past performance.

Innovation management also includes more current ideas about empowerment, technology, team-orientation, and social media. According to Shlomo Maital in *Innovation Management: Strategies, Concepts and Tools for Growth and Profit*, there are three levels of innovation. The first is the individual, who often are the creators of innovative ideas. The second

level is the innovative team, which develops ideas in small or large groups. The third level of innovation is within the organization that gives the setting, vision, and goals. (113) It is extremely important in innovation management an entire organization and employees at all levels have the ability to be innovative and contribute to the continual improvement of the organization.

Incorporating Innovation into Organizations

Organizational culture has a huge impact on the way that innovation is implemented into businesses, and how it is received and managed. This “social glue” is a fabric of shared beliefs and values, which brings the people of the organization together. When organizations create a space where failure is accepted, it is easier to establish an innovative mind-set. If risk-taking isn't encourages then the organization has a less change of flourishing with innovation.

Organizational experimentation should be encouraged in order more new ideas to be discovered. This culture of innovation is especially important for managers to be a part of, because they are the leaders, and if they become too cost focused, and aren't spending the appropriate amount of money on things like research and development, then they can miss out on the next big trend in their industry. (Kinicki and Williams, 2011)

There are four steps for fostering innovation within organizations. The first step is to recognize a problem and identify better ways to do something. Identifying opportunities and solutions to problems is also important in this step. New business ideas can help to solves things like competitive threats, turnover with the work-force, among other issues internally and externally. The best opportunity recognition usually comes from long-term employees who are open to thinking about processes in different ways, and providing new ideas. Developing and and communicating the vision to the entire organization is the next step, and allows the innovators to provide the benefits of the innovation to the company as a whole. Having hard data to get other employees and management to accept and support the innovation, can be extremely helpful. Another way to encourage acceptance is to provide a macro-analysis of occurring trends and forecast them into the future to show how it will affect the organization going forward. Some of the details included in this step are: identifying how a product or service will be produced, how customers will be reached, showing how competitive advantage is achieved, and when the innovation should take place. (Kinicki and Williams, 2011)

The final step, it steps involve getting employees to overcome their resistance to changes, and to execute the implementation well. One of the biggest challenges to implementing and managing innovation is employees' resistance to change. Some of the reasons for employee resistance can stem from a variety of factors. Among these are how an individual perceives change, and how they handle it within their own lives. Employees may have a "fear" of the unknown, and mistrust of change. They may also be afraid of failure, and it is very important for organizations to dissolve this fear. Timing and disrupting current norms within an organization, can also cause individuals to be resistant to change.

There are two models to review when implementing change within organizations. Lewin's change model includes unfreezing, changing, and refreezing. Unfreezing is the process where managers are motivating employees to change, and encouraging them to let go of past attitudes, and resistance. Changing occurs when employees are given new tools to make change occur, and learn new information, perspectives or behaviors to make the change successful. During this process it is important for employees to understand that change/innovation is a continuous learning and developing process. Refreezing occurs when employees have accepted the innovation as the new norm. A good measure of refreezing is to benchmark change and performance to ensure a successful transformation. (Kinicki and Williams, 2011)

John Kotter developed his *eight steps for leading organizational change* that further define the Lewin's change model, to ensure that management is incorporating innovation successfully. When unfreezing an organization, it is important to establish urgency, develop a guiding coalition, vision, and strategy, along with proper communication. The changing stage needs to include the empowerment of the entire organization changing as a whole, giving out short-term rewards, and instilling a culture to produce more changes. When refreezing it is very important to anchor the changes within an organization's core principles to ensure that it will be sustained into the future. (Kinicki and Williams, 2011)

Overcoming employee resistance is best done by removing any obstacles or "red tape" to get the innovation to occur. Another way is to give out periodic rewards that recognize employees' accomplishments. Execution doesn't just involve the process of implementation, but instead monitoring change to make sure the pre-defined results are being achieved and that

accountability is maintained. It is very important that an innovation process is managed to achieve long-term success. (Kinicki and Williams, 2011)

Types of Innovation

There are different types of innovation within an organization, they are: product, process, incremental, and radical innovations. When changing markets and landscapes start to affect a company's sales, and costs it may be time to look at improving one's products or services. Shifting consumer preferences can have a large effect on sales, and therefore cause organizations to want to look at innovating to make the costs of the goods sold cheaper, and more efficient. Usually, this change occurs in the form of a technological change or innovation. This technological change can affect the way a product or service is produced, manufactured, or distributed for resale. When this type of innovation occurs it also requires a managerial innovation as well, in order to properly incorporate the new technology into the current company structure.

