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## What is Innovation Strategy?

What is innovation strategy, is a common question that business owners have.

Given that innovation is critical to creating and sustaining a successful business, it's vital to have a sound innovation strategy.

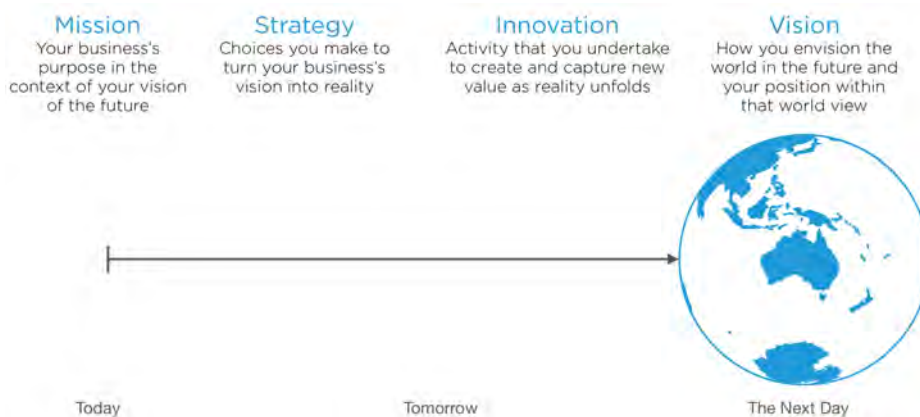
Those that approach innovation on impulse typically perform poorly!

It's critical that the investment in innovation aligns with your business strategy and that it's well managed, otherwise effort, resources and opportunity are wasted.

In essence, innovation strategy is a subset of your business strategy.

What is innovation strategy? – it's a coherent set of choices that defines your investment in innovation and how you will capture value from it!

Together, your business and innovation strategies drive the actions needed to 'live' your mission and realise your vision. They are key to creating your success



## What is Innovation Strategy and How is it Developed?

As with business strategy, there is 'no one size fits all' or 'best' innovation strategy.

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What is innovation strategy? – it's unique to each business!

Every business's innovation strategy needs to be tailored to suit the:

- Demands of the environment the business operates in
- Business's particular circumstances and needs
- Business owner's goals

To a large extent, your business strategy, mission and vision should guide the development of your innovation strategy.

In this context, the development of your innovation strategy depends on the:

- Nature of the broader operating environment, industry and market
- Business's position within the industry and market, and its level of resources and competencies
- Nature of the goals the owners set for themselves and their business



The faster the pace of change in the business's environment, industry or market, and the more growth sought by the owner, the more aggressive the innovation strategy must be.

## What is Innovation Strategy and What Does it Do?

What is innovation strategy? – it's explicit and reinforces your business strategy and drives business growth!

Effective innovation occurs when you have an explicit innovation strategy that correlates with and reinforces your business strategy and growth plans by:

- Guiding the choices and trade-offs that must be made with respect to your innovation efforts
- Aligning your innovation activity with your customer value proposition
- Guiding the development of the key resources and capabilities needed to generate, capture and protect the value you create

While your business strategy should guide the development of your innovation strategy, it should not be unduly restrictive.

You must leave room for your business strategy to emerge as you explore the unknown, build knowledge and capability, and capture the otherwise unforeseen opportunities.

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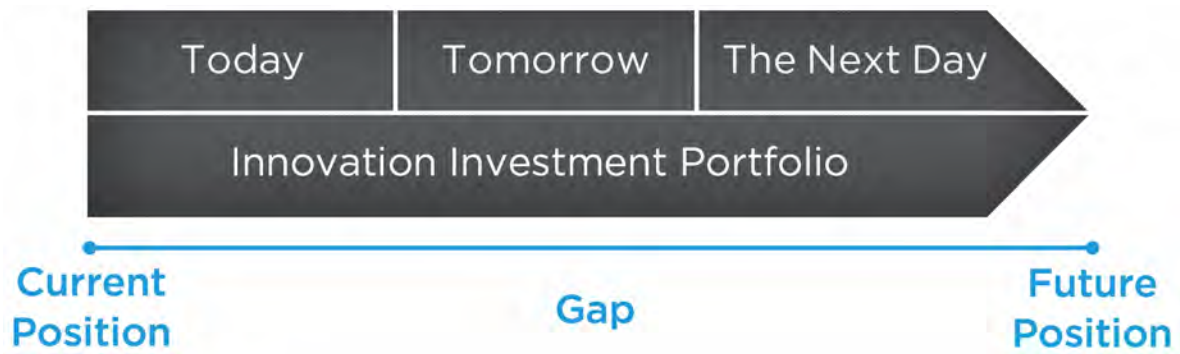
## How Does Strategy Guide Your Innovation Investments?

Sustaining a competitive advantage requires a degree of flexibility in managing the complexity and the uncertainty that exists as the future unfolds.

To maximise success, you must focus on what you will be doing across a range of time frames, not just in the moment focusing on current demands.

What is innovation strategy? – it guides your innovation investments, what you will be doing in the:

- Short-term – ‘today’
- Middle-term – ‘tomorrow’
- Long-term – ‘the next day’



By focusing on a range of time frames, you can build a portfolio of innovation projects that will bridge the gap between where you are today and your desired future position.

Moving beyond just focusing on the current daily demands you face but also focusing on shaping the future the way you want it to be!

## A Successful Innovation Strategy Requires Choice

What is innovation strategy? – in essence, it’s an investment strategy that articulates the key choices about:

- What your investment objectives are
- What your investment time horizon is
- How you will allocate your investment in innovation among the various investment alternatives
- How you will manage risk
- How you will measure performance

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It's a plan of attack to guide your investment in innovation based on your business goals, growth aspirations and tolerance for risk.

If you would like to learn more about 'what is innovation strategy' and how to develop your innovation strategy so that you can get the most from your innovation efforts, give the team at [Fortitude Business Consulting](#) a call on **1300 551 040**.

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