The Power of Innovation
– From Leadership Perspective

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Abstract
Every day brings changes that influence on the whole process of development in society. As a result, there are many challenges for business in this turbulent time. Factors like: sustainability, government influence, cooperation, eco-friendly products and others define new ways of doing business. I provide understanding of innovation based on leadership view. This dimension is significant important for todays’ organizations in order to be on the market and to have success. Leaders have to know possibilities based on many internal and external factors that can be seen as opportunities for organization. Innovation is an essential part that should be taken into consideration by leaders. Innovation without leadership has less value or even can lose this value at all. The main components of innovation investigated by a big variety of interviews and dialogues with experts in the field of innovation, based on appropriate literature sources and represented in this paper.

Keywords: innovation, leadership, changes, sustainability, innovative atmosphere, cooperation, leaders, creating of meaning.
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Svitlana
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1 Introduction

The first chapter of my thesis, the introduction, will give an understanding of the process of innovation in a company. The reader will be aware of my research questions that I used to investigate my topic. I also legitimate my thesis. After that I will present the structure of my thesis in a short form.

In todays’ fast-moving world of globalization, changes happen everywhere. The Internet changed communication and relationship between people all over the world and create opportunities of doing business. Software writers and computer geeks showed the new way of collaboration.

After the Second World War there was a great economic growth caused by industrial research and development. Military research and development produced significant technology like radar, aerospace and new weapons. Later economists realized that all technologies were affected by understanding of how science and technology influence on economic system (Trott, 2008). Firms’ relationship with other firms creates cooperation and competition with each other.

Before twenty first century it was not so difficult to use resources to develop and commercialize a product. Nowadays, resource like knowledge, skills, money, experience mean innovations that are defined as synonymous with organizations (Trott, 2008).

Many recent innovations (computer software, photocopying, MP3 players, cell phones) are known not because of people, but because of firms. Trott says:’ Innovations are team games, hence, they are associated with groups of people or companies’ (Trott, 2008, p. 7). Individual, who creates new ideas and solve problems, is a core of innovation process in any company. They are called as key individuals in process of innovation.

Companies are looking for new opportunities every day and they are ready to tackle problems that appear on their way. Innovation is one of the few ways that helps modern companies to survive and differentiate in the market. Through innovation business organizations can change the world (Govindarajan, 2010). Friedman points
up that the last processes in the planet were the result of “the flating world”. “The flating of the world means that we are now connecting all the knowledge centers on the planet together into a single global network, which-if politics and terrorism do not get in the way – could usher in an amazing era of prosperity and innovation” (Friedman, 2002, p. 8).

Todays’ globalization was caused by European and American individuals and companies. However, the next step of globalization will be “more and more driven not only by individuals but also by a much more diverse-non-Western, non-white-group of individuals” (Friedman, 2002, p. 11).

Success of many companies lies in the ability to obtain and use the knowledge and apply this to the creation of new products. The task of todays’ leaders is to discover how to do it (Trott, 2008). An important thing in the market is satisfying customer’s needs that can lead to the new product development. Studies of Hamel and Prahalad showed that it is not great to listen customers because it may reject technological innovation and can be harmful to long-oriented business. To compete and to be leader in the market of technological change, firms should create innovation that is not demanded by their current customers (Trott, 2008).

In turbulent times smart companies opened a new way of innovation. It can be sustainability or cooperation and others. Each firm can choose the way of its development and success. I argue that without innovation it is impossible to be long period of time on the market. As Freeman said: “To innovate or die”. Leader may influence on the whole process of innovation by creating the atmosphere and choosing the people that can change the life of the company to “a new dimension of performance”.
1.1 Introducing the research questions

Based on the thinking of my introduction, I want to introduce my research aim, which is mainly based on understanding the importance of innovation in fast-moving world today and correlation with leadership. I divided my research questions into two parts. Hence, my research questions are following:

1. **Understanding and describing the power of innovation of companies.**
2. **Understanding and describing the process through which this power of innovation is expressed in companies.**

Furthermore, the research issue adds different kind of innovation that can be implemented today in many companies and the influence of them. I will discuss these issues in my work. I hope my thesis makes sense and will be useful for the reader.

1.2 The purpose of my thesis

The aim of my work is to understand more clearly the power of innovation and its influence in the companies and importance of leadership that can influence on possibility of creating innovation. My Master Programme “Leadership and management in International Context” gave me inspiration to write this topic. I gained many theories and information during my one-year studying. Moreover, I had some obtained knowledge from my previous studying that gave me insights of different concepts and academic background. The thesis gave my opportunity to understand more not only from the theoretical point of view but also from the practical one. Interviews from the companies opened more clearly comprehension about reality.

Hence, my thesis was a great challenge for me to enrich my knowledge about understanding of innovation together with leadership. I believe, my work has contributed to general picture of innovation and will be inspiration for future leader to create new things or develop rooms for innovations. Nevertheless, my work helped me to develop myself and face with new concepts of innovation through researching, analyzing gained information.

I think it is really importance topic today. Furthermore, I want to share my obtained knowledge and my understanding with others. I want to contribute to existing understanding my topic with the help of literature and interviews that gave me understanding of the field of innovation more clearly. My aim was to learn
innovation from different aspects and to increase the reader's awareness about the power of innovation. Moreover, I want to inspire the reader to innovate and not to think about innovation only as a technology.