A product innovation occurs where there is a change in the way a product or service looks or performs, or the creation of a new one. When process innovation occurs, there is a change in the way a product or service gets created, manufactured, or distributed. Company's implementing these types of innovations are focusing on more than just the innovation themselves, but re-inventing the way that the company performs this business process, and building up these products or services to tap into new or other parts of pre-existing markets. These products or services can be applied to meet customer needs, and to provide solutions. (Kinicki and Williams, 2011)

The next types of innovations are a result of the scale of the change that is to be made. For example, whether a small innovation is made to change one piece of a product or service, or if a large over-haul is needed. Smaller innovation generally occurs when trying to modify a pre-existing product or service, where large innovations generally occur when a company is trying to replace existing products or services. When technologies, products, or services are only created to modify existing products or services, it is called incremental innovation. When these technologies, products, or services are created to replace the existing products or services, then it is called radical innovations. (Kinicki and Williams, 2011)

Brand Innovation Management

One of the prominent innovation management style trends is brand innovation. Brand innovation can be used to establish or reinvent a brand. Branding can be an important key to establishing a competitive advantage. When consumers are in a situation where they are uncertain of a product's quality, having an established brand can make an important impact on which product they choose. This can prove especially true when consumers are judging a new product in the market. Brands are a way that consumers can mitigate risk and be confident of certain standards for a product or service, and trust that this product or service will be consistent no matter where they are. It is also easier for companies with strong brands to absorb negative consumer feedback when it comes to new or existing products. Those with weaker brands will take a larger hit to their name, meaning that bad feedback has a stronger negative impact, making it harder for less-established brands to bounce back. This can also sometimes cause consumers to think that their negative judgments are validated.

Branding and innovation are codependent because brands pave a path for successful innovation by adding credibility and creating more opportunities to be visible. Innovation strengthens brand equity (Brexendorf, et al., 2015, p. 549) because it can reinforce, revitalize, or broaden brand meaning, and improve the brand's value and profitability. One does not truly come before the other, and branding is the result of successful innovation, and vice-versa. This interdependent relationship can be broken down into three parts: first brands give strategic focus and guidance to innovations. Brands also help support the introduction and implementation/adoption of innovations. Finally, innovations encourage better attitudes, perceptions, and usage from internal and/or external clients or consumers for the product or service.

Brands give product innovations strategic focus by identifying a brand's future potential, defining a brand's subsidiaries and its overall cohesiveness, and also helping to create an optimal time and sequence of a product's entry into the market (Brexendorf, et al., 2015, p. 549). The type of branding strategy that a firm uses can greatly influence the success of its innovations. For example, branded house strategy uses the same brand name for all of its different products in their respective categories. An example of a business that uses this strategy is Apple. While the company has several product lines, such as, iPod, iMac, iPhone, iTunes, etc., they all fall under the primary brand name of "Apple." While the house of brands strategy uses different brand names for individual products or different sets of products. An example of house of brands

strategy is Proctor & Gamble; some of their subset brands include Pampers, Duracell, Gillette, and Tide. The strategy that a firm chooses often depends on whether the introduced product is expected to be disruptive to the market or whether an established firm expands an existing product line.

Timing and sequencing of market entry can be crucial to firms especially when launching new and expensive products or services. A part of brand innovation management is being able to decide the best strategy to engage for one's business. For some brands, it is better to enter the market as a "fast follower" than a market pioneer, because fast followers can innovate product features to match consumer preferences. However, as a market pioneer it can sometimes be better to use a house of brands strategy and launch that product with a new brand to gain more exposure (Brexendorf, et al., 2015, p. 550). Managing this type of innovation is going to be key to the success of new product development.

