What Is Innovation, And How To Classify Its Many Aspects

A practical approach for using the right vocabulary when talking about innovation.

Public Talk At www.IP-Lawyer-Tools.com on 26 December 2021

by Martin Schweiger

The Basic Definition Of Innovation

Do Something that is

a) New

and that

b) Generates Profit

and all that

c) Done in a Short Amount Of Time

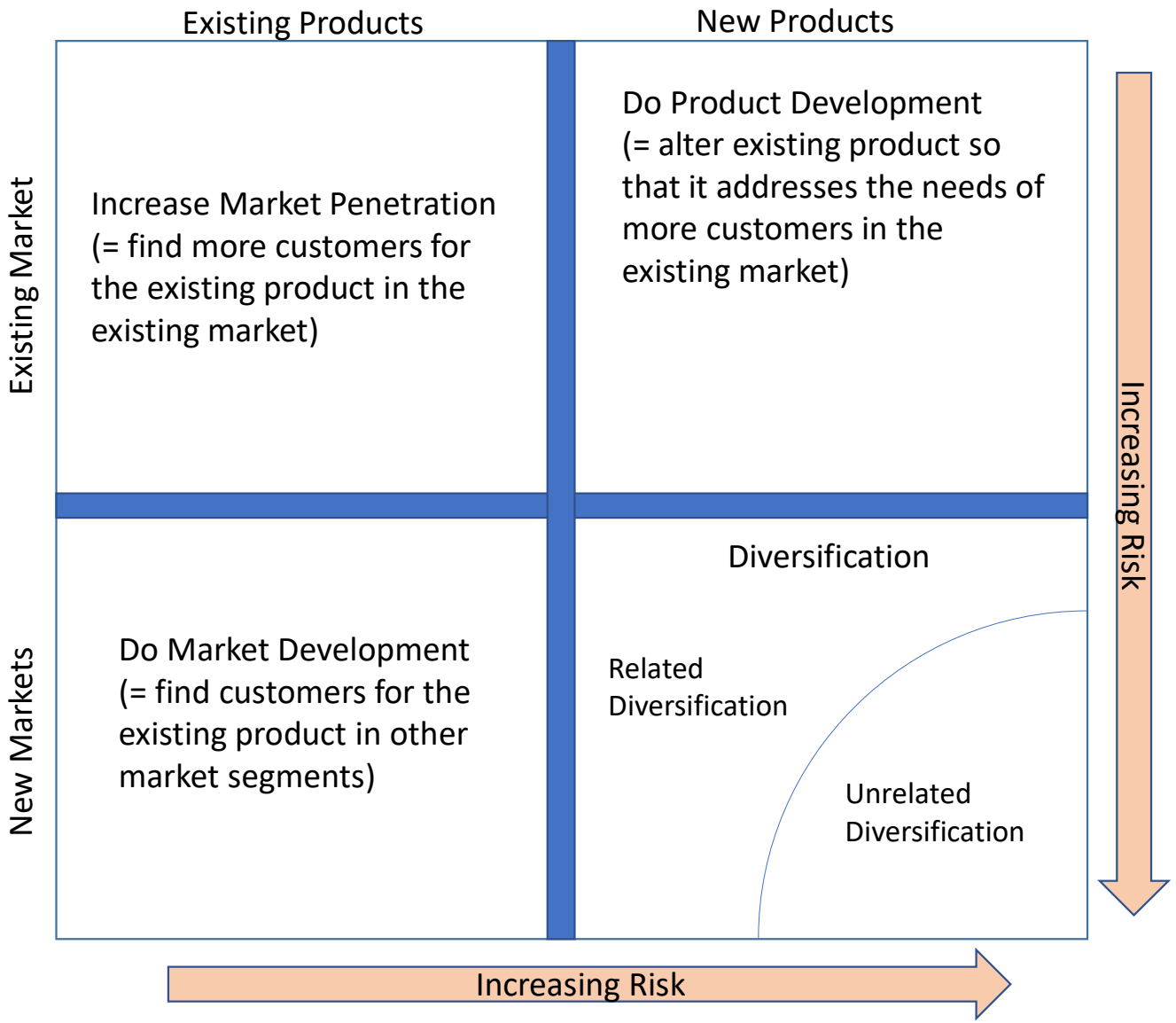
That definition comes from the definition of „growth“ = increment/time.

