Preface
Acknowledgements
Plan of the book

Part One Innovation management

1 Innovation management: an introduction

The importance of innovation
The study of innovation
Two traditions of innovation studies: Europe and the USA
Recent and contemporary studies
The need to view innovation in an organisational context
Individuals in the innovation process
Problems of definition and vocabulary
Entrepreneurship
Design
Innovation and invention
Successful and unsuccessful innovations
Different types of innovation
Technology and science
Popular views of innovation
Models of innovation
Serendipity
Linear models
Simultaneous coupling model
Architectural innovation
Interactive model
Innovation life cycle and dominant designs
Open innovation and the need to share and exchange knowledge
(network models)
Doing, using and interacting (DUI) mode of innovation
Discontinuous innovation – step changes
Innovation as a management process
A framework for the management of innovation
New skills
Innovation and new product development
Case study: Has the Apple innovation machine stalled?
Chapter summary 41
Discussion questions 42
Key words and phrases 42
References 42
Further reading 46

2 National systems of innovation and entrepreneurship 48

Innovation in its wider context 50
The role of the state and national 'systems' of innovation 52
  Why firms depend on the state for so much 52
How national states can facilitate innovation 53
  National scientific capacity and R&D offshoring 56
  The impact of the economic crisis on innovation 56
  Fostering innovation in the United States and Japan 56
  Triple Helix of university–industry–government relationships 57
    that drives innovation
The right business environment is key to innovation 59
Waves of innovation and growth: historical overview 59
Fostering innovation in 'late-industrialising' countries 62
Innovation within the 28 European Union states 63
Improving the innovation performance of the EU 65
Entrepreneurship 66
Entrepreneurship and innovation 66
Defining entrepreneurship 70
Technological entrepreneurship: a question of context 72
  Science and technology policy 73
  Small and medium-sized enterprise 74
  Innovation policy 74
  Entrepreneurship policy 75
Case study: Pizza delivery with unmanned drones 76

Chapter summary 80
Discussion questions 81
Key words and phrases 82
Websites worth visiting 82
References 82
Further reading 85

3 Market adoption and technology diffusion 86

Time lag between innovation and useable product 88
Innovation and the market 88
  Innovation and market vision 89
  Analysing internet search data to help adoption and forecasting sales 89
  Innovative new products and consumption patterns 89
4 Managing innovation within firms

Organisations and innovation
The dilemma of innovation management
Innovation dilemma in low technology sectors
Dynamic capabilities
Managing uncertainty
Pearson’s uncertainty map
Applying the uncertainty map in practice
Managing innovation projects
Organisational characteristics that facilitate the innovation process
Growth orientation
Organisational heritage and innovation experience
Vigilance and external links
Commitment to technology and R&D intensity
Acceptance of risks
Cross-functional cooperation and coordination within organisational structure
Receptivity
Space for creativity
Strategy towards innovation
Diverse range of skills
Industrial firms are different: a classification
Organisational structures and innovation
Formalisation
Complexity
Centralisation
Organisational size
The role of the individual in the innovation process
IT systems and their impact on innovation
5 Operations and process innovation

Operations management

The nature of design and innovation in the context of operations
  Design requirements
  Design and volumes
  Craft-based products
  Design simplification
  Reverse engineering

Process design

Process design and innovation
  The relationship between product and process innovation
  Managing the manufacturing: R&D interface in process industries
  Stretch: how innovation continues once investment is made

Innovation in the management of the operations process
  Triggers for innovation
  Design of the organisation and its suppliers: supply chain management
    Business process re-engineering (BPR)

Lean innovation

Case study: Innovation on the production line

Chapter summary
Discussion questions
Key words and phrases
References
Further reading

6 Managing intellectual property

Intellectual property
  Trade secrets
  An introduction to patents
    Novelty
    Inventive step
  Industrial applications
Exclusions from patents
The patenting of life
The configuration of a patent
Patent harmonisation: first to file and first to invent
Some famous patent cases
Patents in practice
Expiry of a patent and patent extensions
   Patent extensions
The use of patents in innovation management
Patent trolls
Do patents hinder or encourage innovation?
Alternatives to patenting
Trademarks
   Satisfy the requirements of section 1(1)
   Be distinctive
   Not be deceptive
   Not cause confusion
Brand names
Using brands to protect intellectual property
   Exploiting new opportunities
   Brands, trademarks and the internet
Duration of registration, infringement and passing off
Registered designs
Copyright
Remedy against infringement
   Damages
   Injunction
   Accounts
Counterfeit goods and IP
Case study: Pricing, patents and profits in the pharmaceutical industry

Chapter summary
Discussion questions
Key words and phrases
References
Further reading

