

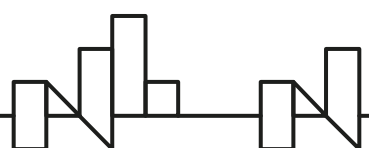
Summary and Objective

Defining and Categorizing Innovation

How do you define innovation? What different kinds of categories of innovation exist? Because the term innovation can mean so many things to different people, an excellent starting point is to start off with a simple definition. The Definition should emphasize what innovation actually means, providing a broader focus than just on products/services and something super novel and/or breakthrough. Also, helping them to understanding different categories of innovation helps young entrepreneurs to visualize different aspects of innovation and their strategic implications, before getting into the more practical and detailed elements.

Session Objective

Simple innovation definition with rationale on why innovation is important for entrepreneurs
Useful frameworks to help you make sense of different categories and types of innovation



Defining & Categorizing Innovation

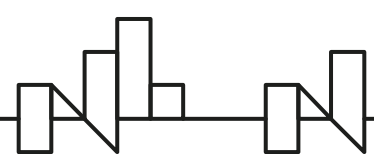


So, what is the definition of innovation?

Innovation

What does it exactly mean?

You have 2 minutes to write down your definition

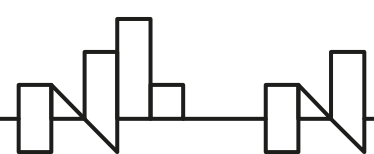


Invention vs. innovation

Innovation vs. Invention

What do you think is the difference?

You have 2 minutes to write down your thoughts

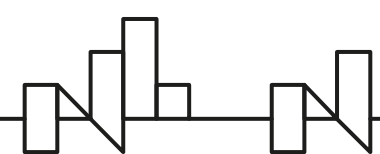


Keep it simple

Simple Innovation Definition

“Changes that add value to products, services and businesses”

A clear and simple definition for innovation should be used that doesn't just focus on products/services and covers ideas that are big and small

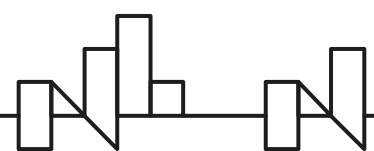


Avoid complexity and buzzwords

Other Simple Innovation Definitions

“Innovation is a product, service, business model, or strategy that's both novel and useful”

“Innovation is any idea that adds value.”



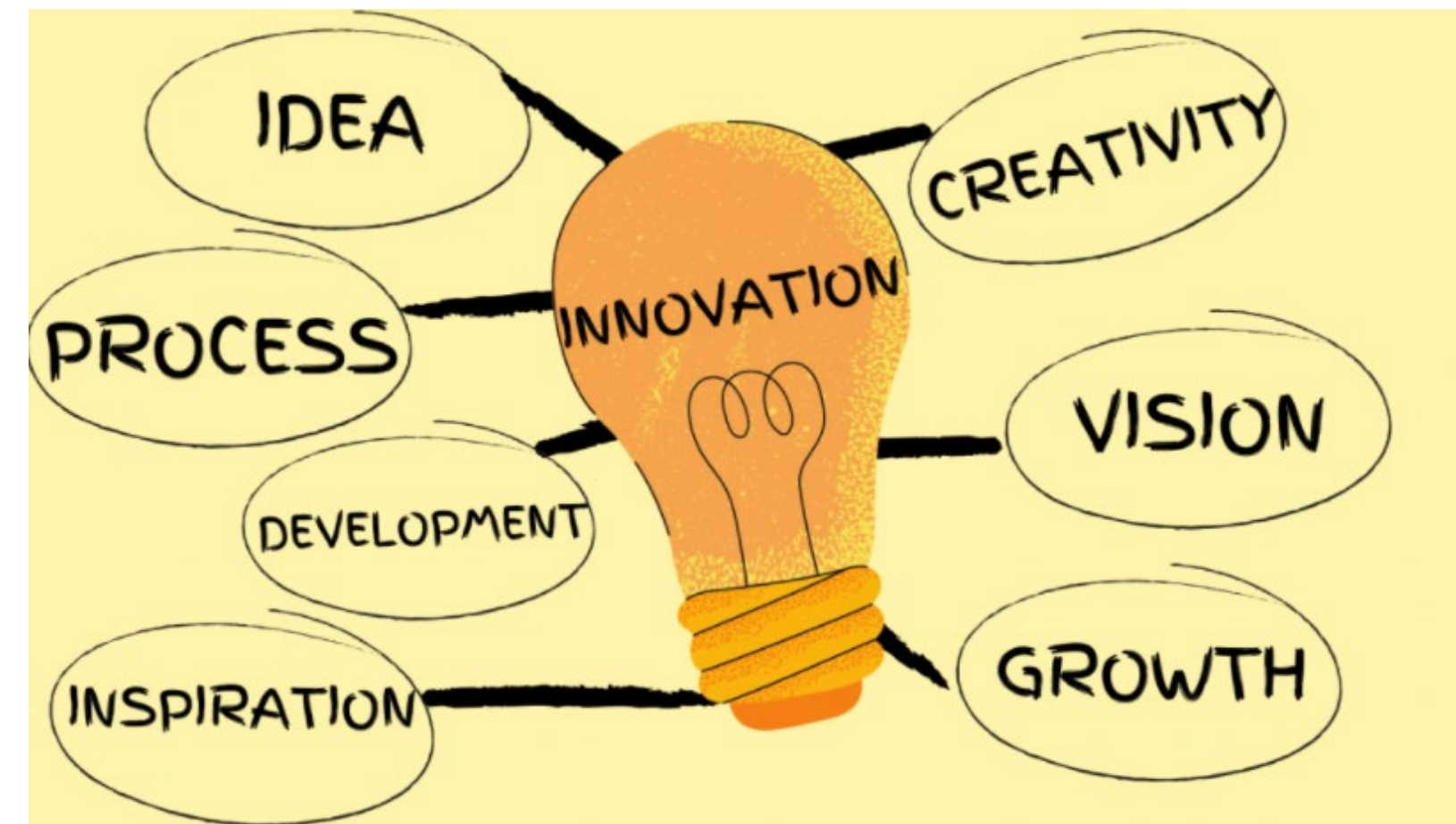
Innovation and invention are not the same

