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Why Businesses Struggle to Innovate!

Typically, businesses struggle to innovate because of disproportionate optimism.

Logically, innovation makes a lot of sense and most business owners understand that it's a key driver of their long-term success.

Nevertheless, they often struggle to innovate and fail to engage in the ongoing innovation activities needed to sustain long-term success!



Change Drives the Need for Innovation

Regardless of the strength of the underlying business, the reality is that as time marches on, there is constant change in the environment (the macro environment, industry and market your business operates in).

While change might be slow in some industries, if change is not monitored and acted upon, it will lead to a misfit between the business and its environment.

Ultimately, when businesses struggle to innovate, this leads to a misfit between the business and its environment and results in a loss of competitive advantage.

If unaddressed, as time goes by and change accumulates or there is a period of rapid change, it will result in lower profits and survival issues.

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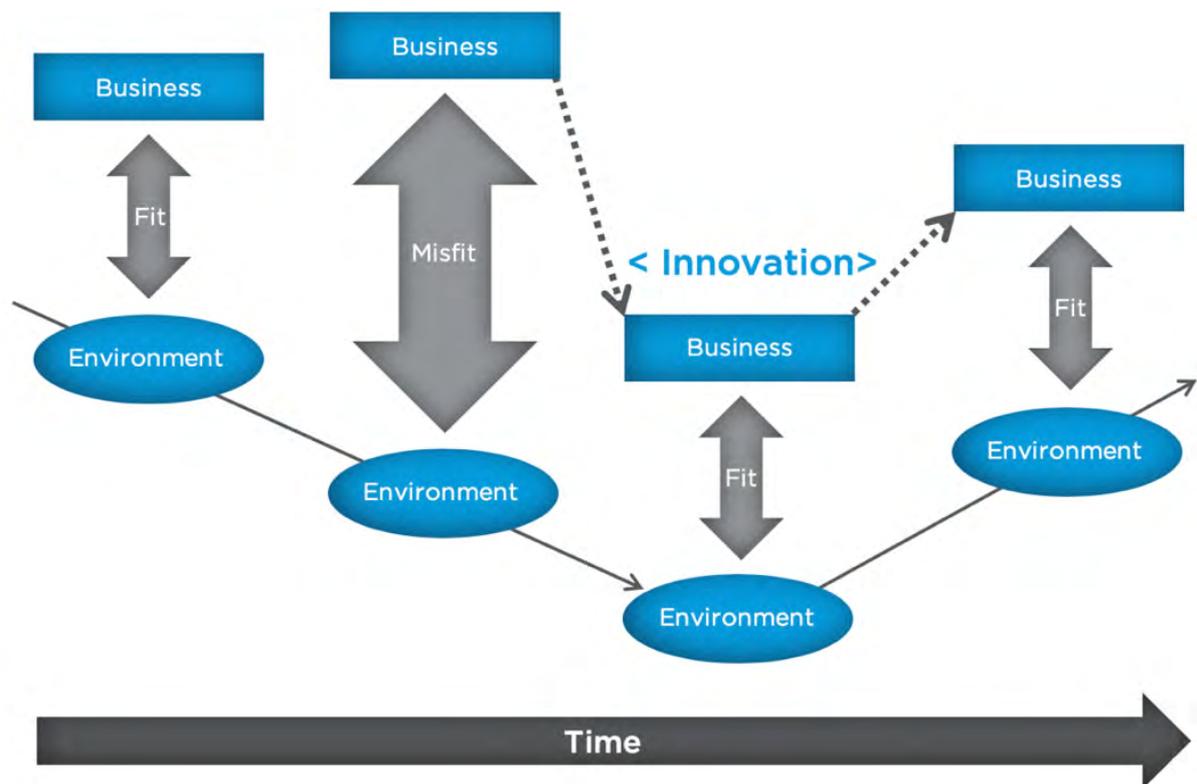
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To sustain a competitive advantage and long-term success, you must recognise the risk associated with change and do something about it.

This means actively monitoring the business and its environment, moving away from the status quo and innovating to find new ways to create and sustain long-term value!

The Key Reasons Businesses Struggle to Innovate

As optimists, we tend to overstate upside and underestimate downside risks.

This leads to business owners underestimating the risks and as a consequence, failing to innovate.

Accordingly, they struggle to innovate because they don't believe there is sufficient risk to warrant diverting resources away from their current income earning activities.

Less pressing issues receive higher priority than they should!

This diverts scarce resources away from the need to invest in the future by developing the innovation competencies necessary to sustain long-term success.

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Priorities, Resource Allocation and Innovation

All businesses have finite resources and the perceptions formed around priorities, typically drive its allocation of resources.

The highest priorities typically receive the 'lion's share' of resources, and a lack of priority leads to underinvestment (a lack of resources).



Businesses struggle to innovate because of disproportionate optimism which leads them to underestimate the risk of change and make sub-optimal prioritisation and resource allocation decisions. This results in:

1. An underinvestment in innovation
2. A failure to develop the innovation competencies required to manage ongoing innovation and sustain long-term value

While today's income is important, so is tomorrow's and the next days.

Simply expecting the future to replicate the past isn't a sound strategy!

If you want to shape your future, you are going to need to invest in the future by giving innovation the priority and resources it needs.

Overcoming the Struggle to Innovate

Typically, most businesses that struggle to innovate have been organised to get their routine work done in an efficient and effective manner.

Innovation isn't a priority; it's a foreign process and requires new skills, processes and management.

While this is true, the reality is that most of the elements required to establish innovation as an ongoing business routine have already been established.

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For those wanting to get started on their innovation journey, it's a matter of priority. It involves:

- Getting some help to ensure that their innovation efforts are first established on a solid foundation
- Developing a suitable innovation strategy for your circumstances, effectively managing your people and implementing the processes and procedures that support creativity and innovation

With the right focus, you can engage in both routine and innovation work needed to maximise both today's income and tomorrow's wealth.

If you would like to understand more about why businesses struggle to innovate and how to overcome it, give the team at [Fortitude Business Consulting](#) a call on [1300 551 040](tel:1300551040).

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