Anything that does not fulfill the criteria b) and c) is „inventing as a hobby“.

The Ansoff Matrix

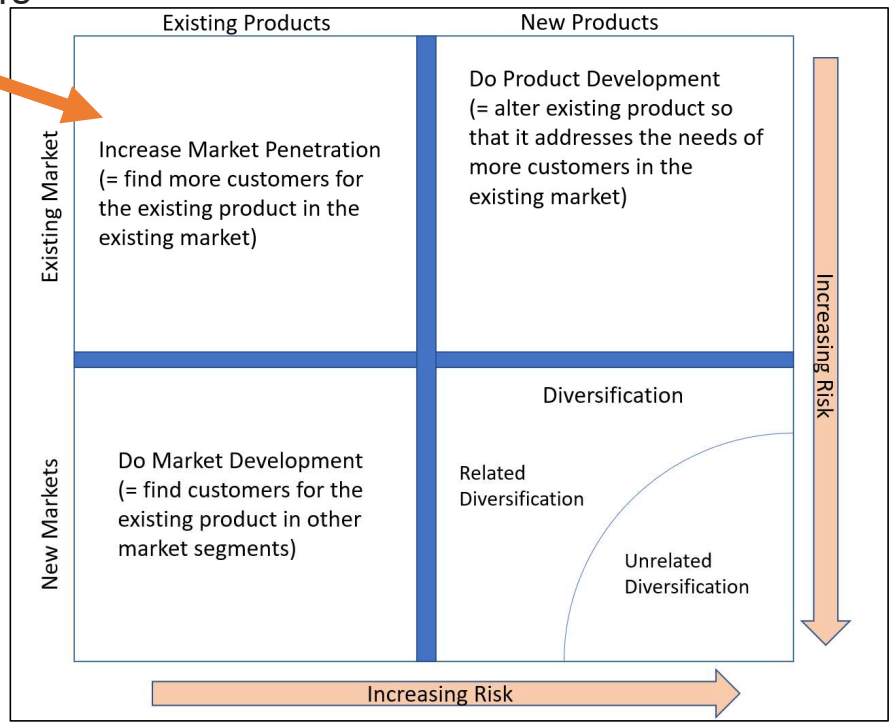
Determine the risk that comes with different approaches to growth.

The Ansoff Matrix can be used (depending on where a company is in its lifecycle and its 'risk tolerance') to decide which growth strategies should or should not be applied.



The Ansoff matrix is based on Growth Strategies

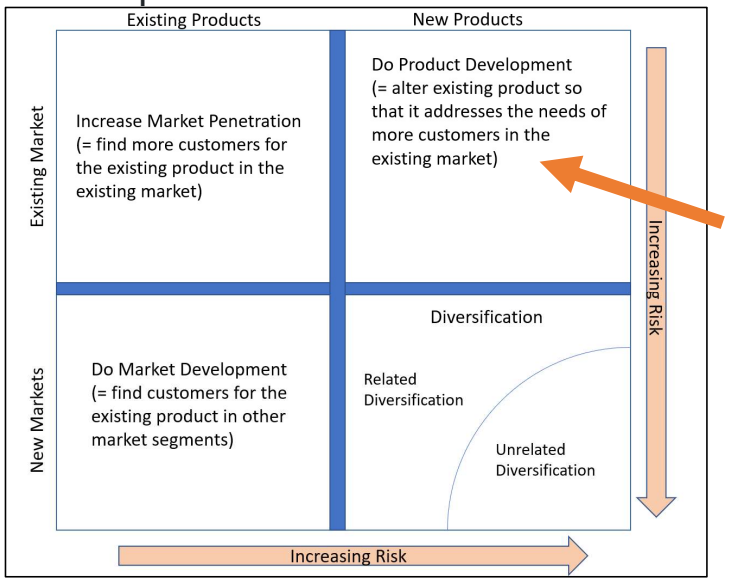
Growth strategy 1: increase **market penetration** by selling existing more products to existing markets. Do this by: Decreasing prices to attract new customers, increasing promotion and distribution efforts, acquiring a competitor in the same marketplace, and others