1.3 Justification of my topic

I believe that my topic is interesting for many readers no matter in which area she or he works. Innovation can be found everywhere. Even in every-day life people can create unusual and helpful things. Sometimes these people do not think about their creativity. Furthermore, innovation is a speaking topic today almost in all companies that want to exist on the market for a long period of time.

I also think that my field of studying has an interdisciplinary character that helps to open the whole arena of understanding my chosen topic. In other words, I try to give alternative understanding of innovation that takes place in life perspective. Moreover, leadership can be one of the essential parts of innovation or to be harmful if leader acts in a wrong way.

I argue that my work is interesting for leader, students and people who live in the same time with me, because the world faces with problems that are discussed in the society.

Furthermore, understanding innovation nowadays has changed according to the modifying situation that is happening today. I try to interpret the main concepts and assumptions and at the same time I realize that new information appears every day. All these changes can be small or big. Innovation process is hard to understand because of complex nature (Trott, 2008). I hope my thesis will bridge the gap between science, technology and business.

The next paragraphs will give short information about the main part that are introduces in my work. It can be useful for short overview before reading the whole thesis.
1.4 The structure of content

Figure 1 The structure of content

1. Introduction
- Research questions
- The purpose
- Justification topic
- The structure of content

2. Methodology
- Necessary of Methodology
- Views on Methodology
- Actors view
- The dialogue
- Dialectics
- Data collection

3. The Nature of Innovation
- The importance of innovation
- Sensemaking to create innovation
- Understanding innovation

4. Leadership and Innovation
- The role of a leader
- Distinguish innovation
- Innovative structure
- Inviting innovation
- Kaleidoscope Thinking

5. Methods of implementation
- Close and open innovation
- To prevalent open innovation
- Design as Innovation
- Sustainability
- creative problem solving

6. Interviews
- Dong Energy
- Symbeyond

7. Conclusion

8. Reference list
2 Methodology

The main purpose of this chapter is to introduce the reader the methods that I used for the investigation of my topic. This paragraph gives short information about the research methods in general to provide the reader the more understanding of necessary of using methodology. In this part, there is my way of collecting information that was useful for representation the topic in my thesis.

2.1 Necessary of Methodology

During the process of writing the thesis, it is necessary to be aware of methodology. I'm going to conceptualize my research through understanding, gaining and interpreting information. People see the reality differently and methodology helps us to understand it. Furthermore, researcher has his own social view of the world. Sometimes, it is difficult to define the problems because of dynamic changes. With the help of methodology I can create my own framework of working. It also will help me to build my own path and reach my goals.

Methodology can create “frames of references” of the work. Actually it is more how person accept and see the world. If two persons write a thesis with the same topic, the meaning and value of each will be different. It is depend on personality and ability to investigate aims. There are also many ways to get information and find the truth. Everyone chooses appropriate way according to her or his seeing. The result is also depended on path that leads to open new knowledge for understanding.

2.2 The methodological views

According to Ingeman Arbnor and Bjorn Bjerke, there are three approaches that are used to create knowledge: analytical, systems and actors views. All these approaches
are used differently. I will give short information to the reader about all these three approaches in following paragraphs.

2.2.1 The analytical view

The analytical view expresses reality as independent and describable variables. Researches that prefer this method, first, begin from creating a hypothesis. After that they seek out ways of observation the reality to get confirmation. The main reason of all this process is to find cause-effect relations which may be generalized. Some researchers pointed out about the analytical view that does not pay attention to turbulence of reality and does not reflect relationship between parameters. Furthermore, analytical view can’t create subjective point of view that can be result of the research.

2.2.2 The system view

Many researchers choose the system view. In this case, they deem that reality is a system where all parts of this system are dependent and should be learnt only together, not separately. Any changes in this system influences on every part and final results. Researchers want to understand how the system works in different conditions. They analyze it and base on it, they introduce findings. This kind of view is focused too much on the system. However, the separate components do not take into consideration for the creation of meaning.

2.2.3 The actors view

The actors view is different from analytical and system views. The reality is assumed by researcher. Reality is as a social construction that is defined by observers (Bjerke, 2009). Hence, research’s objective understanding of reality is the most important in the actors view. It can express complexity and changes of reality where many unique situations. After observation the necessary elements, researcher generalizes information and gives his or her own interpretation. Researchers argue that during using the actors view, everything is subjective and many details are considered. Hence, conclusion is not so clear (Bjerke, 2009).
For my investigation I have chosen the actors view. I will describe in the following paragraphs my way as a researcher and my findings.

2.3 Implementation of actors view

The most appropriate view for my thesis is actors view. A determination of meaning will help me to understand information about the power of innovation in companies. My knowledge will depend on dialectic connections. At the beginning I will create reference group that will be consist of Danish and Swedish companies who are actors in the energy market or have connections to that. I would like to speak to the largest sample of actors in this particular market. I think, it will help me to understand more practical aspect. I have chosen energy market, because, there are many changes that are happening every day. It is interesting that the way of producing energy is also going to be more sustainable and eco-friendly.

