

## 2.2 Innovation objects

An innovation can refer to a product, process, or social aspect.

**A product innovation (or service innovation) refers to the development or revision of an existing product or service.**

### Example “Schoko AG” – Product innovation

A past product innovation was a change to the size of a chocolate bar. Long ago, the company introduced a smaller bar (to go with coffee) to sell in addition to the standard 100g chocolate bar.

Truly innovative for the future would be to create chocolate with the same taste but significantly lower fat content. However, this would require new technology, as a certain amount of fat content is necessary for the chocolate to be malleable.



Figure 289

**Process innovation refers to the reengineering of business process.**

Business process reengineering<sup>1</sup> should lead to the following:

- reduced production costs and production time through more efficient operational processes
- and/or increased quality.

<sup>1</sup> Business process reengineering: Redesign of business processes

### Example “Schoko AG” – Process innovation

The one-shot method is a process innovation in the chocolate industry that allows chocolate balls with filling to be made in one step instead of three. The older method involved moulding the shell, cooling it down and then injecting the filling. With the one-shot method, this can now be done all in one step. This saves time (no more cooling between steps), reduces costs (no intermediate storage costs<sup>→</sup>) and increases quality (no more injection hole).

→ P.230 Capital commitment and warehouse maintenance

→ Exercise 4

**Social innovations refer to renewal in the area of management and organizational systems.**

**Example** “Schoko AG” – Social innovation

“Schoko AG” has introduced a job rotation system<sup>→</sup> in which employees change their jobs and tasks every six months. This allows them to form relationships across divisions, among other things, and increase their motivation through new challenges.

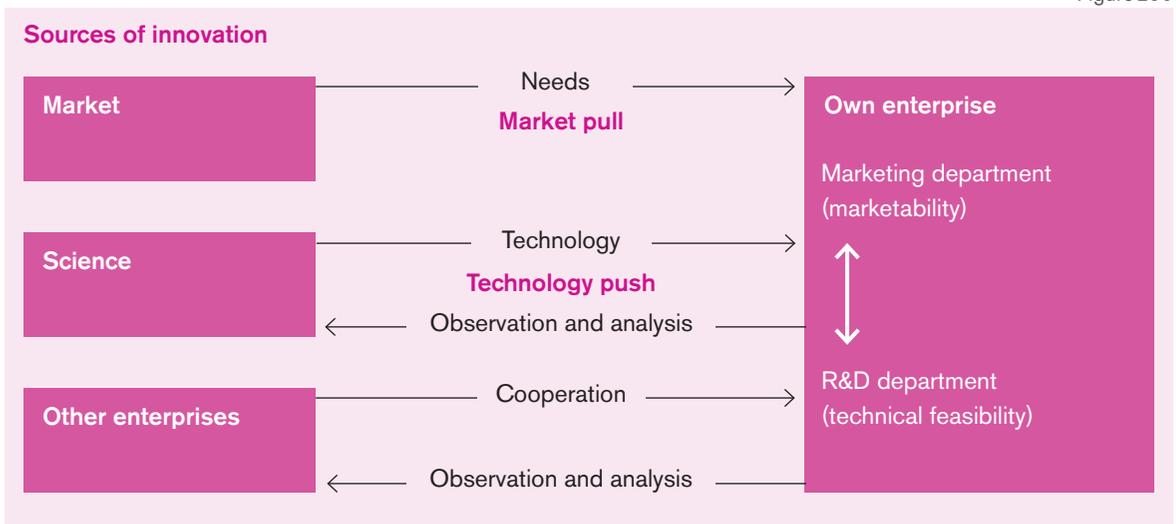
→ P.151 Job rotation

## 2.3 Innovation process

### Sources of innovation

Innovations can originate at four different sources:

Figure 290



**Market** Market-driven innovation (**market pull**) originates from the customer or customer needs<sup>→</sup>. An enterprise will often become aware of a customer need either through direct contact with the customer or through employees who have customer contact, market research,<sup>→</sup> or by identifying trends<sup>→</sup>.

→ P.14 Maslow's hierarchy of needs

→ P.278 Market research

→ P.59 Changing values and trends

**Example** “Schoko AG” – Market pull

“Schoko AG” has realized through surveys that its customers love to eat chocolate but, for health reasons, would prefer chocolate with the same taste but significantly lower fat content (low-fat need). The enterprise develops a new chocolate with 10% less fat.