Preparing for Innovation Economy

What is the issue?

- The gravity of business growth is shifting from capital to creativity, and in this, the market belongs to the most vigorous innovator.
- In this context, here is an assessment on the challenges and priorities for the business community in the innovation economy.

What is the emerging trend and how should businesses evolve?

- Innovation economy is that which is light on assets and heavy on knowledge.
- Data is overtaking experience in making decisions and directing strategy.
- ML (Machine Learning), IoT (Internet of Things), and blockchain are becoming vital for producing innovations.
    - Businesses will have to be equipped with the tools for acquiring, analyzing and applying data intelligence.
    - Skilling every employee to work in a highly automated environment is also essential.
- The innovation economy takes away security from businesses.
- But it offers unprecedented rewards in the form of lightning-fast growth and great market dominance.
    - In the innovation economy, an unconventional and risk-taking mindset is the key to business leadership.
    - It is also essential to break away from the business models that cannot keep up with the market's evolution.
    - A modern business leader must have a strategy to reinvent even a successful business.
- The first-mover advantage (gained by a company from being the first to establish itself in a given market) is brief.
- This is because capital and technology are now easily accessible to anyone.
- So it is much easier to imitate and enhance a successful product in the new economy than it used to be.
    - Therefore, besides being quick with innovations, companies also have to continuously listen to the user and upgrade products frequently.
- The main feature of innovation in the new economy is the delivery of total solution to the customer.
- Aggregation and intermediation are central to innovation and delivering

convenience, efficiency and economy to the customer.

- Innovation, in this context, is more of a collaborative venture.
    - Business leaders have to persuade investors, employees, suppliers, customers and even regulators to back disruptive innovations.
- Regulators are increasingly playing a critical role in bringing innovations to market.
- Bringing an innovation to customers can take a lot of money and work hours without any guarantees of returns.
    - Business heads thus need to be determined and resilient, and they have to keep betting on crazy ideas.
    - It also requires them to be in touch with the ground realities as innovation is often a bottom-up process.
    - Maintaining direct communication with customer-facing employees is essential to ensure that middle management does not block either information or ideas.
- Leaders of conventional businesses face the challenge of insuring the future with innovations while preserving existing revenues.
    - One way of preserving a successful business and reinventing it at the same time is to sandbox innovations.
    - [A parallel organisation may be set up to experiment with disruptive products and models.
    - If the alternate venture succeeds in taking the market away from conventional competitors, the mother company could be absorbed in it.]

Source: Financial Express

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