Brand innovation management also means deciding the best brand strategy to pursue when launching a series of new products and services. When launching next-generation products, a marketer can use the core brand name with a number, date, or superlative called a brand name continuation. For example, Apple has, iPhone 4, iPhone 4S, iPhone 5, iPhone 5C, iPhone 6, and iPhone 6 Plus. A marketer might also decide to use a brand name change where you use the brand name but with a sub-brand. The best strategy to pursue largely depends on the relationship that the firm wants to show between the existing and new product (Bertini et al. (as cited in Brexendorf, 2015, p. 551)). If using the brand continuation strategy, customers might expect further improvement on existing features when the next generation is launched. However, if a firm switched from an established brand to a new brand name then customers might expect the new product to have a higher degree of change.

In a personal interview that I conducted with the founders of Snow & Co., Andy Talbert, one of the cofounders, explains how his business has used brand innovation. Snow & Co. is an artesian frozen cocktail bar in Kansas City, Missouri. Snow & Co. will publish a book to be distributed nationally, that will help market the brand of Snow & Co. They have growth plans to become a nationally recognized brand. They plan to build their brand by having certain qualities that people can identify with, for example, servers say: "Welcome to Snow and Company, we make our frozen cocktails with top shelf liquor, squeeze our juice fresh in-house, and make our

own simple syrup.” The intent is to promote the idea of artesian frozen cocktails. Part of this branding is expanding their reach through opening new locations, and pursuing alternative distribution channels. They plan to market the company as a lifestyle brand. (Talbert and Cloud, 2015)

Branding plays an important role when introducing new products, whether they are launched as a new brand or as an extension. A strong brand can provide many marketing advantages, and “allow the ownership of the innovation, support the communication, and enhance the visibility of innovations” (Brexendorf, et al., 2015, p. 552). Proper management of both brands and innovation has become an important priority for many firms, and will continue to grow as a focus of management.

Strategic Innovation Management

It is important to understand the two main types of change, reactive and proactive, and change in the context of discussing organizational strategies. Forces for change can come from internal factors like employee problems, or external factors like changing demographics and markets. Some reasons for strategic innovation are coming from super-trends that will shape the way business is done, and the competitive landscape of the future.

Among these trends are the segmentation and progression towards niche products. Product production used to be on a mass scale. However, as segmenting and target marketing get smaller and smaller with their focus, we are rapidly entering into a niche market. Customization to specialized groups is only one trend, whereas speed-to-market is also becoming increasingly important. Due to the high competitiveness of industries, being able to get your new product on the market first, before other “copycats” emerge can have its’ advantages. Traditional companies might not survive these types of innovative change, where the landscape is changing faster than they can adapt. That is the nature of business, but in an age of “disruptive technology” and digitalization, it can be hard and costly for companies to change. For example, Kodak had \$14 billion in revenue in 1999, that had dropped to \$13.3 billion in 2003 (Kinicki and Williams, 2011) Why? Because of the digitalization of cameras, if Kodak had not stopped its big investments in film and pivoted towards the new trend of digital cameras, it faced becoming obsolete.

Another important aspect to consider when determining the strategic innovation within an organization is the decision to offshore labor or certain manufacturing processes. Some benefits of offshoring include reduced costs and increasing the value chain, and that is why many companies consider this strategy. Offshoring has gradually been changing the way we do business and is expected to only increase in the future. Globalization and outsourcing are changing decreasing costs for big businesses, and those who keep jobs in America are having a hard time innovating, without moving jobs overseas to keep up. The upside for businesses is that certain tasks can be outsourced, which leaves certain employees more time to work on innovating and customer relations.

A key characteristic of innovation management in strategies, is the ability for knowledge workers to take data and instead of using it for routine practices, develop analytical insight, reasoning, and solutions. Data is widely available for businesses to use because of the access that the internet provides us, but in order to truly understand the consumer and business trends, an organization needs to be able to process this data efficiently, and apply derived solutions to better the organization. The way that this process is managed is key to the long-term sustainability of the organization. As discussed previously, ways to implement these “changes” are to firstly hire the right managers with the desired skill-sets of the organization. Then within a “learning organization” develop teams, and a sense of accountability and empowerment in their employees, and give the desired data to these “knowledge workers” so that they can directly come up with applicable solutions to share with the management. This process will make it much easier for organizations to share information, and as a whole create an environment where workers are able to directly better the organization, therefore, making it more efficient and innovative.