I’m going to use the intentionality concept to bridge gap between subject and object (Arbnor & Bjerke, 1996, p. 158). The reason is that “we attracted by surrounding objects through our sense and out sense make it possible to perceive them. We also reach out by using our senses and find or create objects according to our purposes” (Arbnor & Bjerke, 1996, p. 159).

2.4 The dialogue

The dialogue is one of the main ways of the actors approach. That is why I will use it to communicate with the members of my reference group. Using this method is important because I can yield information that is not accessible in theoretical sources. Furthermore, dialogue is more interactive if I compare it with questionnaires containing prepared questions (Arbnor & Bjerke, 1996, p. 160). To ask “honest questions” will be as important as getting “honest answers” for me, it will help to get new information and worked on them. I will try to talk with experts, actors on the market and I also would like to have the opinion of a maximum of stakeholders. Indeed, with a large sample I will have more pertinent results. That is the reason why I prefer to do dialogue in order, of course to collect data, but also from a large sample that I can use at a reference.
2.5 Dialectics

I will use dialectics to find “the truth”. The members of my reference group will help to discuss about issues from various angles. Sometimes they can contradict each other, but these contradictions can be inherent (Arbnor & Bjerke, 1996, p. 161).

According to my work chart, I will have dialogue with members from my reference group – A, B, C… It can create contradiction with some understanding. The statements that will be got from different sources can be defined as statement a1, b1, b2… According to Arbnor & Bjerke, we can call them thesis, antithesis and synthesis. They all have connection, but also contradiction. Hence, we can get synthesis that is between immediate and mediated (thesis and antithesis) (Arbnor & Bjerke, 1996, p. 161).

2.5 Data collection

In order to understand my topic more deeply, I use material and data form different sources. That allows me to see my research questions from many angles.

2.5.1 Secondary Data

Secondary data is data collected by someone other than me. I will use secondary data as supplementary data. That is why I’m going to use as books, thesis, surveys, organizational records and data collected through qualitative methodologies or qualitative research. Of course, I will be looking for reliable, suitable and adequate sources. Data will be reliable because I will check who collected the data, the sources, methods used and accuracy. Data will be suitable because I answer definitions and will fill with my objectives, scope and nature of the surveys. Data will be adequate because I will check the accuracy and completeness.

2.5.2 Primary Data

Primary data is collected on source which has not been subjected to processing or any other manipulation. So, primary data will be specific to my research. I will first use it in order to forge theories thanks to what is already known on the subject today. Then, I will use secondary data to create a background for our work. I would like to interview companies in Denmark or Sweden in energy sector and analyze their activity in innovation.
I will try to find a maximum of documentation about my subject. Thanks to that, I will be able to know the principal theories and start to forge my own opinion and way to work. Moreover, it will help me to know the principal actors so that I can interview them later on.

2.6 My methodological plan of actions

To understand what I should do and what actions I should use, I decided to build my own chart that will help me to know my plan of action (Figure 2).

Figure 2 The illustration of the author's research process

(Sources: created by the author with the help of Philippe Daudi)
This chart was created based on actors approach. I pointed out the main four steps that I will do. First is “Empirical level”. On this level I will have dialogues and communicate with my reference group. I will gain as much as possible information about innovation companies who work in the area of alternative energy. I believe this is a good opportunity to know what is happening now but also what will may happen in the future and also I can see more practical aspect in real life.

The second step: I will find information in books and science magazines that will help me to understand from a theoretical point of view.

After an analyzing process, I will find new elements that are in this area and are connected with my research. It will be my third step. Then, I will use theoretical materials that will improved and support my results. It will be the fourth step of my research.

The last step will be the conclusion. In this part I will sum up everything I will have done during my research.
3 The Nature of Innovation

In this chapter the reader can find an understanding of the meaning of innovation and its importance from different points of view. Thus, I will go into deeper describing the nature of innovation. Depicting innovation is also related with sensemaking that I took into consideration. I will problematize the life cycle of the product with the importance of process of innovation and development goods or services.

3.1 The importance of innovation

The necessity to innovate is very huge for every company. It does not matter in which field it acts. To be new fast and creative is always good side of company’s activity.

For many companies innovation has become the part of the culture. Christopher Freeman in his study of the economics of innovation said: “...not to innovate is to die” (Freeman, 1982). Many companies that are leaders on the market should always have ability to innovate and develop new things. If they do not do it they are will be “out of the game” in the nearest future.

There are many kinds of innovation and each plays an important role. However, technological innovation is not only an economic advantage for a company that innovates but also for innovative country. It is a vital component for the human progress. Innovation is a result of economic growth. Shumpeter was one of those who could notice significance of new products that were the stimulus for economic growth. He said that competition in price of existing products or services is not importance as competition of new products (Trott, 2008). The growth of new products such as: new computer software or pharmaceutical drugs are much more importance that the lowering price of existing products such as: cars or telephones. Many goods on the market are becoming not necessary for customer. Even if the price will be reduced, people do not have desire to buy product because there is a new one that is much better.

New products can help to capture market share and increase profitability. Only to do new things does not mean always to compete with rivals. Time plays a vital role in life cycle of anything. “To compete in time” is crucial because it means to do it faster than competitors (Tidd at al., 2001). In order to protect company’s activity from innovative competitors, company’s reaction should be fast. Not to be surprised, enterprise has always to observe situation on the market about rivals.

