Goldense Group, Inc.
Survey
Finds That Innovation Training Is A Missed Strategic Opportunity
Part 1 of 5 – October 21, 2008

The GGI research was conducted between August 2007 and January 2008. Questionnaires were mailed to product development professionals in a wide range of fields, from North America, Europe and Asia. Responses were received from 209 companies from such industries as aerospace & defense, electronics, chemicals, software and medical products. The questionnaire contained 30 questions covering the following areas: demographic profile, innovation environment, innovation processes, innovation identity, innovation tools, and top corporate-level R&D metrics.

In the "innovation environment" portion of the survey, GGI examined four models of innovation. The first type of company is the pure "Innovator" – a company that is consistently first-to-market with "new to" platform products. The second type is the "Innovator-Extender" that creates an innovative platform and then develops numerous derivatives, by redesigning, adding features and other extensions. Companies with a "Balanced" portfolio, on the other hand, generate an assortment of offerings from blockbuster innovations to knock-offs. "Extenders" are those companies that are rarely first-to-market but tend to be late entrants that compete on "value" or support.

The GGI survey found that only 5 percent of respondents identified themselves as pure "Innovators." One-fifth of the respondents reported that they were "Extenders," late entrants who compete mainly on price. This leaves three-quarters of respondents in the middle ground of "Innovator-Extenders" or a "Balanced" portfolio containing innovative products as well as me-too offerings.

The research found, however, that there continues to be a perceived emphasis on innovation across industries. Eighty percent of respondents said that innovation would be "more" or "much more" important in the next five years than it was in the 1990s. Goldense Group Inc. researchers examined whether this perceived and continuing emphasis had yet manifested itself in the form of increased training and increased funding for resources to enhance or enable innovation.

The study discovered that 47 percent of respondents reported that the "innovation course content" of company training was "more" or "much more" than it had been in 2000. By contrast, more than three-quarters (76%) of respondents reported that since 2000 there has been "more" or "much more" "investment in…innovation assets."

"The big thing is management's lack of awareness [of what] you can do to train your people…[Many] people have been inventing things [to teach] people [to be] more innovative." For Goldense, the gap between training and investment in innovation reveals a strategic opportunity. "Organic innovation is what creates Wall Street value," said Goldense. "There is a strategic opportunity being missed due to a lack of awareness of what's available to make people organically innovative…unless you train your people you are not going to have organic innovation. Management is generally taking [an] approach [of] investing money and not training people."

The increased investments in innovation, concludes Goldense, most likely indicate a strategy based on Open Innovation – purchasing innovation or innovative assets from other parties, rather than developing the skills and abilities to innovate in-house. By emphasizing investment more than training, says Goldense, many companies are missing an opportunity to develop innovation as a company-wide capability. If organic innovation is the proven source of long-term value then, warns Goldense, "strategically, we seem to be heading down a more risky path."

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