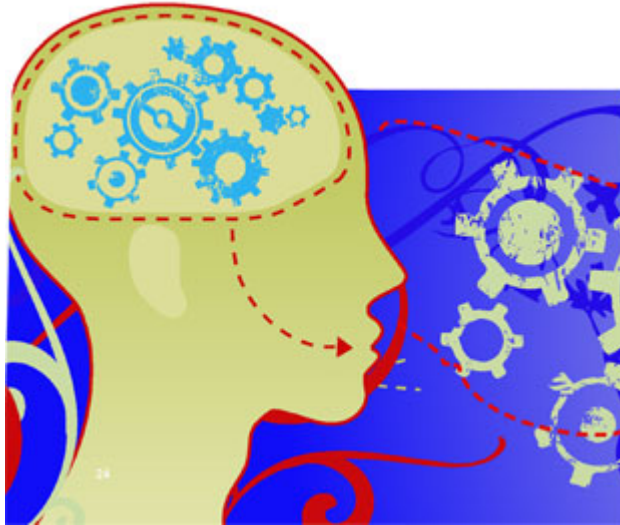


## Innovation in the Global Market Place

By Van Carlisle |



It is accepted wisdom that the future health of any economy rests on its ability to innovate. Intense global competition and increased consumer sophistication demand new ways of attracting customers and sustaining profitability.

More than simply invention, innovation is first and foremost knowledge in the form of new ideas, new business processes, and new employee skills. It is what allows companies,

particularly manufacturing firms, to respond to rapidly changing market conditions.

Innovation is not an end unto itself – it is an investment of many resources whose economic objective is to add value to both a business and its customers.

### **Innovation**                      **Drives**                      **Economic**                      **Growth**

The process of innovation is not the result of random events. As manufacturers, we don't invent a whole lot in a vacuum. In the past, some manufacturers pushed out products hoping consumers would buy them. Today's customers are often involved in suggesting (or demanding) new directions for companies to pursue.

Typically, innovation begins when there is a need in the marketplace that is not being met. A good source for determining those needs are your existing customers. Once a need is identified, you must decide how best to come up with a solution.

A current customer of FireKing Security Group approached us and said "not every vital document fits neatly in a file cabinet, but that doesn't mean it belongs in a safe either, so wouldn't it be great if we had some sort of fire-rated oversized storage cabinet?" They were talking about oversized documents, binders, end-tab filing, ledgers and other valuable document items. After several meetings with the client, our engineers went to work on a prototype of the product, which

we successfully launched last year. This is typically how to approach the innovative process. Customers – or the market - supply the needs or problems, and manufacturers provide the solutions. More than simply creating technology, we create relationships. By using this collaborative approach, we not only solve an existing problem, we also benefit by adding to our product offerings. In turn, we contribute more to the industry (and the economy as a whole) and remain competitive in the global market.

### **Overcoming Barriers to Innovation**

Not all innovations are real successes. Ideas are great – but every new idea poses challenges. You have to pick and choose carefully – your choices will inevitably guide the future of your business.

Customer acceptance and resources can be barriers to innovation. Most inventions take longer than anticipated and the cost is usually higher than your original budget. Time is also a factor. A gap exists between when an idea is created and when the technology is implemented. There are always only a certain number of early adopters for any new technology.

You can invest a great deal of time and resources into innovation, only to find customers saying "that's great, but we're not sure we want to do that right now." Therefore, CEOs and company management must be heavily involved from the start in developing a viable business plan and identifying needs and priorities in the marketplace.

### **Creating a Culture of Change**

Innovation would not be possible without a culture that thrives on change. You have to begin by attracting the right people – people who think outside the box. Over time, this philosophy becomes a part of the overall culture of your organization.

You want to increase market share, but more importantly, you must be able to sustain that advantage in the face of intense international competition. One way to accomplish this is to be willing to look outside of your own company at times for skill sets that are not part of your current core competencies.

Acquisitions and joint ventures can be valuable sources of both additional products and expertise. As market expectations and business processes change, employees' skills and expertise become the most valued assets for any organization.

### **Innovation Involves Risk**

Some manufacturers just pour money into Research & Development instead of working to understand their clients' needs and using that understanding to help drive innovation. Only 2-3% of FireKing's annual sales are devoted to R&D. On the other hand, for the past several years, 30-50% of our volume comes from products less than five years old. We tend to be more of an

application driven company as opposed to a pure R&D company.

The issue here is that developing technology or just loading features onto a product alone is not a guarantee of success. Innovation in the form of knowledge, and the flow of knowledge, are the benchmarks for economic growth in the future.