Part Two  Turning technology into business

7  Managing organisational knowledge

The Battle of Trafalgar
Technology trajectories
   The acquisition of firm-specific knowledge
   The resource-based perspective
Dynamic competence-based theory of the firm
Developing firm-specific competencies
Competencies and profits 234
Technology development and effort required 235
The knowledge base of an organisation 236
The whole can be more than the sum of the parts 237
Organisational heritage 237
When the performance of the organisation is greater than the abilities of individuals 238
Characterising the knowledge base of the organisation 239
The learning organisation 241
Innovation, competition and further innovation 242
Dominant design 244
How firms cope with radical and incremental innovation 244
Developing innovation strategies 248
Leader/offensive 249
Fast follower/defensive 250
Cost minimisation/imitative 250
Market segmentation specialist/traditional 250
A technology strategy provides a link between innovation strategy and business strategy 251
Case study: The cork industry, the wine industry and the need for closure 251

Chapter summary 260
Discussion questions 260
Key words and phrases 260
References 261
Further reading 262

8 Strategic alliances and networks 264
Defining strategic alliances 266
The fall of the go-it-alone strategy and the rise of the octopus strategy 268
Complementary capabilities and embedded technologies 269
Interfirm knowledge-sharing routines 270
Forms of strategic alliance 271
Licensing 271
Supplier relations 272
Outsourcing 272
Joint venture 273
Collaboration (non-joint ventures) 273
R&D consortia 273
Industry clusters 274
Low technology industry rely on networks for innovation 275
Innovation networks 275
The 'virtual company' 278
Motives for establishing an alliance 279
The process of forming a successful strategic alliance 279
Negotiating a licensing deal 280
Terms for the agreement 281
9 Management of research and development

What is research and development?
The traditional view of R&D
R&D management and the industrial context
R&D investment and company success
Classifying R&D
The operations that make up R&D
R&D management and its link with business strategy
Integration of R&D
Strategic pressures on R&D
The technology portfolio
The difficulty of managing capital-intensive production plants in a dynamic environment
Which business to support and how?
Technology leverage and R&D strategies
Strengths and limitations of this approach
Allocation of funds to R&D
Setting the R&D budget
Level of R&D expenditure
Case study: The long and difficult 13-year journey to the marketplace for Pfizer's Viagra
### Managing R&D projects

1. Successful technology management
2. The changing nature of R&D management
   - Organising industrial R&D
3. The acquisition of external technology
   - Level of control of technology required
4. Forms of external R&D
5. Effective R&D management
   - Managing scientific freedom
6. Skunk works
7. Technology roadmapping
8. The link with the product innovation process
   - The effect of R&D investment on products
9. Evaluating R&D projects
   - Evaluation criteria
10. Case study: CSI and genetic fingerprinting

### Open innovation and technology transfer

1. Background
   - The dominant economic perspective
2. Open innovation
   - The paradox of openness
3. Introduction to technology transfer
   - Information transfer and knowledge transfer
4. Models of technology transfer
   - Licensing
   - Science park model
   - Intermediary agency model
   - Directory model
   - Knowledge Transfer Partnership model
   - Ferret model
   - Hiring skilled employees
   - Technology transfer units
   - Research clubs
Part Three  New product development

12 Business models

What is a business model? 413
The business model and the business plan 415
The range of business models 416
 The sixteen business model archetypes 417
Revenue models 420
Enterprise models 421
Industry models 422
The parts of the business model 422
 The offering 423
 The customer side 423
 The infrastructure 424
 The finances 424
The business model dilemma of technology shifts 426
Considerations in designing a business model 428
 Switching costs 428
 Scalability 428
 Recurring revenues 428
 Cashflow 429
 Getting others to do the work 429
 Protecting the business from competitors 429
 Changing the cost structure 429
 Intellectual property is an asset 430
 The technology licence and business relationships 430
 Continual adaptation of the business model 431
The licensing business model 431
 Income from licensing 432
Contents

Marketing issues related to the licensing model 432
Financial and strategic implications 433
Costs and benefits of the licensing model 433
Other strategic uses of licensing 434
Case study: Developing a new product for the teeth whitening market 435

Chapter summary 441
Discussion questions 442
Key words and phrases 442
References 442
Further reading 443

13 Product and brand strategy 446

Capabilities, networks and platforms 448
  Product platforms 449
Product planning 451
Product strategy 454
  Competitive strategy 454
  Product portfolios 455
The competitive environment 456
Differentiation and positioning 457
  Differentiation 457
  Product positioning 458
Competing with other products 460
Managing brands 462
  Brands and blind product tests 462
Brand strategy 464
  Brand extensions 465
Market entry 468
Launch and continuing improvement 470
Withdrawing products 471
Managing mature products 472
Case study: Umbrella wars: GustBuster® and senz® 473

Chapter summary 477
Discussion questions 477
Key words and phrases 478
References 478
Further reading 479

14 New product development 480

Innovation management and NPD 482
  Product development as a series of decisions 484
  New products and prosperity 484
Considerations when developing an NPD strategy 485
  Ongoing corporate planning 485
New service innovation