Environment is changing constantly. Hence, socio-economic field brings new opportunities to create innovation. Even legislation can be engine of changes. The amount of environmentally friendly products is increasing last time. Indeed, producers have capability to respond through product innovation (Tidd et al., 2001).

Moreover, globalization have influenced on fast development of innovation. The result is not only technology. Cooperation, outsourcing, collaboration are essential part to create in order to make “a new dimension of performance”.

Summarize, innovation can be compared with the core of business process. Improving products and services is an essential part of survival and growth. To fulfill needs in a better way and compete on the market describe innovation as an important activity of any company.

3.2 ‘To Innovate or die’

Continuous the idea of the importance of innovation, I will point out in this paragraph relation between product life cycle and necessity to innovate.

There are many successful companies who do business well. Some of them enjoy fruitful time of their company. Others think about future and try to predict and change it. Long-lasting organizations should always be innovative, no matter which product they produce.

Everything has its own life cycle. The periods of the cycle can have distinguishes only of the time. To explain the correlation between innovation and life cycle I decided to
use Figure 3. It represents the Sigmoid Curves that describe life cycle. However, all the processes are the same for everything and everyone, such as: learning or investment, growth, one day peak and turns into decline (Handy, 2002).

To prolong life of the company is possible but it is necessary to start a new curve. An appropriate time for it is before the peak of the first curve. Not everyone pays attention that success cannot be always. There are often changes that are not predictable. Leaders should recognize right time to start investigating alternatives. When the change is needed and previous curve declines it is not easy to think radically (Handy, 2002).

Leaders should act continuously and never stop if they want their company survive. One of the examples can be Apple Corporation that always can introduce new products on the market.

It is also needed to think about resources that are used to support first curve and to help second curve to achieve success. Hence, only one innovation does not make company successful for a long period of time.

3.3 Is innovation is easy?

Charles Handy calls big established companies as “elephants” because they have rules of doing business and formalized systems. Many elephants today believe that size is important to protect themselves. Hence, big banks merge with banks, airlines with airlines. In some industry there could be soon only some big players who own almost all profit.
However, there are should be someone who can help to survive in hard times. Charles Handy gives the example of “fleas” that “are creative individuals or groups of entrepreneurs” (Handy, 2002). They are small businesses and communities. The big distinguish between “elephants” and “fleas” is fleas think about themselves they are different from others and they have different point of view. It is easy to innovate for them because they feel more independently. Sometimes companies use “fleas” just to take an innovative idea or join small venture to work together. However, small enterprises cannot live in huge companies because they are not adopted (Handy, 2002). For big companies where bureaucracy and many rules exist it is not so easy always to innovate. Sometimes daily routine restricts finding new alternatives.

To sum up, the solution for modern companies is to create atmosphere for “fleas”. In this case, “elephants” should not try to find the “fleas” any more. Hence, new ideas will be created in the company. All this process can extend company’s life and create second curve that can bring success. If leaders do not think about future, even if they have great real situation today, the nearest future can be failure for them.

3.4 Sensemaking to create innovation

In my paper I want to share with my understanding of innovation that I can relate to leaders who give the meaning to create new things. Even there are many thoughts about innovation, it always can be seen as a change.

People always try to give meaning to the things they want to change. First, they are interested in problems they want to solve. After, they are becoming more creative to find the solutions. Hence, the best way for leaders to make people to be innovative is to discover what is important for them. To understand the reality of people’s interesting is to investigate where they spend the most of their time and what they talk about (Hesselbeinet et al., 2002).

Leaders sometimes have many ideas. There is a reason just to give these ideas to others and look for recommendations and meaning’s understanding (Hesselbeinet et al., 2002). Margaret J. Wheatley in her article points up that: “No two people see the world exactly the same way”. Hence, only doing investigation together with others meaning can be visible (Hesselbeinet et al., 2002).
New ways of solving problems exist always just because people do things differently. “Through the diversity, people share a dream or a sense of injustice” (Hesselbeinet et al., 2002). Even people have many differences they share information to find the best solutions.

To understand more deeply why some leaders act in innovative way and other not I decided to say some words in my paper about sensemaking theory because doing things is based on seeing.

The theory about sensemaking by Karl Weick says about differences of understanding reality and making sense. The power of sensemaking “as a perspective drivers from the fact that it does not rely on accuracy and its model is not object perception. In other words, sensemaking is about plausibility, pragmatics, coherence, reasonableness, creation, invention, and instrumentality” (Weick, 1995).

The leader defines organizational reality (Lundgren, 10-12-2010). This reality depends on leader’s experience, knowledge and education. All these past moments of socialization Weick called “frame of reference” (Lundgren, 10-12-2010). Everyone has different “Frame of reference”, hence, people perceive reality in varying ways. “Frames enable people to locate, perceive, identify and label occurrences in their lives and world” (Lundgren, 10-12-2010).

Time influences on frames of references because of new obtain experience and then leader begins to understand and define reality in a new way. “The flow of time is irreversible and temporal succession is seen as a development process. Each occurrence of the critical of significant event demarcates a time unit in the transactional view” (Poole & Van De Van, 2004).