Invention

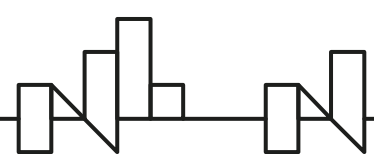


- “Invention” can be defined as the creation of a product or introduction of a process for the first time

Innovation



- “Innovation,” on the other hand, occurs if someone improves on or makes a significant contribution to an existing product, process or service
- Innovation is an act of making changes to the existing product or the process by introducing new ways or ideas



Innovation frameworks

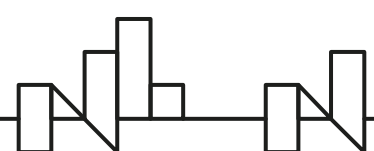
There are two distinct ways to classify innovation, by **Categories** and by **Types**. Both are useful to understand as they provide different perspectives on innovation which is needed to get a holistic overview of the topic

Categories

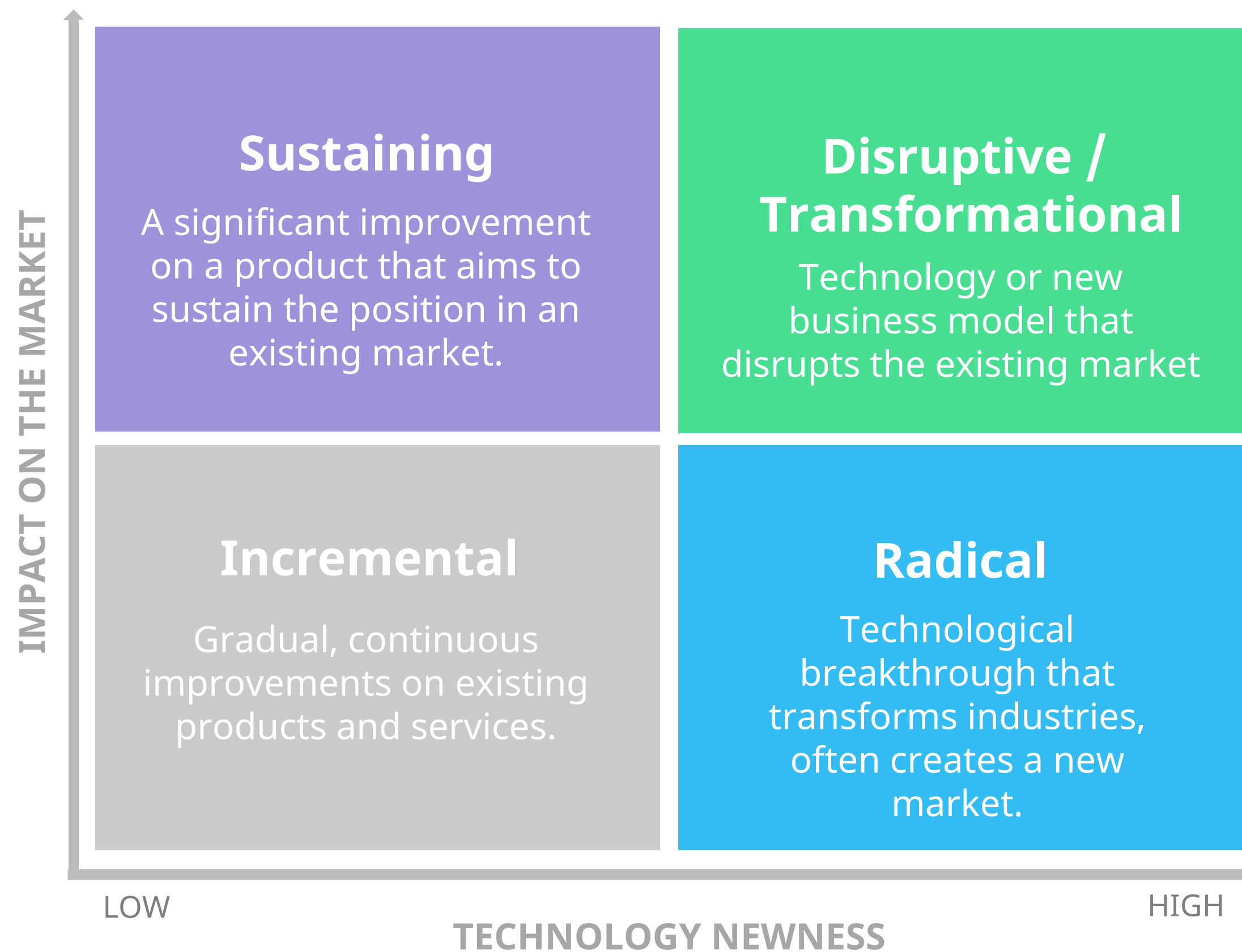
- Innovation categories provide a more abstract and **strategic view** of innovation. They are the higher-level version of the two frameworks. This framework is focused on novelty, impact, and timeline of innovation

Types

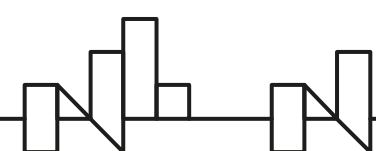
- Innovation types are the **more practical** of the two frameworks. The focus is at the individual product, service and business level. It identifies what kind of innovations you can actually implement to add value, and the tools you can use to do so



The Innovation matrix



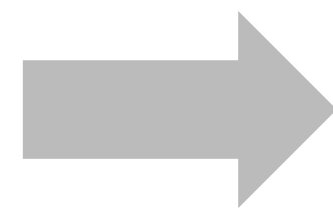
The innovation matrix as introduced by VIIMA helps categorize innovation based on two dimensions; Impact on Market and Technology Newness



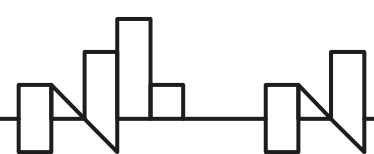
Incremental Innovation

Most innovations are incremental, gradual and **continuous improvements** in the existing concepts, products or services in the existing market.

Incremental innovations are slightly better than the previous version of the product or service and has only slight variations on an existing product formulation or service delivery method.



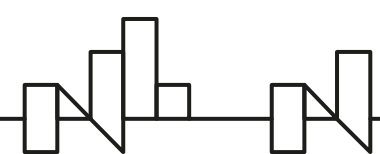
TV today is a result of continuous incremental improvement.



Sustaining Innovation

Sustaining innovation is similar to incremental innovation in a sense that the product is made slightly better with every iteration, reducing defects. The new improved version of the product can be more expensive and have higher margins than the previous one if it targets more demanding, high-end customers with better performance than what was previously available.

However, it might as well be cheaper if it leads to higher volumes and thus higher absolute profits.



Disruptive/transformational Innovation

Disruptive innovation is a theory that refers to a concept, product, or a service that creates a new value network either by entering an existing market or by creating a completely new market.



How disruption happens

In the beginning, disruptive innovations have lower performance when measured by traditional value metrics but has different aspects that are valued by a small segment of the market. These types of innovations are often capable of turning non-customers into customers but do not necessarily appeal to the needs and preferences of the mainstream customers, at least not just yet.

