



A new basis for competitiveness in business and technology.

A recent survey of corporate America* showed that executives have aggressive performance goals of 20-30% improvement for innovation over the next 2 years. However, there is dissatisfaction with current organizational structures for innovation because they are not delivering up to their potential and new innovation-improvement initiatives are called for.

The movement to global standards, abundant and free flow of information, the mobility of knowledge-workers and open markets for technology are driving traditional innovation processes to a commodity status. Recognizing opportunity and speed to market are the new competitive weapons togeth-

er with the requirement for new tools, structures and strategies to create value from innovation. Technology remains an important strategic component for any business, but more than ever a unique strategy for its management and exploitation is required. R&D partnering and open or outsourced innovation are evolving new concepts. Furthermore, innovation should not be restricted to products and processes; some of the most effective innovations are being realized in new business models. Within an industry sector, many companies do similar things. They invest

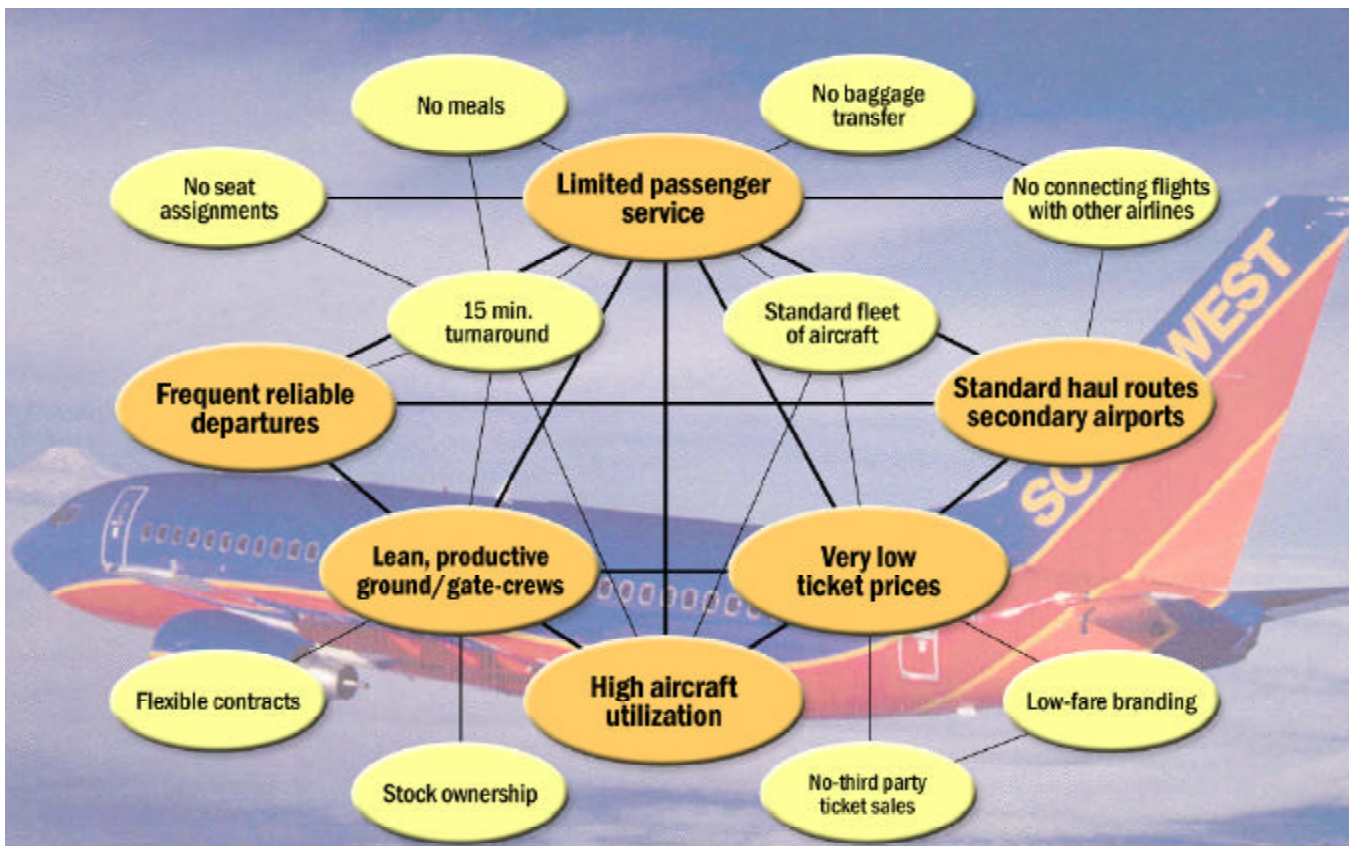
* Innovation's New Performance Standard, Neely and Dehoff, Strategy-Business, March 2004

