FACT SHEET

Innovation

Quick Summary

- What is innovation?
- What can innovation do for my business? It is critical to a business's survival and being reluctant to embrace it could cause your business some issues
- It's critical that innovation is implemented in your business plan to make sure it doesn't get forgotten about
- Innovation can include creating new products and services. This means it's vital you understand intellectual property, both on how to protect your own IP and how to avoid breaching other businesses intellectual property.

Introduction

Business innovation is all about the successful implementation of new ideas. It's about finding new ways to increase the efficiency of your business and, most importantly, improve its profitability. Innovation plays a fundamental role in the success of many of the world's leading businesses, and it should in your business too.

There is an important difference between invention and innovation. Invention is coming up with a new idea. Innovation is the commercial application and successful application of an idea. Innovation is the process of introducing something new into your business.
This could be:

- Improving or replacing business processes to increase efficiency and productivity, or to enable the business to extend the range or quality of existing products and/or services
- Developing entirely new and improved products and services - often to meet rapidly changing consumer demands or needs
- Adding value to existing products, services or markets to differentiate the business from its competitors and increase the perceived value to the customers and markets

Various types of innovation

Innovation can mean a single major breakthrough - e.g. a completely new product or service. However, it can also be a series of small, incremental changes. Whatever form it takes, innovation is a **creative process.**

The ideas may come from:

- Inside the business - e.g. from employees, managers or in-house research and development work
- Outside the business - e.g. suppliers, customers, media reports, market research published by another organisation, or universities and other sources of new technologies

It's important to note that even when businesses are experiencing difficult trading conditions that they continue to innovate, so that they're in a better position to compete when conditions improve.

The competitive marketplaces

Competition in all marketplaces has increased as a result of wider access to new technologies and the increased trading and knowledge-sharing opportunities offered by the internet.

Introducing innovation can help you to:

- Improve productivity
- Reduce costs
- Be more competitive
- Build the value of your brand
- Establish new partnerships and relationships
- Increase turnover and improve profitability

Businesses that fail to innovate run the risk of:

- Losing market share to competitors
- Suffering from falling productivity and efficiency
- Losing key staff
- Experiencing steadily reducing margins and profit
- Going out of business

Remember, innovation can be risky but the benefits gained from it can be critical to the continuing success of your business.

Approaches to innovation

There are many approaches to innovation that you could focus on in your business, including:

- Continuous product and process improvement
- Improving your product design
- Upgrading your business model - for example, by offering complementary services or products
- Using new technologies to add value to an existing product or service
- Exploiting a new technology to create a new product or service

However, your approach to innovation will depend on your business strategy, capability, market understanding and finances available.

Encouraging innovation

Good leadership is essential. You will need to manage people and resources, consider any risks to your business and market, and be prepared to be flexible to respond to them. Some innovative ideas may just come out of the blue. However, when planning innovation, you should ideally have:

- Innovation as part of your business strategy
- A strategic vision of how you want your business to develop - if you dedicate your time to monitoring trends in your business sector, you can then focus your innovative efforts on the most important areas

Assessing profit potential

Assess the competition - Find out who your competitors are and where they operate.

Use the internet and advertising sources to find out about their products, prices and operating culture. This can give you an overview of their selling points, as well as any areas you might be able to exploit.

For example, if the competition is focused on value for money, you might want to emphasise the quality of your product or service.

Study market or industry trends - Awareness of the climate in which your business is operating will help you to plan.

You can find a lot of information about your industry on the internet or in Business and trade magazines. A couple of examples of general trade magazines are:

Business Matters - www.bmmagazine.co.uk
Elite Business - elitebusinessmagazine.co.uk

Involve your suppliers and other business partners - Pooling your resources with your suppliers or other business partners will help to produce and develop creative ideas. Potential partnerships can also be developed through business networking opportunities.

A vital step in accessing profit potential is to analyse how it will affect your outgoing costs. Innovation could mean some upfront costs could be incurred, which unless planned through, could cause your business some issues. Consider the possible repercussions in taking a particular step towards innovation. Ask yourself:

- What extra training will my staff require?
- What extra resources will I need?
- How will I finance this work?
- Am I creating intellectual property that needs protecting?

Intellectual Property

Innovation may involve the creation of new Intellectual Property (IP) for your business. Intellectual property covers a wide range of business assets, from copyright to trade marks, and patents to design rights. If you have a business, you are likely to own intellectual property and make use of other people's intellectual property within your business activities.

Intellectual property lets people own the work they create. It can be any of the following:

- Brands and logos
- Inventions
- Software
- Designs
- Music
- Books
- Poems
- Paintings
- Photography
- Other kinds of creative work

To learn more about intellectual property, head over to the 'Protecting your IP' factsheet.

Need more support?

Get in touch!

For more information visit **www.businesslincolnshire.com** where you can request support from one of our advisers by filling in the online contact form.

@businesslincs businesslincolnshire@lincolnshire.gov.uk