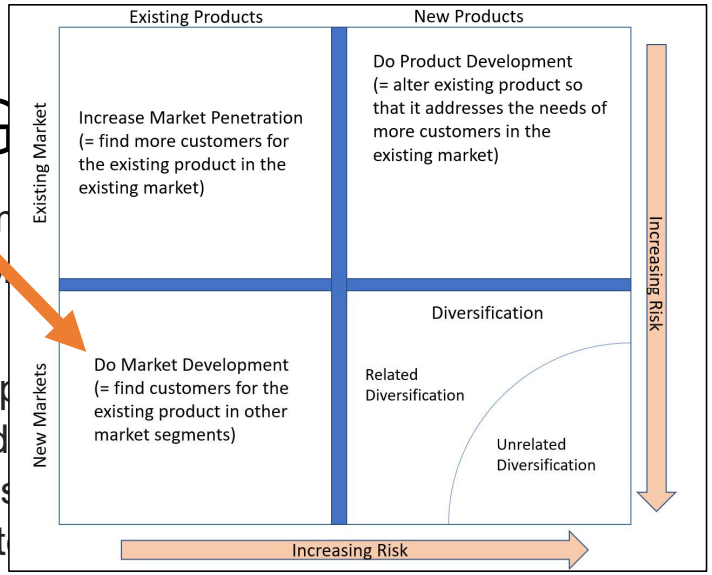
The Ansoff matrix is based on Growth Strategies

Growth strategy 1: increase **market penetration** by selling existing more products to existing markets. Do this by: Decreasing prices to attract new customers, increasing promotion and distribution efforts, acquiring a competitor in the same marketplace, and others

Growth strategy 2: Push **product development** by developing new products that better meet the need of existing markets. Do this by investing in R&D to develop new products, by acquiring a competitor's product and merging resources to create a new product, by forming strategic partnerships with other firms to gain access to each partner's distribution channels/brand, etc.



The Ansoff matrix is based on G

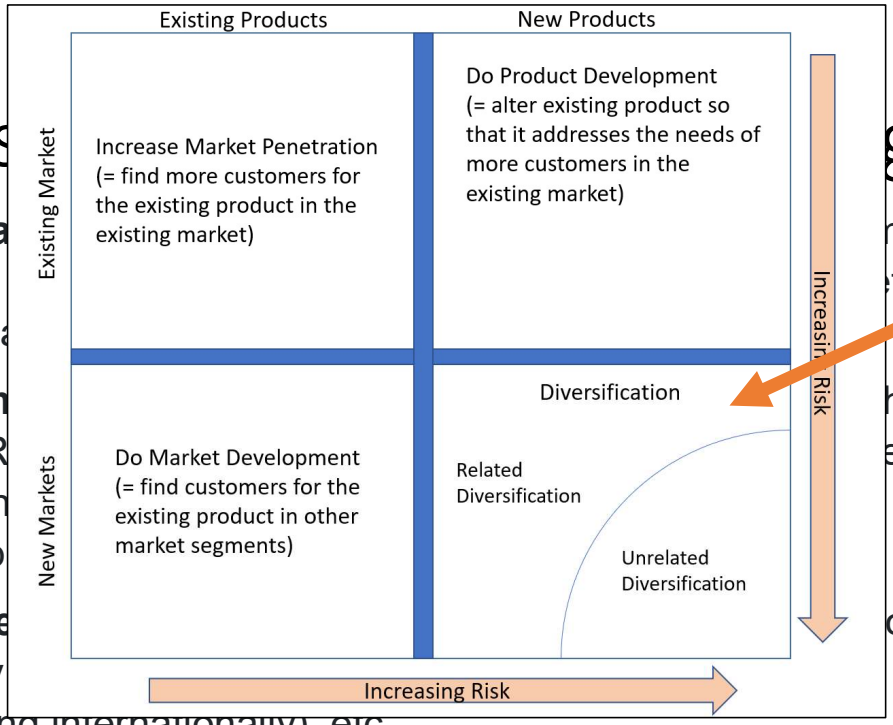


Growth strategy 1: increase **market penetration** by selling existi
Do this by: Decreasing prices to attract new customers, increasing p
acquiring a competitor in the same marketplace, and others

Growth strategy 2: Push **product development** by developing new p
of existing markets. Do this by investing in R&D to develop new prod
product and merging resources to create a new product, by forming s
firms to gain access to each partner's distribution channels/brand, et

Growth strategy 3: Push **market development** by finding new markets for existing products. Do this by catering to a different customer segment, by entering into a new domestic market (expanding regionally) or into a foreign market (expanding internationally), etc.

