

A Innovation and the development process

Enrique Sanchez is head of new product development at a large consumer products company:

'We want to foster creativity and innovation – the development of new ideas. Ours is a large company, but we want to avoid becoming bureaucratic, with slow decision making. (See Unit 1)

We encourage corporate venturing and intrapreneurship, where employees develop entrepreneurial activities within the organization, working on their own projects outside the usual frameworks; we allow them to spend 15 per cent of their time on this. We set up skunk works, away from the main company sites and outside the usual structures, to work on innovations. This is the way we do our new product development. The most famous example of this was IBM, when it developed its PC away from the company's main research and development sites.

We firmly believe that companies have only two basic functions: innovation – developing new products and services – and marketing them. Our marketing people are heavily involved in new product development. They get the reactions of focus groups – groups of consumers who say what they think of the product – at a very early stage in the development process.'



B Pioneers and followers



'One problem is to know whether to introduce a product or service before anyone else, or to wait for others to introduce similar products. Some say that if you bring a product to market first, you have first mover advantage – you can influence the way the market develops. These companies are trendsetters or innovators. Others say that it's better to be a follower and learn from the mistakes of the pioneers.'

Note: 'Pioneer' is also a verb.

C Shakeout and consolidation

A new or emerging industry, perhaps one based on a new technology, can be attractive – the future structure of the industry is not yet established and there is room for many competitors. But as growth in the new market slows, smaller competitors with higher costs can no longer compete. They drop out or are bought by the larger companies in a process of shakeout and consolidation, leaving the larger companies with the resources to dominate the industry, which is now mature.

- 20.1 This article contains words from A opposite. Complete it by choosing the best phrase (a-d) below to go in each of the gaps (1-4).

INTRAPRENEURSHIP

Increased global competition is forcing large companies to consider more venturesome ways of stimulating product ideas

As a theory, intrapreneurship, where large established companies turn to internal 'entrepreneurs' for breakthrough innovations, sounds like a good idea. On the surface, nothing can be more efficient than

(1)
In practice, things have not been that easy. (2) many companies which have ventured into the world of intrapreneurship have failed to reap any benefits. After its birth in the

1960s, the concept fell out of favour in the mid-1980s. Fostering different cultures in the same organization has proven to be difficult, while remuneration has also been a problem.

Intrapreneurship seems to have been perceived to be more effort and pain than it was worth. There is an increasing recognition that (3) Most of the corporate venturing activity in the past has been centred around US companies, and the concept never really caught on in the UK. But increased competition in global markets and the pressure for

innovation is forcing Britain's large companies to look for methods to stimulate ideas for new products.

(4) companies through corporate venturing and intrapreneurship may be given new life in the UK. 'Too many UK companies used to lack global ambition, but now, those who want to compete internationally realize that they need to innovate,' says Jim Martin, director of technology investment at 3i, the venture capital group.

Financial Times

- a The push for innovation among large
- b encouraging innovation among employees so that they come up with mould-breaking products and ensure the company's survival.
- c the nature of big companies is to stifle innovation and entrepreneurship, hampering their performance in the global arena.
- d Apart from a few examples of success,

- 20.2 Complete the sentences with appropriate forms of expressions from B opposite.

- 1 The alliance put ARM in partnership with Psion, the early of pocket-sized computers.
- 2 Freeserve was the first Internet service provider to drop upfront charges and, with this , came to dominate the UK market.
- 3 But when one company a successful business, competition inevitably intensifies. Consumers benefit from the resulting cuts in prices and improvements in quality.
- 4 So far Taiwan has always been a , making things invented elsewhere more cheaply.

- 20.3 Look at the following facts about the development of the market for online book sales. (They are not in chronological order.) Complete the facts with appropriate forms of expressions from C opposite.

- 1 Some smaller companies stopped selling altogether: they ...
- 2 There is a trend towards fewer and bigger companies in the market, a trend towards ...
- 3 Amazon and a few others lead the industry: they ... it.
- 4 The market is no longer young: it is now ...

Over to you



Is it always difficult for large organizations to come up with innovative ideas and products? How does your organization, or an organization you would like to work for, produce new ideas?