Creating meaning defines the way of doing. Making sense of reality is based on frame of references. It seems that there are no borders for development frame of references. Hence, the leader has limited understanding of reality and searching for alternatives. On the contrary, frame of references give the opportunity to make decisions and solve problems.

According to Weick, sensemaking is also depended form ‘cue’. “Cue’ is a sign in the present that focus one’s attention.” (Weick, 1995). Cues exist in the reality not in the past. They have broader context of ideas and actions which influences how cues are interpreted (Weick, 1995). There is also should be link between frame of references and cue that creates a sense.
In my understanding ‘cues’ are the opportunities that exist in reality. They can be positive or negative in someone’s perception. The big distinguish how individual sees the world around.

Leader should find right cue or be careful of choosing appropriate one. Hence, the future result of sensemaking will be based on frame of reference together with cue. Frame of references cannot be changed during sensemaking process, however, the amount of alternatives is high if it is possible to find more cues.

I argue that process of sensemaking is a social. Through communication, sharing the ideas and thoughts, people change their minds, they develop and enrich their frame of references. Create new sense of innovation leader should not follow directions perfectly. It is necessary to see different course and opportunities (Kelly & Littman). To do things not exactly the same means to find a new cue that together with the frame of references will create new solution. Gallo points out: “All that leader have to do is to look” (Gallo, 2010).

To sum up, sensemaking is continuous process that presents reality through combination of frame of reference and cue. Leader makes sense in organization through him or her perception and he is responsible for the result. There are many people in organization who have different reality. However, to share the reality leads to understand more point of views and solve many problems.

I wanted to show that concept of sensemaking is related to creation of innovation. Everything begins from seeing and only after seeing process of sensemaking that can be result of innovation in the future.

3.5 Innovation

In my work I talk about innovation so, I decided to share my understanding of innovation that is based on my literature research. There are a big variety of definitions that describe innovation and there is no one that can describe exactly: “what is innovation?” Many scientists define innovation from the field they are familiar with. In my thesis I focus on the business innovation that creates profitable service or products. Through many sources I chose the most suitable, in my opinion, definitions of innovation.
Peter Drucker describes innovation as “a change that creates a new dimension of performance” (Hesselbeinet al., 2002). This performance has never existed before on the market. Hence, companies that can find the new way of being in business area can benefit. However, not every company can do it.

Michael Porter points out: “Innovation is a new way of doing things that is commercialized” (Christopher, 2008). Porter gives a formula that describes the process of innovation:

\[
\text{Innovation} = \text{Invention} + \text{Commercialization}
\]

(Source: Christopher2008, p. 8)

There are can be a new idea of a product or service not only form laboratory, but from marketing or from customer. Many ideas from laboratory have never been commercialized. During one of my interview Niclas Asada said: “Our company is moving now from the innovational face to more commercialization face. We started to move out technology on the market. There are a lot of innovations in Sweden, but not a lot commercialization. There is a big gap from innovation to market which is very difficult to cross”. Hence, to invent new thing does not mean to innovate until they can bring a result. Sometime the result is positive, otherwise it is negative.

Economist Tapan Manroe says: “There is innovation with a ‘small I’ and innovation with a ‘big I’. The ‘big I’ involves thing such as building the Internet, the internal combustion engine, and the bar code. But innovation also include small. Continuous improvements that help companies to run their lives better, help small business to grow, or improve company’s product or productivity.” All these small changes that do life better we can be faced in every day (Gallo, 2010).

Monroe points out: “Innovation is not something you do once and then sit back and relax” (Gallo, 2010). It is ongoing process. In addition to the above, successful innovators are always learn about competitors, products and technology (Christopher, 2008). Innovations break the rules and help see the world in new, exciting and profitable ways. It is undoubtedly true, that during learning innovation it is necessary to have personally and intellectual growth. Moreover, one of the main issues of
understanding innovations is to make innovation as a habit (Christopher, 2008). There is no perfect thing in the world. Hence, products, services, operations always can be seen as a challenge for improvement. Many people think that innovation can be not always successful. However, “innovators can see windows of opportunity, recognizing that it is more expensive to be slow than to be wrong” (Christopher, 2008). It is better to do mistake, because it is way of learning and analyzing. Only in the process of doing and trying it is possible to achieve success. It is hard to get positive results without practical implementation.

Process of innovation is a management process, even if an idea is created by one person. Paul Trott points out: “Innovation is a management of all the activities involved in the process of idea generation, technology development, manufacturing and marketing of a new (or improved) product or manufacturing process or equipment” (Trott, 2008). Hence, one person that invents new innovation cannot implement it without the whole management process. He gives a formula:

\[
\text{Innovation} = \text{Ideas} + \text{Leaders}
\]

(Source: Trott 2008, p.14)

Govindarajan explains that “after committing a Great Idea, many companies put great emphasis on finding the Great Leader to execute it, as though that is all that is required. The assumption is that a talented and empowered leader ought to be able to overcome whatever barriers an entrenched organization erects” (Govindarajan, 2010).

