
APS1012 Management of Innovation – Final Team Projects, Winter 2010**Profit Growth through Innovation****Objective**

Companies capable of building an “innovation machine” can earn high profits and stronger growth. Consider five geographical regions of the world: North America, Europe, South Asia, East Asia, and China and Japan. For each region, present case studies that exemplify profitable growth through innovation in the manufacturing, agricultural and social sectors.

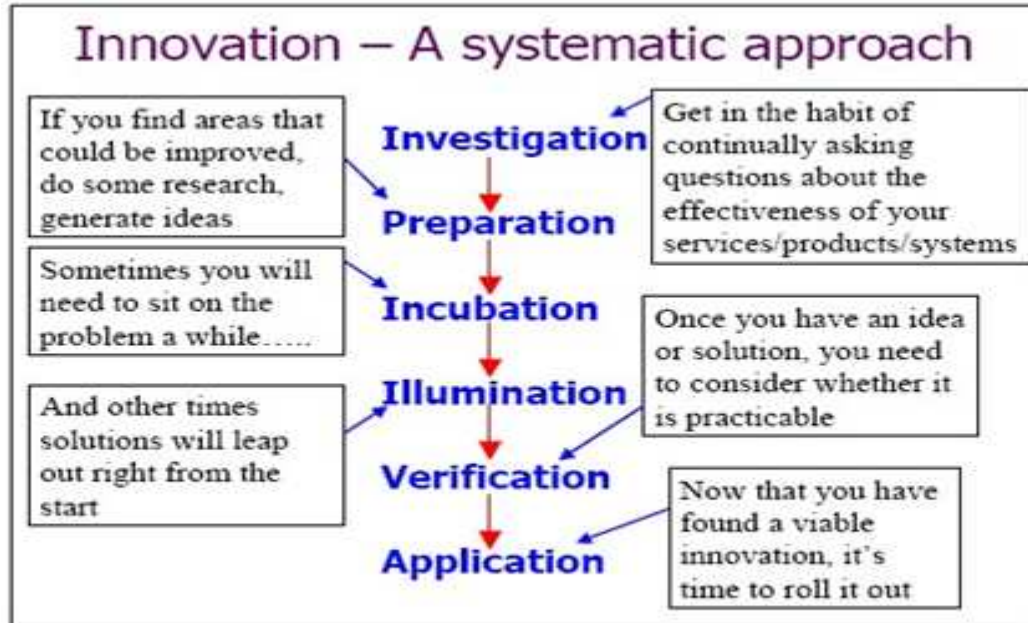
Introduction:

When *Homo sapiens* appeared on the earth, they were equipped with thinking brains and innovation began. Early man possessed the sort of brain that later would write the *Principia Philosophiae Naturalis* and the *Principia Mathematica*, but in the beginning these early brains were almost empty. Humans invented language, tools, agriculture, primitive social organization, writing skills and then philosophy, but many innovations of the human mind were kept suppressed for long periods due to the vested interests of despotic rulers. Under this suppression the innovation process moved slowly for thousands of years, but the basic inventive instincts of humans eventually overcame the suppression.

When free society finally emerged in Western Europe, the unleashing of human innovative capabilities drove the development of knowledge at an astonishing pace, in all fields. During the past four hundred years there has been a revolution in the field of science and we have reached a stage in which innovation has become compulsive. “Innovate or die” is an established principle in today’s environment. The question arises as to how free society contributes to creativity, of mankind and his innovations?

Adam Smith offers an answer to the question through the theory put forward in *The Wealth of Nations*. One of the main points of this book is the idea of the free market. Though superficially appearing chaotic and unrestrained, the free market guides society to produce the right variety and quantity of goods through a so-called “invisible hand”. Smith regards human motives as mostly greedy, but determines the free market benefits society as a whole by keeping prices low while providing incentives to bring a wide variety of goods and services to the market.

Other theoretical explanations for human innovation include Vroom’s Expectancy Theory and Maslow’s Hierarchy of Needs. Profit is a prime incentive for inventions and innovation in a free market and society. Each of these premises support that assertion that the creative capabilities of mankind thrive in free societies with free markets, when humans feel they will earn recognition and reward for their extraordinary works.



Source: Innovation: A roadmap for homeless agencies - npfSynergy - 2003

Summary

Innovation is the ability to turn knowledge into new and improved goods and services, and drives competition, profitability and growth. The management of innovation is now considered a vital contributor to corporate competitiveness and national wealth. Examples of profitable growth through innovation in agriculture, manufacturing and social sectors across five regions of the world have been studied, and the lessons learned are presented. It is concluded that innovation in these sectors is essential to the survival and prosperity of nations and organizations.