The Ansoff matrix is gies



Growth strategy 1: increase **market penetra** markets. Do this by: Decreasing prices to attract new efforts, acquiring a competitor in the same marketpla

Growth strategy 2: Push **product developm** he need of existing markets. Do this by investing in R etitor's product and merging resources to create a n other firms to gain access to each partner's distrib

Growth strategy 3: Push **market developme** o this by catering to a different customer segment, by regionally) or into a foreign market (expanding internationally), etc.

Growth strategy 4: Push **diversification** by developing new products to sell to new markets. This is considered to be the riskiest strategy because it requires both MARKET and PRODUCT DEVELOPMENT. Do this by '**related diversification**' where many of the company's capabilities and know-how, and synergies can be leveraged in an adjacent market space, or by '**unrelated diversification**' into a completely white spot on the market map.

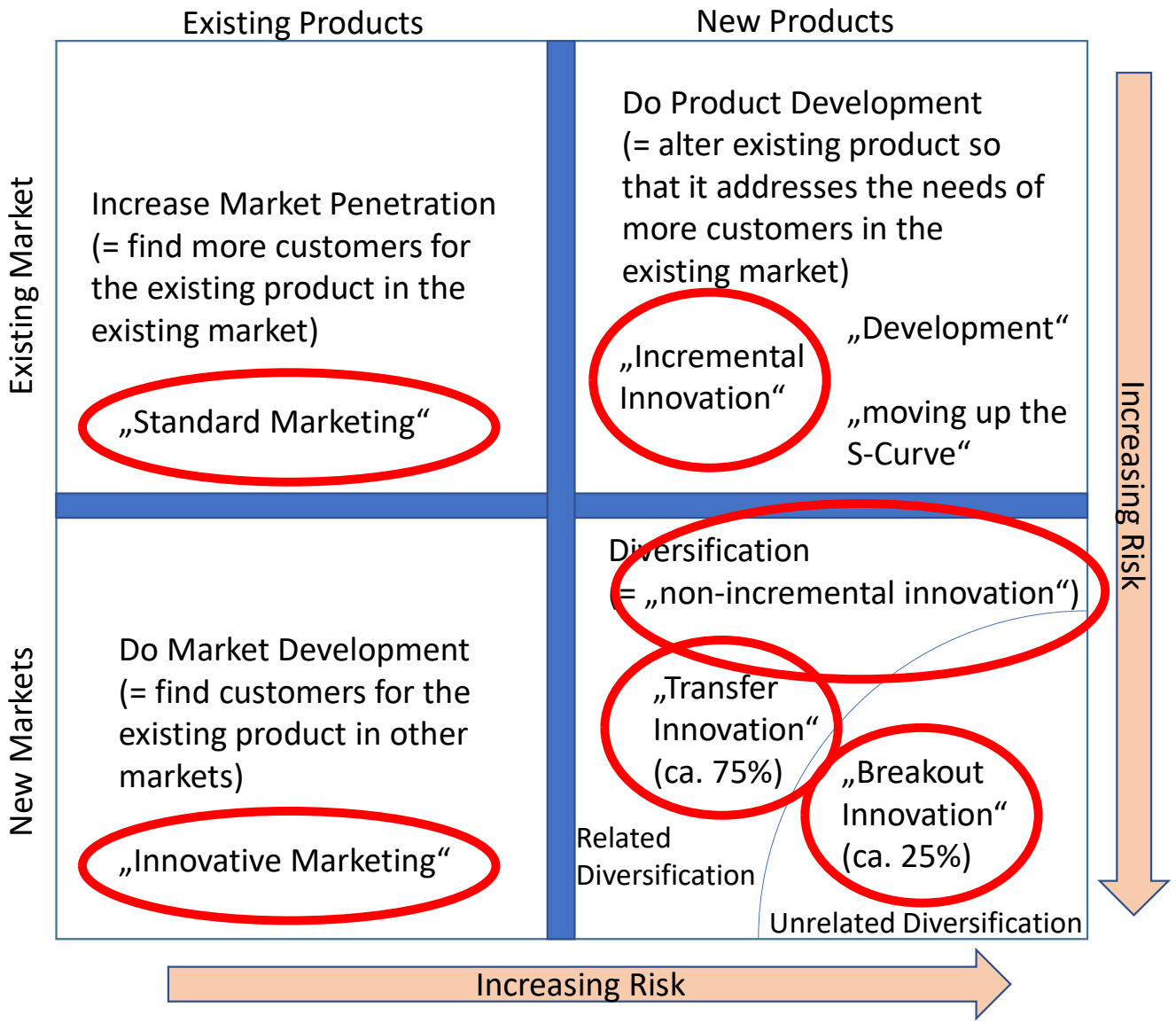
side note: there is also 'geographic diversification' which is the same as 'market development by expansion' (Growth Strategy 3)

Example:

The Ansoff Matrix applied to my 4x4 Innovation Strategy.