Innovation is seen as an entrepreneurship as entrepreneurs have more independence to create new things than big companies. Peter Drucker argued: “Innovation is a specific tool for entrepreneurs, the means by which they exploit change as an opportunity for a different business or services. It is a capable of being presented as a discipline, capable of being learnt, capable of being practiced” (Drucker, 1985). Small companies do not have many rules and bureaucracy. Hence, the chance they will create new thing is higher. Of course, if it is not pharmaceutical firms.

To sum up, I argue that the big variety of different explanations of innovation means that innovation can be seen everywhere. It is not easy to say which definition describes innovation the best, which is right or wrong. I think, to understand the whole picture, it is good to see innovation from many prospects and not to separate them from organization.
4 Leadership and Innovation

In this chapter I want to deal with the relationship between innovation and leadership. This means that the reader can go more deep to the understanding of the importance of leadership on the process of creating new things and doing business. However, this chapter is also supposed to depict internal process that is related to making innovations.

4.1 The role of leader in the process of innovation

Leaders in many organizations want to encourage creative and innovative more bureaucratic, more structured and closed to creative and unusual persons. However, leaders have to be hospitable for creative workers. Max de Pree said that people do things that can bring benefit in future. Today our society is becoming more in a way of “creative people that shake up organizations” (Hesselbeinet et al., 2002, p.33).

Company needs this “shaking” and leaders are those who can provide opportunities and atmosphere to do this. “Creative people can be great teachers; leaders prepare the classroom” (Hesselbeinet et al., 2002, p.35).

Leaders should cultivate and support new idea. They have to provide an environment for the development entrepreneurial spirit. Great leaders can empower persons.

To get new things as a result does not mean always positive meaning. In order to achieve desired effect, sometimes, it is necessary to pass through line of failures. Mistakes are an essential part to create new things, especially things that are established beforehand. Leaders accept loses before they can win. However, there is some time when company can wait for success. In other way, they should stop to do things if there are only loses (Hesselbeinet et al., 2002).

The numbers of ideas can be different. If an idea works in a good way, it is important to provide all necessities for entering into the market. Waren Buffer pointed out: “Sometimes it’s no how hard you row the boat, it’s how fast the stream is moving” (Hesselbeinet et al., 2002, p.91).

Many ideas are not accepted by customers. Hence, not every idea can be implemented. However, it is better to try implement than lose a chance to compete with rivals.
Acceptance and performance are integral part to benefit. C. William Pollard argued: “The earlier the better for the innovative idea” (Hesselbeinet et al., 2002, p.91). If leaders do not implement idea, they never know it is successful or not. The new is always required testing, trying and analyzing.

To sum up, ideas do not always work. I believe that executives have to see the right time to accomplish new things. Moreover, there is also necessity to give up with new opportunities that do not benefit. Hence, leaders need special skills to offer new windows for creative people that have fresh ideas.

### 4.2 Distinguish innovation and leadership

To talk about innovation as the context of leadership is difficult task. It is necessary to clarify for the reader correlation that appears between them. I decided to start with understanding that leaders can influence on process of innovation but they do not create innovations. Moreover, they are sometimes far from them. The separation of leadership as heroic and individual leads to opposite side to make innovation. When leadership is centralized, it causes that many thoughts of others are outside of attention. In this case, many possibilities are lost.

Only being one part of the whole process can be positive result. Great strategy should not always be seen as limited plan of action. Henry Mintzberg pointed out: “Strategy is about playing chess with pieces called products on boards called markets” (Hesselbeinet et al., 2002, p. 142). However, emergence of innovation can change course of the game. Good idea that will influence on a company or an industry in the nearest future can be made by all kinds of people in organization (Hesselbeinet et al., 2002, p. 142). In order to get success strategy through interesting innovation, leaders inspire people and teamwork for actions.

There are no many companies that can invent totally new product. Most of innovations are improvements of previous product development that are changed and adopt for today’s consumers. Significantly new products are, usually, results not of executives but of creative entrepreneurs. Big companies just buy new invention from entrepreneurs and turn it into a life.
Figure 6 Stages of design

![Diagram of design stages](image)

(Source: Hesselbein et al. 2002, p. 145)

After the time when many new things were invented (car, computer, telephone) many industries work with *dominant design*. They develop product for more significant using. Innovation is more like adaptation because companies improve existing products: new body for a car, new model of mobile phone. In *niche* markets, innovations may continue (like pharmaceuticals industry). Sometimes, *dominant design* reexamine through again really invention which may have begun as adaptation or niche design.

According to Mintzberg, heroic leadership may be fine for *dominant design* and *adaptation*. Hence, American automobile companies through design and engineering achieved great success during many decades (Hesselbeinet al., 2002, p. 142).

To sum up, heroic leadership can be cause of simple innovation. The inventor-entrepreneur who has a novel idea can create true innovation. The problem is that there are no many creative entrepreneurs with fresh ideas. To solve this problem is needed to stimulate teamwork in order to create truly complex innovations.

### 4.3 Innovative structure

The lack of innovation in a company can be seen in organizational structure. Most of companies have the chain chart that shows organization’s activity as step after the
other in linear sequence (Figure 7). Mintzberg argued that “it is designed for stable, established processes, not for innovation” (Hesselbein et al., 2002, p. 146).

Figure 7 The chain chart

![Diagram of a chain chart](source)

(Source:Hesselbein et al., 2002, p. 147).

