

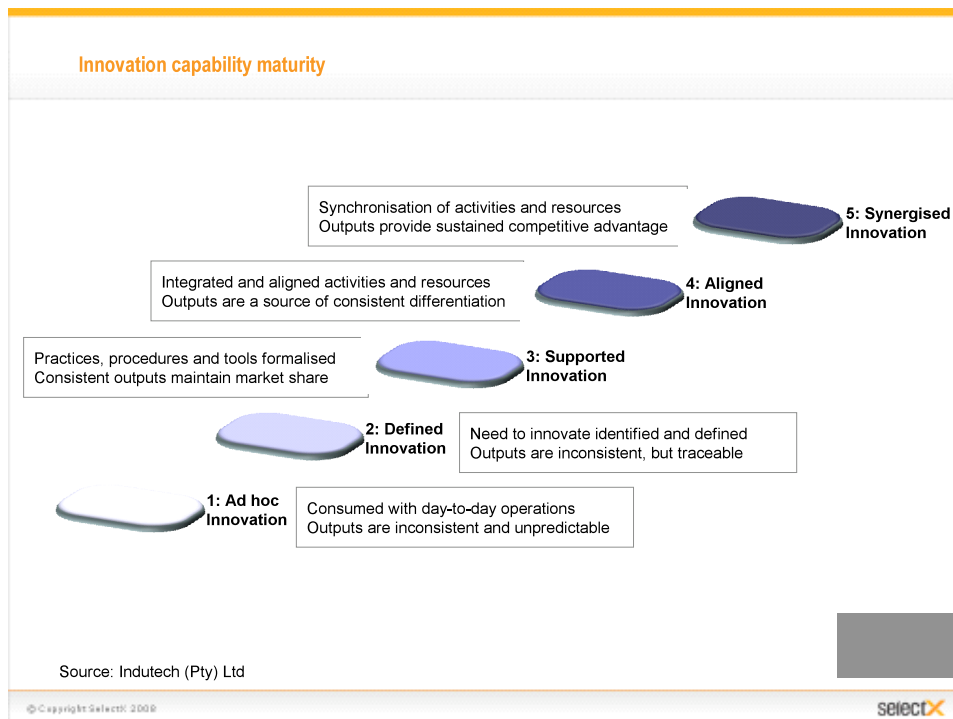
## THE VALUE OF INNOVATION

When times are hard and sales are falling, companies have three options: do nothing (potentially fatal); cut costs (better, but short-sighted, especially if the wrong costs are cut); or take a good look at their business, make it fit to endure the bad weather, and take steps to ensure that, when the outlook improves, they are well placed to exploit the upturn – *and outpace competitors*.

Of course, prudent organisations, before the downturn, will have looked well into the future, foreseen the possibility of an end to continuous economic growth, an end, in some cases, to almost limitless consumer spending on the back of cheap credit, and the fast ebbing of the tide of consumer confidence beneath the looming spectre of job losses. Those companies will have planned accordingly.

At times like these, being able to innovate can make the difference between death and survival. But regardless of economic conditions and other environmental factors, innovation is vital if businesses are to avoid the threats and exploit the opportunities forced on them by a rapidly changing world. Having vision, being able to turn vision into reality and using the changing world – such as advances in technology – to their advantage enable companies to stay ahead of competitors. That doesn't guarantee increased profitability – life is more complicated than that – but innovation capability is an important form of competitive advantage.

Our partners Indutech have done a great deal of research in this area and have identified six levels of innovation, ranging from Level 1 – 'ad hoc', with inconsistent and unpredictable outputs as a result of preoccupation with day-to-day business – to Level 6 – 'synergised innovation', providing sustained competitive advantage through synchronisation of activities and resources.



Level 6 on the scale means embedding innovation in the organisation, making it a core activity supported throughout the enterprise by the application of skills, knowledge and other resources

as appropriate. Innovation is systematic, not random or accidental, and is instilled in the culture of the firm.

Where would your company appear on this scale?

But strong innovation capability is no good without being able to run the business at the same time. It's a neat balancing act – innovating, turning those innovations into product sales, initiating product enhancements... but at the same time innovating afresh. And then bringing those new products to market, repeating the cycle. And remember that innovation is not confined to products; it can be applied to all aspects of business, to all parts of the value chain, to anything that affects stakeholders and profitability.

Niek Du Preez, Indutech's CEO, draws a sporting analogy (with the Springboks firmly in mind). He likens innovation activity as 'Wednesday training' in preparation for the 'Saturday games' (when results count). You can't just practice, you have to play; and you won't play a decent game without practice. But you need to build the best expertise and processes into your practice. That way you can beat the world in the weekend game – as the Springboks have proved.

So how good is your organisation at practicing on Wednesdays? SelectX, in partnership with Indutech, can help you improve your Saturday games. Then you can come out of the recession a real winner.