Goal: Classify Innovation By Growth Strategy chosen

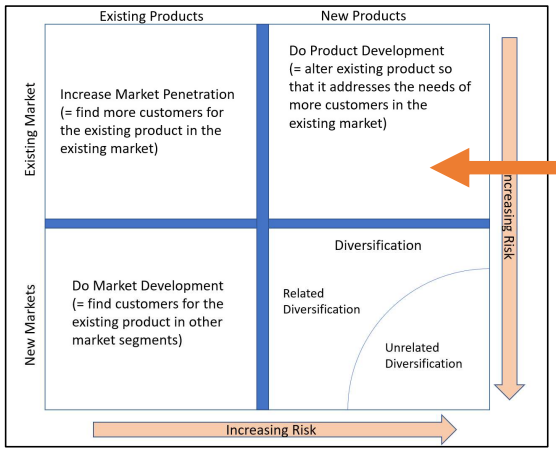
side note:
I am not yet happy with the terms „Standard Marketing“ and „Innovative Marketing“



That is what happens when you let incremental innovation take place on an almost perfect product, for 25 years.

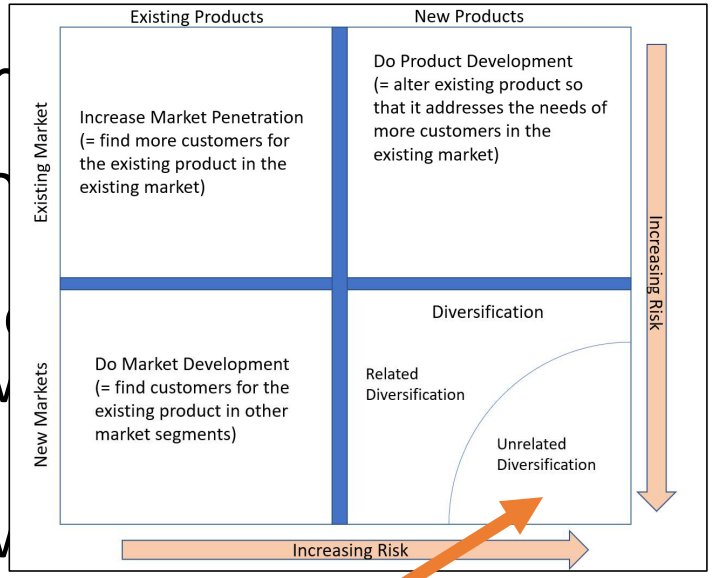
And if you think that this applies only to mechanical inventions then you are wrong.

Just ask a programmer who maintains the control software of an electric drive that is 25 years old. He will tell you that every fix that was done to that computer program brought in at least one more bug.



www.IP-Lawyer-Tools.com

My Favorite Example For Unr
Diversification: Mannesmann



- German steel pipe company Mannesmann
  2G mobile phone network that competes w
  planned 2G mobile phone network
- This activity was applying a completely new
  completely new market: virtually nobody in Germany had a mobile phone in 1989
- The product has later been sold to Vodafone

MANNESMANN. Das Rohr.

