

- **Principles of Innovation (hard core of the discipline)**

by Peter Drucker

- **Introduction**

- 1 “Miracle cures” exist
 - Can’t be duplicated, replicated, taught
- 2 Flashes of genius that can’t be converted into an innovation
 - With existing material
 - Or won’t be well received by society or economy of the time.

- **DO’S**

- 1 Analysis of opportunities (conceptual)
 - Thinking through the sources of innovation opportunities
 - In different areas, different sources, will have different importance at different times.*

*All of the sources of innovative opportunity
Should be systematically analyzed
Systematically studied*

- Search must be organized
 - Done on a regular, systematic basis.
- 2 Go out to look, to ask, to listen (perceptual)
 - Work out analytically what the innovation has to be to satisfy an opportunity
 - Look at customers, the users

*Receptivity can be perceived, as can values
Can perceive that this approach will not fit in with the
Habits
Expectations*

*What does this innovation have to reflect ...
So that the people who have to use it
Will want to use it, and
See in it as their opportunity?*

- Expectations
- Values
- Needs
- 3 Simple, focused
 - Even the innovation that creates new uses and new markets should be directed toward a specific, clear, designed application. It should be focused
on a specific need that it satisfies,
on a specific end result that it produces.
Should do only one thing.*

- 4 Capable of being started small
 - Do one specific thing
 - Require at first
 - Little money
 - Few people
 - And only a small limited market
 - Time to make the adjustments and changes
 - Initial innovations rarely are more than almost right
 - The necessary changes can be made only if
 - The scale is small
 - The requirements for people and money fairly modest.
- 5 Aim at leadership within a given environment.
- **DONT'S**
 - 1 Try to be clever

Innovations have to be handled by ordinary human beings
 - 2 Diversify, splinter, try to do too many things at once

Core of unity to innovative efforts

Market unity is better

The people who put it into effect have to understand each other

Needs the concentrated energy of a unified effort behind it.
 - 3 Try to innovate for the future. innovate for the PRESENT!
 - An immediate application in the present
 - Knowledge has to be available in the present.
 - See the Edison Example.
- **CONDITIONS**
 - 1 Innovation is work.

It requires

Knowledge

Often, great ingenuity

Rarely work in more than one area (field)

Talent, ingenuity, predisposition

Hard, focused, purposeful work making very great demands on

Diligence

Persistence

Commitment
 - 2 To succeed, innovators must build on their strengths.
 - Look at opportunities over a wide range.

- Then ask—Which opportunities... ?
 - Fits me
 - Fits this company
 - Puts to work what we (or I) are good at
 - And have shown capacity for in performance
 - Temperamental fit
 - Have respect
 - Important to
 - Make sense to them
- 3 Innovation is an effect in economy and society
 - Innovation is...
 - A change in behavior of...*
 - Customers*
 - Teachers*
 - Farmers*
 - Eye surgeons*
 - People in general*
 -
 - A change in process*
 - How people work and produce something*
 - Therefore Innovation always has to be
 - Close to the market
 - Focused on the market,
 - Indeed market driven.
- **The conservative innovator**
 - The entrepreneurial personality —"no such thing"
The propensity for risk-taking
 - Successful ones are not "risk takers"
 - Define the risks they have to take & minimize them
 - Confine risks
 - Systematically analyze the sources of innovative opportunity
 - Pinpoint the opportunity
 - Exploit it
 - "Opportunity focused" not "risk focused"