

# INNOSTRATEGY

## Innovative strategic web-tool

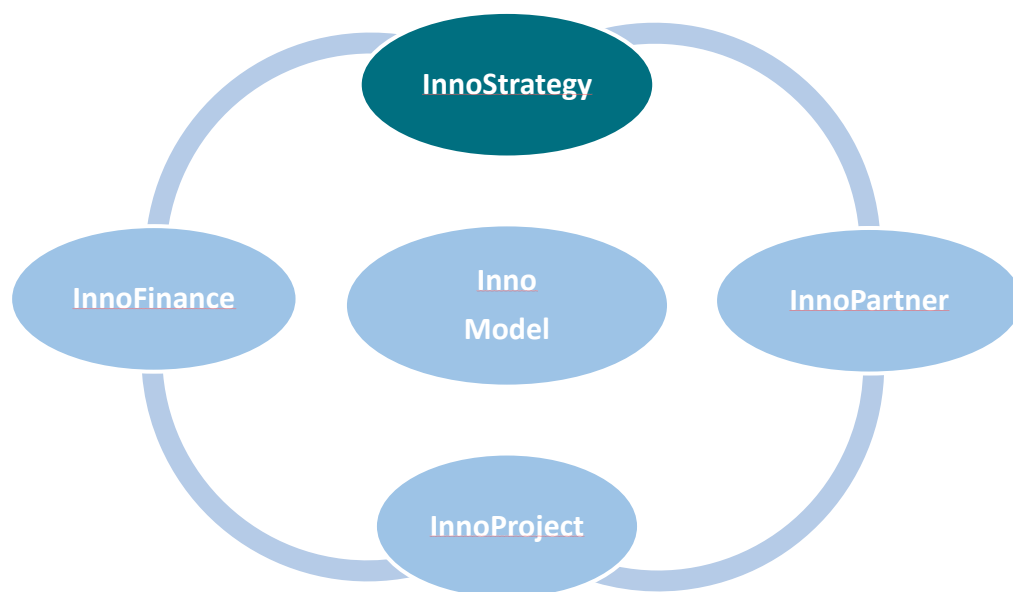


## 1. Concept of InnoStrategy

**InnoStrategy tool** is a know-how on how to methodologically connect the critical elements of SMEs development strategy, the technological plan, and the plan for positioning of new product/service at markets.

**The main aim** of InnoStrategy is to provide a systematic approach towards the development of innovations, creating a good base for every individual innovation project the SME plans to undertake in the near future.

**The objective** of InnoStrategy is to identify and articulate the most suitable development strategy for the company by closely exploring the opportunities and threats arising from the markets, the intensity of the competition and company's existing internal resources and capabilities vis a vi the required technologies for development of new products and services, or the introduction of new processes.



**The focus** of Innostrategy is oriented **on how innovation helps with achieving your company goals.** The InnoStrategy tool works as a strategic management guide tool for business strategy development.

## 2. Elements of InnoStrategy

InnoStrategy builds on the practice of high performing SMEs. Firstly, the company should briefly describe the SME strategy. The application of the InnoStrategy can be described as an explicit roadmap for the desired company (SME) future. Further, it includes the following key steps:

1. **Market Pull,**
2. **Technological Pull,**
3. **Setting Development Goals,**
4. **Defining Aggregate Plan of the Projects, and**
5. **Types of development projects.**

Building innovation into your strategy development process starts with making a deliberate choice of focusing on the best possible way to win as well as justifying the reasons behind that choice.

1. **The Market Pull** is focused on the defining and linking the product/market elements of the SMEs, to the specific development projects and includes 4 important questions that the company (SME) must answer:
  - a) Which products will be offered (width and depth of the production line)?
  - b) Which will be the target buyers (the boundaries of the market segment to be served)?
  - c) How the products will reach those buyers (which distribution channels will be used)?and
  - d) Why buyers will give preference to our products in terms of the competing products (recognizable attributes and values)?
2. **The Technological Push** is focused on the technological development of the company (SME). The goal is to lead the company in the procurement, development, and application of technology for creating a sustainable competitive advantage. The technological push includes 2 important questions that the company (SME) must answer:
  - a) What is the focus of the technological development of the company? and
  - b) Which technologies are critical for the competitive advantage of the company?

In this context, the technology must include the knowledge (“know-how”) that the company (SME) needs to develop, and it is related to the development, the production, and the marketing of its products, and their delivery to the final buyers.

3. **The market pull and the technological push provide input for identifying the development goals of the company (SME).** Once the scope, focus, and resources of SME's capabilities are defined, the company (SME) is focused on Setting Development Goals. These goals need also to reflect the basic business goals and objectives of the SMEs. **Setting Development Goals** need to be **SMART** and at the same time, at project implementation level, all innovative projects need to have objectives which will be aligned with the overall development goals of the company (SME), and they need to have well defined indicators for monitoring.
4. **Defining Aggregate Plan of the Projects,** planning is the first primary function of project management that precedes all other functions. The process of the elaboration of the developmental goals integrates the technology and the financial plans, from the aspect of justification and intentions. The aggregate plan of projects represents the 2<sup>nd</sup> scale of integration, at the level of the individual projects and resources. The reason for the plan is to provide a group of projects to complete the development goals and to build the capabilities of the organisation, needed for the realization of the projects.