The growth in services
  Growth in knowledge-intensive business services (KIBS)
  Outsourcing and service growth
Different types of services
  Technology and new service development
  New services and new business models
Characteristics of services and how they differ from products
Classification of service innovations
  The new service development process
New service development models
  Sequential service development models or Stage-Gate® models
## Market research and its influence on new product development

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market research and new product development</td>
<td>554</td>
</tr>
<tr>
<td>The purpose of new product testing</td>
<td>555</td>
</tr>
<tr>
<td>Testing new products</td>
<td>556</td>
</tr>
<tr>
<td>Techniques used in consumer testing of new products</td>
<td>557</td>
</tr>
<tr>
<td>Concept tests</td>
<td>557</td>
</tr>
<tr>
<td>Test centres</td>
<td>558</td>
</tr>
<tr>
<td>Hall tests/mobile shops</td>
<td>558</td>
</tr>
<tr>
<td>Product-use tests</td>
<td>558</td>
</tr>
<tr>
<td>Trade shows</td>
<td>558</td>
</tr>
<tr>
<td>Monadic tests</td>
<td>559</td>
</tr>
<tr>
<td>Paired comparisons</td>
<td>559</td>
</tr>
<tr>
<td>In-home placement tests</td>
<td>559</td>
</tr>
<tr>
<td>Test panels</td>
<td>559</td>
</tr>
<tr>
<td>When market research has too much influence</td>
<td>559</td>
</tr>
<tr>
<td>Discontinuous new products</td>
<td>562</td>
</tr>
<tr>
<td>Market research and discontinuous new products</td>
<td>563</td>
</tr>
<tr>
<td>Circumstances when market research may hinder the development of</td>
<td>564</td>
</tr>
<tr>
<td>discontinuous new products</td>
<td></td>
</tr>
<tr>
<td>Technology-intensive products</td>
<td>565</td>
</tr>
<tr>
<td>Breaking with convention and winning new markets</td>
<td>566</td>
</tr>
<tr>
<td>When it may be correct to ignore your customers</td>
<td>570</td>
</tr>
<tr>
<td>Striking the balance between new technology and market research</td>
<td>571</td>
</tr>
<tr>
<td>Using suppliers and lead users to improve product variety</td>
<td>572</td>
</tr>
<tr>
<td>The challenge for senior management</td>
<td>573</td>
</tr>
<tr>
<td>Case study: Dyson, Hoover and the bagless vacuum cleaner</td>
<td>573</td>
</tr>
</tbody>
</table>

### Chapter summary

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussion questions</td>
<td>582</td>
</tr>
<tr>
<td>Key words and phrases</td>
<td>583</td>
</tr>
<tr>
<td>References</td>
<td>584</td>
</tr>
<tr>
<td>Further reading</td>
<td></td>
</tr>
</tbody>
</table>
## Managing the new product development process

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>New products as projects</td>
<td>588</td>
</tr>
<tr>
<td>The Valley of Death</td>
<td>589</td>
</tr>
<tr>
<td>The key activities that need to be managed</td>
<td>590</td>
</tr>
<tr>
<td>Assembling knowledge</td>
<td>592</td>
</tr>
<tr>
<td>The generation of business opportunities</td>
<td>593</td>
</tr>
<tr>
<td>Developing product concepts: turning business opportunities into</td>
<td>594</td>
</tr>
<tr>
<td>product concepts</td>
<td></td>
</tr>
<tr>
<td>The screening of business opportunities</td>
<td>595</td>
</tr>
<tr>
<td>New technology product blogs</td>
<td>597</td>
</tr>
<tr>
<td>Development of product prototypes</td>
<td>597</td>
</tr>
<tr>
<td>Technical testing</td>
<td>599</td>
</tr>
<tr>
<td>Market testing and consumer research</td>
<td>599</td>
</tr>
<tr>
<td>How virtual worlds can help real-world innovations</td>
<td>600</td>
</tr>
<tr>
<td>Market introduction</td>
<td>601</td>
</tr>
<tr>
<td>NPD across different industries</td>
<td>603</td>
</tr>
<tr>
<td>Organisational structures and cross-functional teams</td>
<td>603</td>
</tr>
<tr>
<td>Teams and project management</td>
<td>604</td>
</tr>
<tr>
<td>Functional structures</td>
<td>604</td>
</tr>
<tr>
<td>Matrix structures</td>
<td>605</td>
</tr>
<tr>
<td>Corporate venturing</td>
<td>607</td>
</tr>
<tr>
<td>Project management</td>
<td>607</td>
</tr>
<tr>
<td>Reducing product development times through computer-aided design</td>
<td>608</td>
</tr>
<tr>
<td>The marketing/R&amp;D interface</td>
<td>608</td>
</tr>
<tr>
<td>High attrition rate of new products</td>
<td>609</td>
</tr>
<tr>
<td>Case study: An analysis of 3M, the innovation company</td>
<td>612</td>
</tr>
</tbody>
</table>

### Chapter summary

### Discussion questions

### Key words and phrases

### References

### Further reading

### Index