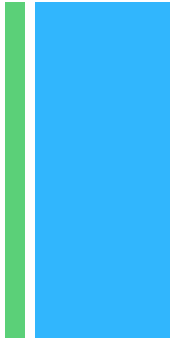


Innovation Strategy for Corporates

Why is it so difficult?

Prof. G. 2021 (Special thanks to Prof. Rumelt)

+ What is a Strategy?



1. Our strategy is to become the best in our industry!
2. We are going to grow, make more money, and do it through leadership!
3. I want to become a rock star!

These are ambitions, not strategy.

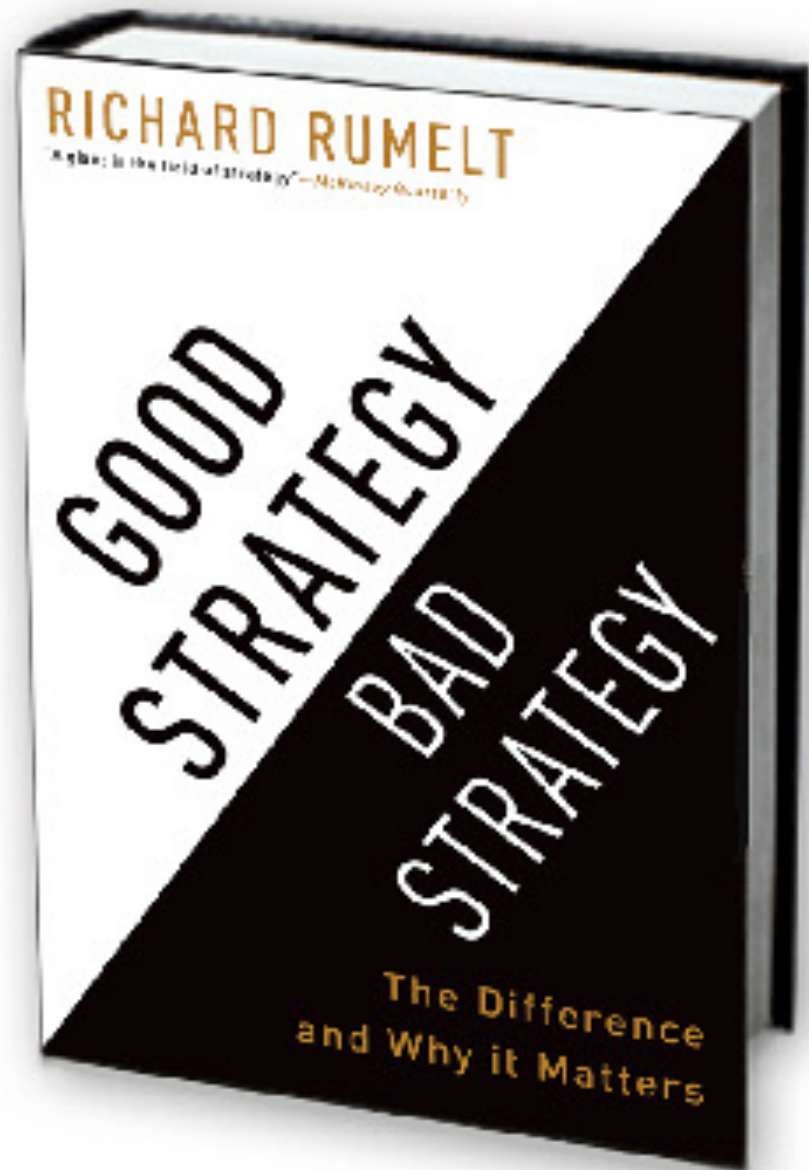


Richard Rumelt

UCLA. Prof. of Strategy for over 41 Years. My professor.

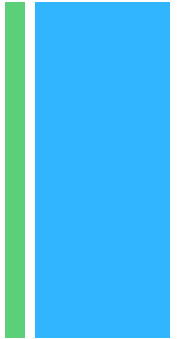
Please click on this at your own time.

<https://www.youtube.com/watch?v=UZrTl16hZdk>





Steve Job's Apple Rescue Strategy, 1996.



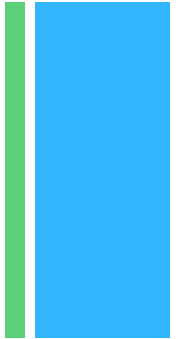
- Cut 15 desktop computers to just 1 (focus)
- Cut all printers
- Cut all software development
- Cut hardware engineers. He didn't ask their managers. Just randomly removed 1/3.
- Cut 5 out of 6 retailers.
- Moved all manufacturing to Taiwan
- Created a website to sell computers although many students didn't have a way to access that website.

+ What was Steve's strategy?

Cut Costs



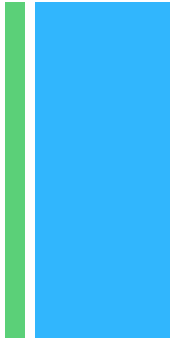
+ What is a Set of Strategy?



- *“A strategy is a coherent mix of policy and action designed to surmount a high-stakes problem.”* Rumelt, 2017.
- It's a solution roadmap to some current problem. Not tomorrow's problem. Now.



Why is it so hard to do strategy?