The first step in developing an aggregate project plan is to ensure - development resources that are used for appropriate types of projects and for their combination. The development of an Aggregate project plan is consisted of 7 successive steps:

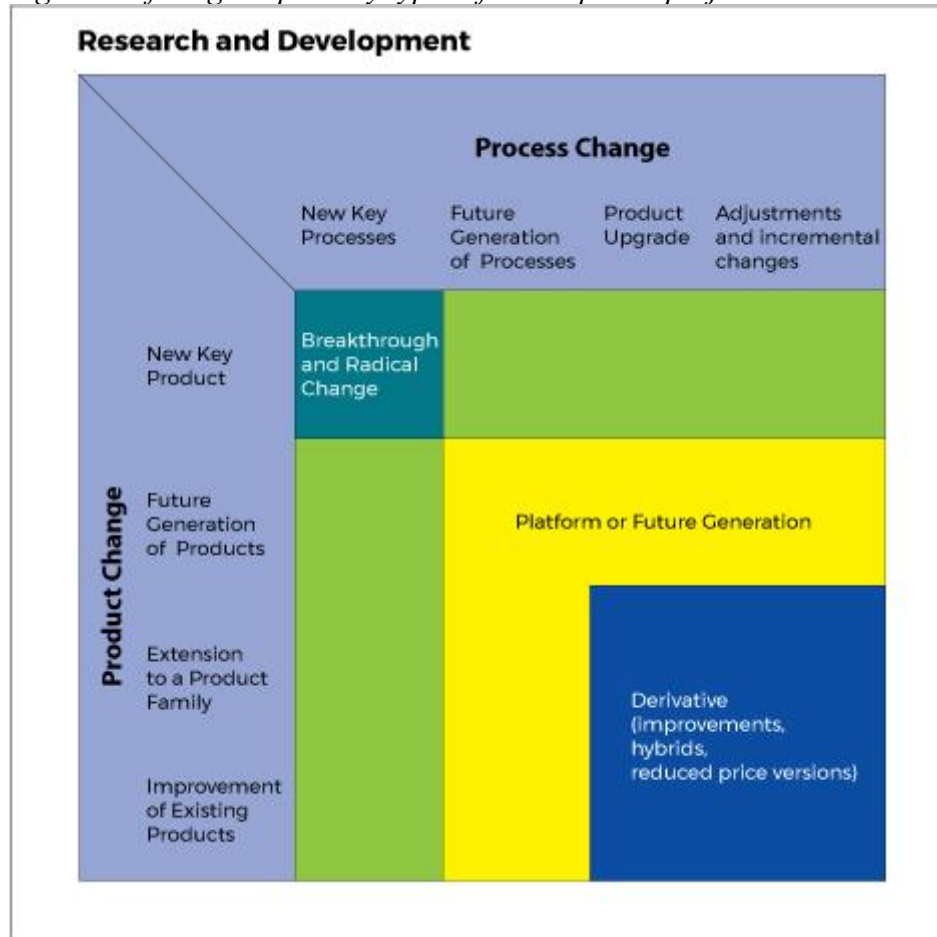
- ✓ **Step 1:** Define the types or the classes of the development projects that need to be covered by the aggregate project plan.
- ✓ **Step 2:** Define the critical resources and time of the cycle necessary for completion for each particular type of project.
- ✓ **Step 3:** Identify the existing available resources for development efforts (especially human resources, according to Step 2), and the actual active projects with their end-of-life requirements.
- ✓ **Step 4:** Calculate the use of the capacity based on the results of Step 3.
- ✓ **Step 5:** Define the desirable future combination of projects according to types.
- ✓ **Step 6:** Decide with which projects to start.
- ✓ **Step 7:** Determine and integrate them into the planning of projects the needed future changes to improve the development performance (speed, productivity and quality).

Once the Aggregate plan of projects is defined and prepared, regardless of the number of project in it (it could be one if it is a Start-up), the company(SME) begins with its implementation. The implementation is approached through a combination of the methodology for managing the introduction of new products and the standard methodologies for project management and implementation.

5. **Types of development projects,** the differentiating of project types is important not only because it clarifies the managerial considerations for planning, employment and the implementation of individual projects, but it also helps in the development of the

aggregate project plan since each type of project requires a different level of resources. In most SMEs, development projects belong to one of the 4 types shown in image below.

Figure: Defining the primary types of development projects



Source: Dukovski, V., (2008) “Management of new product development”

Within the Innostrategy framework of the SMEs, we identify the following **5 types** of development projects:

1. Research and development / advanced development projects,
2. Joint or partner projects,
3. Incremental or derivative projects,
4. Reversal projects or radical projects, and
5. Platform projects or projects of the next generation.

Given the specific nature of the development projects and the common problems encountered in developing and implementing them, there are specific approaches that can improve the management process. It is the linked 5th InnoTool – InnoProject.