in the same technology, benchmark each other, form alliances, focus efforts in “best practices,” outsource to the same third parties, rely on supplier partnerships, imitate moves of competitors. If everyone is doing the same thing, how can any one company achieve a sustained competitive advantage? It’s a rat race where only some rats survive! Identifying a winning strategy is about establishing *differences*, creating new strategic positions and making trade-offs. Strategic positioning means performing different activities from those of rivals or performing similar activities in different ways. Dell, Southwest Airlines, Ikea and Starbucks are well-known examples of successful Strategic Positioning in commodity business arenas.

A Technology Strategy is constructed to support key strategic focuses, critical issues and ambitions that are embodied in the Business Strategy of the enterprise. At this point it should be mentioned that “Achieving operational effectiveness, while necessary, is not a strategy,” [as pointed out by Michael Porter, Harvard Business School]. Strategy Elements are the building blocks for a Technology Strategy; they are based on key success fac-

tors, technology trends or scenarios, competitive intelligence, market needs, practices of industry leaders, and of course, the prevailing business strategy. The innovation in strategy development is centred on identifying unique Strategic Initiatives or Positions that are different from those of competitors for each Strategy Element. Unique Initiatives are frequently found by newcomers. Newcomers are more flexible because they face no trade-offs with an existing culture and can more easily perceive new opportunities. Trade-Offs are important for competitive strategy development; they create the need for choice and purposely limit what an organization chooses to do. Trade-Offs mean taking different positions or initiatives with tailored offerings that require different configurations, skills and technology. It is choosing not to be all things to all people. Starbucks chose not to sell cheap coffee or to give re-

Southwest Airlines: A unique network of strategic initiatives.



[From: “What is Strategy?” by Michael Porter, Harvard Business Review, Nov-Dec 1996]

fills. Southwest Airlines chose not to offer baggage transfers or service at major airport hubs. For technology and innovation, many organizations are choosing not to conduct conventional R&D activity and are finding new outsourcing strategies to fill their innovation needs.

The final step in defining an overall strategy is concerned with finding a consistent fit for the various Strategic Initiatives and combining them to form a "strong network." This "Strategic Fit" creates a chain that is as strong as its strongest link; it may be envisaged as finding the unique combination of Initiatives that locks-in a successful competitive strategy. These are the essential principles for a competitive strategy as described by Michael Porter [see "*What is Strategy?*" by Michael Porter, *Harvard Business Review*, Nov-Dec 1996].

Why is this important?

The "best in class" examples of successful strategy in well-trodden sectors are illustrated by the earlier examples. They are difficult to copy because competitors cannot or will not make the necessary trade-offs; witness the many failed attempts by full-service air

carriers to duplicate low-cost carriers like Southwest Airlines. For many companies, the identification of a unique Innovation Strategy is a potential path forward to finding competitive advantage in a world of commoditization and open access technology. Attention is now focused on novel ways to access and exploit innovation, on the skills for implementing technology, and on the insightful management of a Technology and Innovation Network. Critical questions for your own organization's Innovation Strategy:

- Do we have a model for innovation or novel ways to create value with technology?
- Are our technology and innovation functions linked with the current business strategy? How are they linked?
- How is our technology strategy different from that of our competitors and how do we exploit our differences?
- Are these differences linked throughout the organization?
- Are we continually building and evolving in the area of innovation strategy?

ARP Consulting Inc. & Stravigant LLC: Competitive Innovation Strategies.

ARP Consulting, Inc. and Stravigant, LLC. offer a no-obligation confidential assessment of your organization's potential for a competitive Innovation or Technology Strategy. This is accomplished with a remote questionnaire and a feedback analysis based on the many strategy project references in diverse industry sectors that we have in our files. Should a client wish to further explore our approach to strategy development, we offer a demonstration project option as well as a full scope client-project for the development of a competitive Innovation Strategy. Our process employs a unique software for defining consistent-fit Strategy Options. Our experience is that unexpected solutions are frequently discovered for a client's critical issue. We welcome your challenge and can provide project references and client-approved case

studies, where this is appropriate. Please refer to www.alanprocter.com for more background.

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