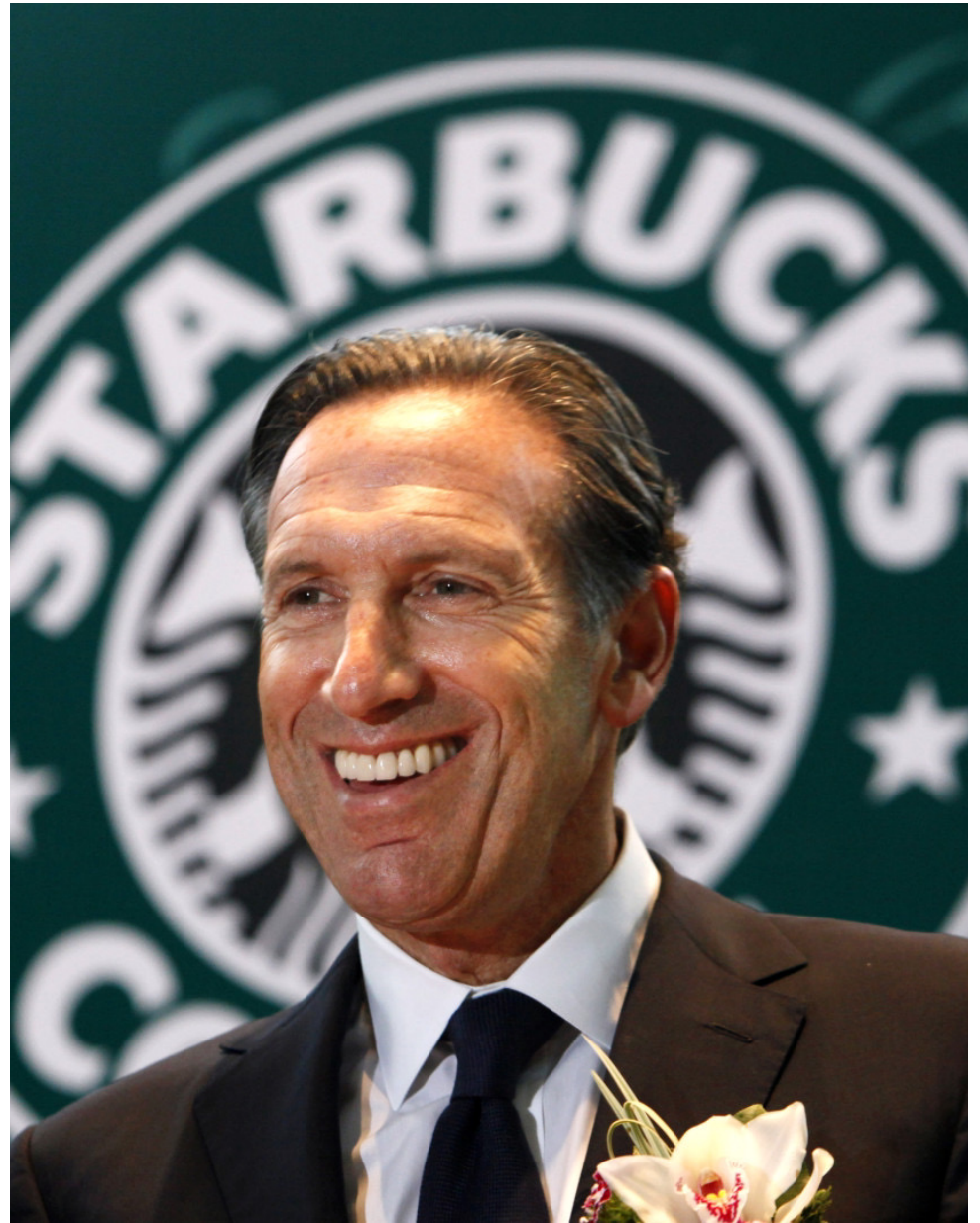


1. It doesn't come with a formula.
2. It isn't a set of goals. Too many conflicting goals will kill you.
3. It begins with consciousness, or knowing where you are. Then where you would like to go.
4. It's anticipating your competitions which are not telling you what they are doing.
5. For innovation, it is about insight. To gain insight, one may find it after a strenuous search...sometimes lasting years.

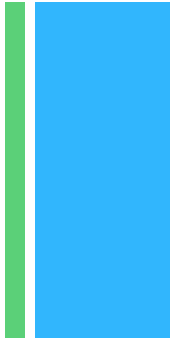


Howard Schultz's Starbucks

How did he move from Italian
Coffee to the creation of
Starbucks?

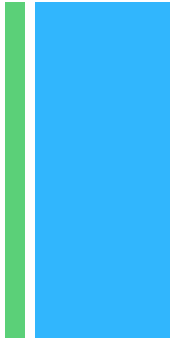


+ Why Big Companies Cannot Innovate?



1. The low hanging fruits are all gone.
2. Outsourcing is being overused and your core business is not owned by you.
3. Rise of the VC, which will give entrepreneurs lots of money. Budding entrepreneurs will not work here. Why would they?
4. Executives don't like to fail. And Innovation brings the chance of failure. No experimentation. Executives are punished for behind budget and schedule.

+ Why Big Companies Cannot Innovate



5. Messing Up

- A. Focus (trying to do too many things at once).
- B. Remuneration (can't pay the big bucks that IPOs can bring. No experimentations).
- C. Corporate KPIs
- D. Managing Boundaries (trying to make sure new products would fit into the old product)

Therefore, anybody with a bright idea is bound to leave. For innovation to work in a large corporate, the CEO must be cognizant of the 4 items above.



Conclusion

Innovation comes from...

- Observing what's going on. Knowing which way is up.
- Believing the future is better and you are the one to make the difference.

But this only works if one is immersed in one's work...always pushing. **Which of your executives are always pushing?**