There are two types of change within an organization that a manager will need to deal with. Those are proactive and reactive changes. Reactive change is when a manager is responding to an unanticipated problem or opportunity that has arisen. The down-side of reactive change is that it is harder to prepare for this type of change, due to the fact that it is un-expected. This can result in major mistakes on the manager’s part if they have not been trained properly to deal with this type of situation. An example of reactive change is when British Petroleum had an explosion on one of their drilling platform called Deepwater Horizon, in 2010. This tragedy resulted in lost lives and one of the largest oil spills recorded in United States waters. The rig

was equipped with an emergency shut-off valve that failed the day of the explosion, and there was not a back-up shut-off switch. 2.5 million gallons of oil leaked from the spill, and BP had to come up with a proper reaction to containing the spill. (Kinicki and Williams, 2011) The spill could not have been foreseen by management, however, the emergency equipment should have been better scrutinized and managed. Proactive change is planned, and requires managers to have extremely thorough plans that anticipate different outcomes of problems and opportunities.

There are internal and external forces that managers must consider when strategizing for the future. These effects can have a major influence on the way that managers respond to changes both inside and outside the organization. Some major external forces facing companies today are:

1. Changing demographics, especially in the work-force.
2. Globalization and the effect that it has on changes in the market.
3. The advancement of technology and the applications that it can have for businesses.
4. Changing social events and political regulations. (Kinicki and Williams, 2011)

Some major forces for change within an organization, also called internal forces, are:

1. Problems with and between employees' needs. These can be things like job dissatisfaction can be a sign that internal change is needed.
2. The behavior of the managers, more specifically, any conflict between employees and supervisors, as well as, the need for more interpersonal training. (Kinicki and Williams, 2011)

Whether implementing strategic innovation in response to changes externally or internally, it is important to manage the change. Once assessing the different paths that the organization can choose to take, then a business must decide which path is the best for this particular company, and make sure that the new strategy is received. Following the unfreezing, changing, and refreezing model, along with awareness to employee resistance, can make a successful long-term strategic change happen. It is important with strategic innovation to benchmark progress and success, so see how the change affects the organization long-term.

Conclusion

It is important to understand historical management perspectives in order to assess the differences from traditional management structure and perspectives, to current management styles. The most prevalent management trend today is innovation management. It is important to generate new ideas, and to instill a culture of experimentation and acceptance of failure within an organization, in order to get employees to seek out new ideas and solutions. Managers play an important role in organizational change because they are the leaders of an organization, and how they perceive change and manage it, can define how the organization will instill innovation moving forward.

Innovation management will continue to be the main management style and trend moving forward, because organizations in order to survive need to be constantly changing and improving for long-term success. The industry/business environment is constantly changing, as consumer trends and preferences change, political and regulatory environments shift, and new technologies emerge in the market. Businesses will need to adapt or die, and it is vital to their adaptation that the changes they decide to implement as a response to the changing landscape around them, are properly implemented and managed. For certain more bureaucratic organizations, this can mean making drastic changes to their culture, atmosphere, and employee attitudes. These types of organizations will need to manage their change more closely, and work more with employees to instill innovation into their own values and beliefs.

I believe that going forward managing innovation will continue to grow its presence in the business world, and more companies will shift to horizontally structured, team-centered organizations, and empowering their employees. Companies will need to be able to implement these changes, and instill these values into their culture so that they can maintain a long-term competitive advantage to guide them through the future, and to stay afloat of continuously changing trends.

Areas of future research should be focused on how specific companies have implemented innovation into its management. There should be an empirical study to measure their before and after performance and success, to see the effect of innovation management on gross profit, employee and customer satisfaction, as well as quality. Other areas for further research should involve studying businesses who had previous management structures of bureaucracy, and the effect of innovation management on those organizations, when implemented. Another area of

future research can address the different styles of innovation management, and how the implementation of these different styles can effect an organization. The effect of implementing innovations within the organization, and to its pre-existing products to create future revenue streams, can be another focus of study for future research.

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