D2 PRIVAT mannesmann mobilfunk

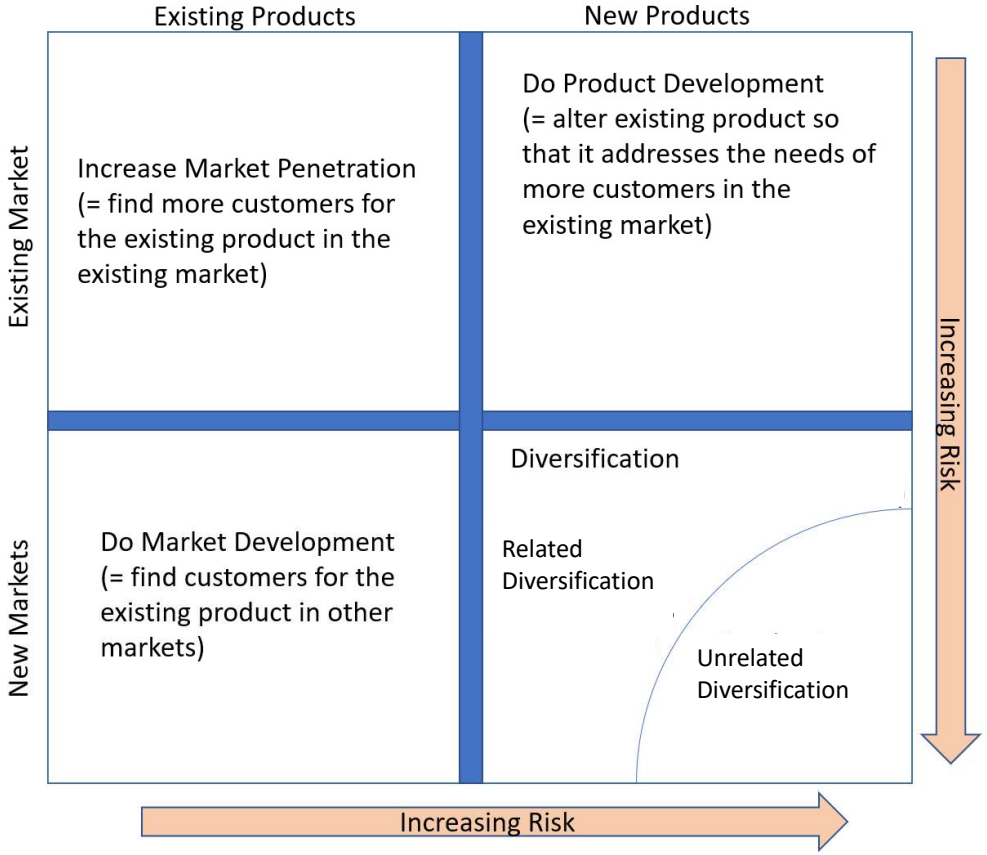
D2 vodafone

Now Apply Your Own Terminology to the Ansoff Matrix!

Commonly used buzzwords in Innovation:

- Breakthrough Innovation
- Pioneer Innovation
- Ideation
- Invention (Patentable vs. Non-Patentable)
- Disruptive Innovation
- Radical innovation
- Architectural Innovation
- Schumpeter Innovation
- Classical Innovation
- Customer Centric Innovation
- Open Innovation
- Orbit Shifting Innovation
- Outcome Driven Innovation
- Relentless Innovation
- Reverse Innovation
- Stage-Gate Innovation
- Value Innovation
- 4th Generation R&D Innovation

and many more …



www.IP-Lawyer-Tools.com

Outlook: Managing Innovation

Stage-Gate and Waterfall Management Methods work well

Stage-Gate and Waterfall Management Methods may or may not work for parts of the R&D project

Stage-Gate and Waterfall Management Methods will NOT work. Use the Right People and leverage on Agile Management Methods.

Outlook: Which People For What Innovation

60% of the engineers like that type of work because they are not creative at all. And the creative part of only 40% of the engineers will find that type of work boring on the long run

only the creative 40% of the engineers will like that work

only 1% (or 0.1% in larger companies or 0.01% in large companies) of the engineers can do that: these are the „Serial Innovators“

Important note: a large part of the creative 40% of the engineers can never create any successful innovation. Most of them are only inventors. If they do not have the right leadership then all what they do is to create new things without the intention to generate profits from them.

