

SO IF GREEN IS THE NEW BLACK, HOW INNOVATIVE IS YOUR BUSINESS?

This article seeks to provide insight into how to most successfully innovate to help your business get ahead of or even just stay with the pack.

Start by considering your last innovation.... It could have been the introduction of a product or production process that was new or significantly improved? Typically it would have sought to add value either for your business directly or indirectly for your customers? How smooth was the process? Did it succeed? How much energy did you have to put into it? Were you leading the pack or following?

There are two main categories of innovation.

Incremental innovations are where only one specialist/trade is required to make a change to cause the innovation. An example is hyspan LVL replacing solid hardwood rafters.

Incremental innovations are adopted relatively easily within a business and diffuse most easily across the industry.

Systemic innovations are complex innovations that require changes across several professions/trades at the same time. Systemic innovations require a great deal more energy to effect and consequently, are either not attempted, or fail.

An example of a systemic innovation is changing from on-site housing construction to kit home construction, where integrated modularised components are manufactured in a workshop environment.

Systemic innovations typically diffuse slowly through the building industry and tend to not be widely adopted by competitors. (The example given may prove to be an exception!)

Advice for successful innovations...

Systemic innovations can be successful. The key is to minimise the variability of partners from project to project, overcoming a key barrier to the flow and accumulation of organisational knowledge and the opportunity for further innovation.

Success is most probable where specialists and trades are:

- (a) integrated into the 'parent' company
- (b) become co-located to enable ongoing relationships, or
- (c) form partnerships, working together on sequential projects enabling expertise to develop.

Look to minimise the number of trades/specialists required to change at any one time to affect the innovation - two or less is best. Even with incremental innovations, consider forming a relationship for replication or further innovation of the approach.

This article is based on the research of Taylor & Levitt, 2004. Inter-organisational knowledge flow and innovation diffusion in project-based industries. Stanford University.

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