This type of chain could work in pharmaceutical companies or for administrators who work with constraints. Each manager is controlled by top manager. “A manager for each and manager for all” (Hesselbein et al., 2002, p. 147). Top manager should see the whole picture of a company and come up with the strategy that connects all part of organization. However, there is a trouble of seeing the whole picture because little details are missed. Heroic leadership is a distant from the details. Moreover, workers below are waiting for something to happen. There is no room for innovation (Hesselbein et al., 2002).

In order to get innovation, Mintzberg suggested provide webs: free-flowing networks that looks like structure where people can interact in informal way. The result of this structure is to solve problems that appear in the process of creation innovation (Figure 8).

Figure 8 The web

![Diagram of a web structure](source)

Source: (Hesselbein et al., 2002, p. 148).
There is no manager in this structure. To achieve innovative results manager should be everywhere. In other words, he or she has to move around and support collaboration and network. Mintzberg explained it as: “Management that is not everywhere is nowhere” (Hesselbeinet et al., 2002).

People take responsibility for different parts of innovative process. Hence, the process has to be shared. There is place for executive who can acts in unconventional way but not as traditional leader. Using “web-structure” helps stimulate workers to have more serious attitude for their jobs and do interesting things. Leading is to make great decisions and formulate a strategy but it is not always to stimulate innovation. Mintzberg pointed out: “Management does not sit on the top and pronounce. It is among whole process together with personal involved inspired workers to do good things” (Hesselbeinet et al., 2002, p. 151).

In addition, such kind of management is based on continuous and careful attention not intervention. Moreover, it inspires people but not empower. According to Mintzberg, there is no need of leaders in time of the complex innovation. Managing to innovate can be effective.

I think it should not be taken everywhere. This type of management depends on industry and capacity to create ability in the company with webs. It is useful to know different views of leadership and innovation to create the picture for more clear understanding. It is undoubtedly true that many organizational aspects influence on process of innovation. However, organizational structure has not to be barrier for making new results.

4.4 Inviting innovation

In today's business world circumstances create boundaries for the leaders. The boundaries can be characterized by increasing competition, fast changes, and rapid technology development. Even the most confident leaders find it difficult to compete under such circumstances.

The major problem to solve for a leader now is to find new ways to reach ever better results in a fast-changing environment. In order to be successful leaders have to switch to a new level of thinking and develop their skills. It means that they have to give up their past strategies and come up with ideas which were not common before.
Besides that, leaders need to follow the new trends. The main question arising at this point is: what should executives to lead innovation? According to Hesselbein, the theory resource that I used for investigation my research innovation can be led by:

- Understanding human nature
- Adopting an effective strategy
- Promoting team behaviors
- Creating incentives for innovation

These four approaches will be discussed in next part of my paper.

**4.4.1 Understanding Human Nature**

The first step to break the limits which prevent the leaders and their teams from performing their best is to understand how human nature works and the way people think. Breaking these obstacles makes the companies as innovative and productive as possible.

Commonly the leaders tend to think that the meet the new challenges objectively. However, their actions are built upon past experiences, biases, and assumptions, which are programmed in their minds. These mental models limit the possibilities. In order to achieve new results, leaders need to think and act in a completely new way. They have to be critical in terms of the assumptions about the world they are used to, create new mental models, and act according to them. That is what innovation depends on.

Many leaders are convinced that the new problems can be solved if to act according to a past scenario. However, they need to focus not on the past experiences but on the new circumstances. Since the business and technology change very rapidly, leaders are not allowed to take the risk and follow their past scenarios because new circumstances require absolutely new responses (Hesselbeinet et al., 2002).

Although it is known that innovation happens with learning and failure provides the best opportunities for learning, the risk of setback puts leaders in very unfavorable position in front of shareholders and employees.

Based on the discussion above, leaders should test and challenge their mental models; understand and change their reaction to threats; and be willing to lead and learn.
4.4.2 Adopting an Effective Strategy

Instead of planning the way to success, leaders can implement a strategy geared to action and accepted by employees. It means that developing a new plan is less effective than setting concrete goals for the future, communicating them to the employees, and encouraging them to act. Only continuous moving can be the way to success because nothing is permanent. Effective leaders have to give space for experiments and innovation. This strategy can be described by trying various ways and choosing the one that works better.

Successful leaders know that too many directions limit creativity and innovation. However, some guidance is necessary and then the successful paths can be chosen. It can be called a directionally correct strategy. If the employees get clear directions and enough inspiration, they accept it as personal responsibility and keep moving to the goal. Even though the future is uncertain and failures are difficult to avoid (Hesselbeinet et al, 2002).

To sum up, individual leaders create future perspectives and give incentives to act for the employees; create the environment where the results of innovation (either good or bad) are perceived as learning; give up the image of “all-knowing” leader and accept that future is uncertain.

