Innovation as a Threat

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Innovation & Knowledge Management

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Introduction

Innovation is explained as any thought, behavior or a thing which is new. An innovation can be big or small, brand-new or just slightly different, it does not matter. An innovation can be clearly complex or seemingly simple. Innovations are often thought of in terms of technical achievement, but can also be a design. The type, industry and style of innovation are irrelevant; an innovation's impact determines its qualifications.¹ There are many different types of innovations, there is breakthrough and disruptive, closed source, general, incremental, open source and sustainable innovation. The different types of innovations are being used to strengthen a company's working methods and/or to strengthen/optimized their products.

Innovation, in this present era, is used to describe many industries. In most cases, the word is used as a positive descriptor. While making a Google search of the word “Innovation”, about 108,000,000 hits will appear with only about 2-3% account for any negative facts of the phenomenon. It is in very rare occasions that we stop to think whether the new product, process or design can have negative impacts. If we consider some of the academic definitions of Innovation, one of which is given by H.G. Barnett in Innovation in the Basis of Cultural Change where the concept is explained as “any thought behavior, or a thing that is new, because it qualitatively different from existing forms”. Diffusion of Innovations, giving a definition, described as “an idea perceived as new by the individual”.² By looking at the two quotes from recognized publications and the brief description given on paragraph above, one will observe the fact that they are very neutral in their context which passively will indicate that Innovation might give negative consequences as well.

The idea of Innovation being negative could be explained in much simpler terms. In the book, The Myths of Innovation, Berkun Scott states, “What we usually call good is never beneficial to everyone: it depends on who you are and where you stand”.³ A concept innovators and managers should always keep in mind. Although, this might be perceived by many as blocker of innovation, for every necessity to innovate there must be an evaluation on its benefits towards the society.

Obsolescence, brought by Innovation

One of the threats that comes along with Innovation is the idea of the existing element being Obsolescent. A research paper from The Intersection of Design & Innovation concentrated on this idea of how The Waste Makers explain this concept. They classified Obsolescence into three categories, namely, Obsolescence of Quality, Obsolescence of Desirability, and Obsolescence of Function.

• **Obsolescence of Quality**: A product breaks down in a pre-determined time frame.

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• **Obsolescence of Desirability:** A product becomes worn-out in the mind of the consumer, encouraging them to buy a new one.

• **Obsolescence of Function:** The consumer wishes to replace their version of a product with a product which is able to perform the function better.

Discussions in the IT Industry and other industries that are experiencing the obsolescence of products, argue that Business Leaders are the ones who should make the decision to push the new products into the market with such high frequency. On the other hand, there is the Consumer pull, with the demand to drive these products onto the markets. In the business perspective of innovation as a threat it could be interesting to look at the “throw-away society” we live in. Customer attention to products is constantly changing, as there is always a newer product with newer features. The IT industry is the industry experiencing obsolescence on a regular basis, with the technology evolving at the speed it does now.

**Disruptive Innovation and its Negative Effects**

Disruptive Innovation makes a direct impact on the business model of the company. In other words, it is a disruption on the business model: what do we sell; how do we make it; how do we sell, how do we distribute and support it; to whom; and against whom.

There are two factors that are accountable for the companies’ way of dealing with disruptive innovation, the first is motivation and the second is the ability to react. If companies choose to work with the disruptive innovation it is important that the products that are a direct result from the work are understandable. With innovation of technological products it is very important that the products become understandable otherwise people will not be interested in them.

The companies may chose not to react on the disruptive innovation that they have due to reasons such as their knowledge to the market tells them that it be better not to introduce this new knowledge as it might reduce their current market share.

If we look at Palm PDAs, which was booming in the 90s, and compare them to the companies making the smart-phones, we will be able to see a very interesting trend. When PDA first came out, it was known as an organizer and was the market leader in what it does. On the other hand, when cell phones came to the market, the function that it had was the phone app; other than that it didn't have all those functions of a PDA in which Palm specialized. The closing years of the 90s saw the emergence of RIM which brought BlackBerry and SonyEricsson came-up with their P-800 combining aspects of a PDA and cell-phone together. The first few years of the new century saw the cut in the market share before Palm would launch the Treo in 2002. But, the damage was already been done. Palm saw SmartPhone market rise, they also had the know-how but, their idea

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4 Hare, Alastair. op. Cit.
6 MIT Sloan management review. 31 october 2009 http://sloanreview.mit.edu/search-results/?cx=015845200821302873875%3Afugcalfzom40&cof=FORID%3A9&ie=UTF-8&q=disruptive+innovation&sa=GO
of not effecting the current market share or not innovating and taking the next-step became the fall of the Palm PDA technology.

**How to Anticipate Innovation Which Might Result as a Threat? Precautions**

To manage and keep-up during a time of technological innovation is not an easy job, especially nowadays when all companies continue to launch new products in order to differentiate themselves. However, there is a heavy risk that a lot of companies will not be able to manage their innovation - customers will not be interested in using the new product.

To try to avoid or, at least, to prevent it and then be able to efficiently manage the innovation process, companies should have a great knowledge of the market they want to deal with. They should evaluate all the best opportunities, consider all the possibilities before deciding on a strategy that may not be right for the company. If a company is not aware of all these factors, it might be a waste of resources to set up an innovation process.

**Conclusion**

The purpose of this paper is to give an overview of Innovation, to start with, and then look at how it can also be a threat; to an individual, society and even to companies and industries. Companies want to innovate to get the competitive edge in the market, make money and provide a service. As an individual, we want new products to meet our needs, do a particular task better as we want a change. Quite a few times companies failed to analyze the market properly, they lost their very lucrative market share. Innovation is essential for all of us. Nevertheless, we must find a common ground where we can find equilibrium so we are able to move ahead without creating much disturbance to the society.

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Note to the Readers: All facts and figures have been gathered from the sources mentioned above and from lecture notes from our attended classes.