www.IP-Lawyer-Tools.com

Outlook:
Marketing and
Marketing Support

Goal: Increase Sales

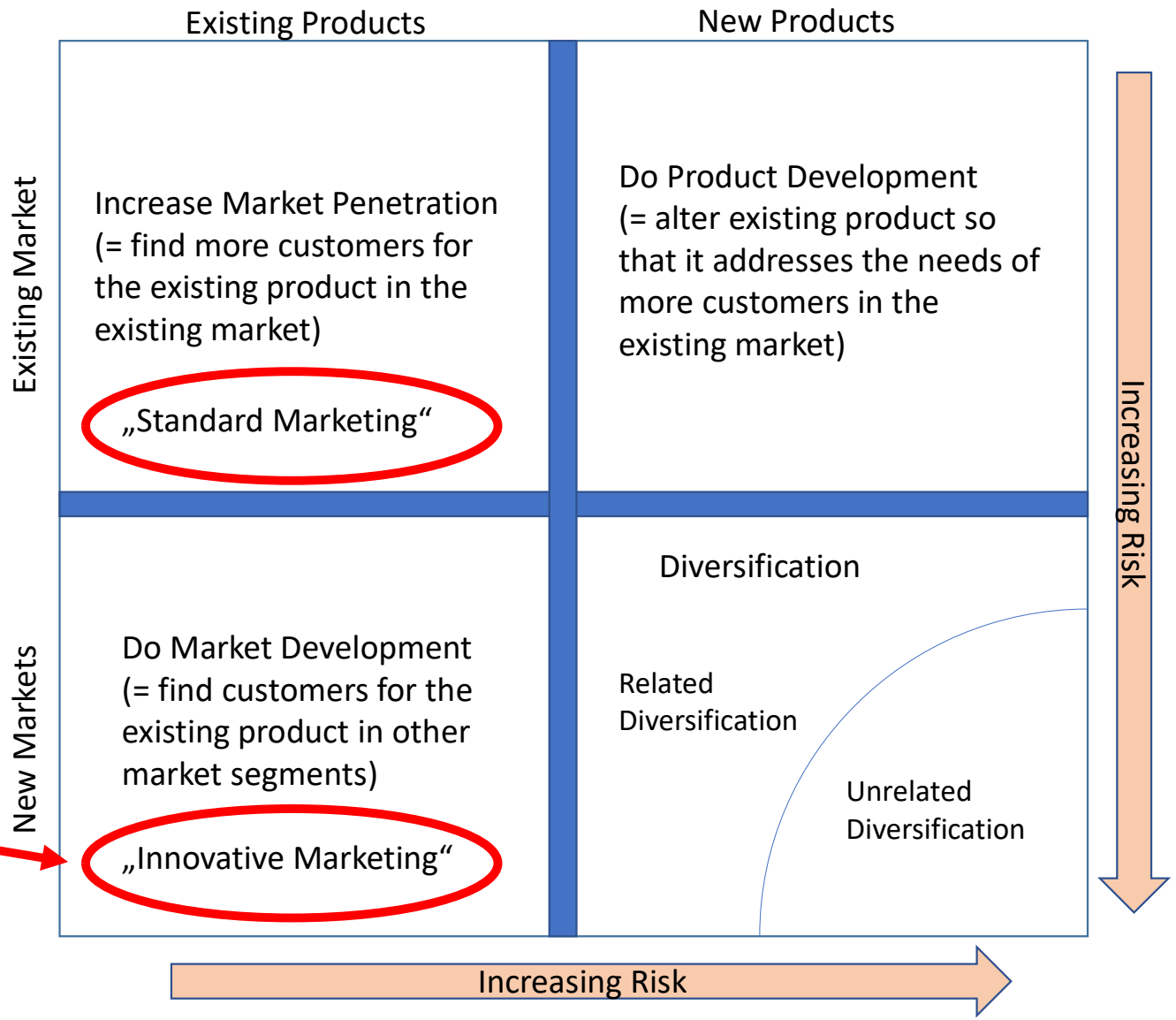
Hit the right button
at the customer:
a) Sell Greed
b) Sell Fear
or
c) Sell a vision

Outlook:
Marketing and
Marketing Support

Goal: Increase Sales

Hit the right button
at the customer:
a) Sell Greed
b) Sell Fear
or
c) Sell a vision

You need creativity if you want to do that successfully for an unknown customer avatar!



www.IP-Lawyer-Tools.com

Conclusions

How to find a translation sheet for different terminologies when it comes to innovation, both in R&D and in Marketing

Match the 4 (+2) different growth strategies of the Ansoff matrix with the two opposed sets of innovation terminology

Applied to 4x4 Innovation terminology

Market Penetration: “No innovation needed. Standard Marketing suffices.”

Product Development: “Incremental Innovation”

Market Development: “Innovative Marketing”

Diversification: “Non-incremental Innovation”

related diversification : “transfer innovation”

unrelated diversification: “breakout innovation”

Check out my website

www.IP-Lawyer-Tools.com

Subscription and all Course Fees come with a 1-month 100% no question asked money back guarantee!