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## **Innovations of the New Decade**

**Changes in general conditions offer opportunities for success**



Companies are effective if they set themselves the right goals and if they are able to adapt to the changed general conditions! Particularly in recent times, general conditions have undergone changes of gigantic proportions at tremendous speed. Financial markets that are still not fully adjusted, sales markets that cannot regain the previously high levels are only some of the fundamental changes that companies need to deal with. And the currently low prices of crude oil can only mask the fact in the short term that present-day sources will run out and new ones will be more expensive to explore. A further change concerns people as a fundamental resource. Third world countries have a host of young people with excellent university education. In India, research and development in many areas has reached a position to rival that of the USA. Europeans are introducing their experience to Asia. As a result, the Asian markets are taking over the lead from Europe and the USA with respect to the achieved gross national product.

*(Source: IMF World Economic Outlook).*

“The overwhelming majority of successful innovations make use of change.”  
*Peter F. Drucker, “Innovation and Entrepreneurship”, New York 1993, p. 35*

### **What will we need to bear in mind in future with respect to innovations on account of the changes and where will opportunities arise?**

- In future, innovations will have to be evaluated considering the CO<sub>2</sub> emissions they generate and how much oil, gas and water their production and distribution require. Quickly renewable natural resources will be indispensable components in the development portfolio.
- When purchasing new products and services, customers will increasingly reward the supplier's social commitment as well as take into account the safeguarding of local jobs. National innovations and their local implementations, such as those labelled “made in Germany”, are gaining ground once more.
- In a diametrically opposed trend, there are global innovations, which are boosted by international networks. Web-based “innovation incubators” as well as “crowdsourcing” allow a number of creative people to work on one idea simultaneously, whatever their location.
- Markets that used to live on imitations are changing into markets that are becoming ever more creative and producing new offerings. The BRIC countries are coming of age and are also taking on the development functions of new business models as well as service functions.

- Innovations must generate above average margins in order to compensate for the losses in value creation of existing solutions, which are under increased global market pressures, or even to replace them when they become redundant.
- Talents have a differentiated value system. The fight for human resources as creators of innovations will depend on the attractiveness of the employers and their ability to manage culture, improve the working environment as well as change what they offer their employees to achieve a good “work-life balance”.
- With cuts in research & development budgets, the efficiency of the innovation processes needs to be increased. New innovation process models are created by fragmenting and outsourcing process steps.
- The new innovation strategy must be based on an interdisciplinary approach. The links between business science and technologies are no longer sufficient; sociopolitical and geopolitical aspects as well as the relevant cultural conditions need to receive greater consideration.

In light of the permanent worldwide changes to the general conditions, one must also pose the fundamental question: “Are the right goals still being pursued?” Is it not the case that growth targets need to be revised, different priorities need to be set in this area, or new criteria added? This cannot merely consist of a development away from the “shareholder value” back to the “stakeholder value” concept, but instead can open up the fundamental question as to whether sharing success will strengthen the basis, which will then further one’s own success.

It has become clear that there are limits to rampant growth – it is time to find innovative models. It will not be sufficient to return to a social market economy from late capitalism. Responsible sharing is not a socio-political question, but may become the self-preservation purpose of the economy.

To find answers to such questions in relation to individual companies, the changes must be anticipated and brought into the company’s own, new goals, strategies and concepts. Because only those who take trends into account early on in the development of innovation strategies and translate them purposefully into action will come out on top in the relevant market in the long term.