4.4.3 Promoting Team Behavior

An important component of organizational success is effective leadership teams. The problem is that many companies do not use the full potential of the teams what limits the results of their work. Very often team members work independently. This is also a mistake because innovation is more effective when the team members collaborate rather than combine results of their individual work. There are several reasons why executive teams work not at their full capacity. “Real innovations are blind to traditional organizational boundaries and rules” (Hesselbeinet et al., 2002, p. 158). In order to make teams to work effectively leaders need to promote ongoing dialogue between team members, constructive conflict, and action-based learning.
4.4.3.1 Ongoing Dialogue

Team members have to communicate in a very effective way, in order to reach an innovative decision. Under effective communication is assumed a dialogue characterized by clearly articulated assumptions, listening, curiosity, reflection, and patience. These factors limit disconnections and speed up actions. Moving from ideas to actions requires understanding the complexity of the situation by listening to all views and evaluating all perspectives. After that an effective solution can be found. Shared understanding leads to consistent actions.

A lot of time has to be invested in the effective dialogue; therefore executives have to consider the following two points.

- Making good decisions takes time; however it is more efficient in the long run since no rework is needed.
- Learning these dialogue skills is also time-consuming, but later one these skills make the teams to be more efficient and effective.

4.4.3.2 Constructive Conflict

Even conflict is a more sociological topic, it can be related to innovation. Leaders have different attitude to conflict and reaction on it. Even though, it is a big topic of discussion. Most of people think that it is destroying thing that can influence on company’s activity as weak ideas. On the other hand, some executives argue that it can help to achieve new results. Sometimes managers spend too much time trying to avoid conflict situation when it can lead to new alternatives and better understanding. Many organizational executives are proud because they can avoid conflicts easily in their companies. However, General George S. Patton said: “If everybody is thinking alike, then someone is not thinking” (Hesselbeinet et al., 2002, p. 160). Hence, even if there are dissimilar opinions and suggestions, leaders can only benefit from that.

There big distinguish of well-performing teams and lesser-performing ones is the result of more ideas and more clear understanding between the participants. The more number of views, the more alternatives. To put all ideas together and chooses the best one can be more effectively than to kill others opinion.

Leader should feel conflicts that can bring success for the future. There is no necessity to react aggressively and destroy conflicts.
4.4.4 Culture for innovation

As I mentioned in a previous chapters, innovation should be seen ahead of the cycle’s curve to survive. Loosing focus on innovation, firm can become overnight. In order to prolong company’s life, leaders have to create an environment that accelerates to develop innovations. To build belief that is based on business values and traditions that lead to innovate through the culture. Hence, there are many innovations that are developing by creative power and can be described as breathtaking.

I’m convinced that culture is an essential part of nonstop success. Pottruck emphasized in his article that company’s culture can be compared with “minicivilization” (Hesselbeinet et. al). The main characteristic of this is beliefs and values give meaning, purpose and direction to any civilization. These beliefs establish culture that any country has in declaration or constitution. According to it, county choose its own way of existing. This is of course also true with companies when they constitute their culture.

The probably most important issue is that culture helps to hold all organizational elements together. In this sense, the vital elements are people. Culture can be result of user-friendly and high-value way of doing business. Moreover, it changes short-term profits to long-term success. Creating culture is not easy as seems. In order to have it in a company, there should be discipline and desire of the company’s leader.

Strong corporate culture generates a sense of stability. If employees are supported, inspired by a strong firm culture and have a chance to be involved in a process of innovation, they can make huge contribution of creating new ideas.

Pottruck points out some main characteristics of organizational culture (Hesselbein et al., 2002, p. 142):

- **Culture offers a sense of permanence.** It means that company’s purpose and values are unchanging even if ways of doing things and practices are changed always. It can be expressed as a paradox because a stable culture and values give opportunity to employees to act through the fast changes.

- **Culture provides a sense of direction.** Culture can be a “compass” for a company. On the one hand it is impossible to predict the future. However, if a firm is led by principles that were used in the past, it can success in the future with more result.
• **Culture helps find natural allies.** Through company’s culture it is possible to find appropriate people during hiring process. Employees should have inner sense of business values. Firm shares with its philosophy that reduces dissonance inside firm.

• **Culture provides a marketplace identity.** Culture is a connection between employees and customers. It forms buyer’s attitude and understanding of company’s image that influences on willingness to buy products or services.

Culture is a result of permanent environment where innovation can be fruitful. Executive that wants to be a real leader have to be the example of the culture in a company. In this case it is possible to inspire the whole team.

Leaders should not take essential company’s beliefs and values just as simple motto. The person who is on the top of any firm should believe in firm’s value. Moreover, he or she should live according these principles and core beliefs.

Not everyone is born with the leadership talent. For many executives leadership is a learned behavior. Anyway when leader can create right atmosphere in a company, she or he can make a big benefit for the future long-oriented activity.

Pottruck points out: ‘Culture is much more necessary that any business plan that can be forgotten in some time. People and culture achieve much more than any team of managers or planners could ever envision’ (Hesselbeinet al., 2002, p. 125).

I argue that culture of a firm is something special. Notebaert said: ‘When innovation is ingrained into your culture, you are living your brand. It’s just a way of life. You do things with your customers because you are trying to look at it from their perspective, not yours’ (Hesselbeinet al., 2002, p. 126).

### 4.5 Kaleidoscope Thinking

Continuous changes in the business environment make the leaders look at life through kaleidoscope. They should see new opportunities outside traditional boundaries, make new connections and come up with new combinations. Kaleidoscope thinking is one of the new core concepts of competitive companies.

Innovation is based on improvisation. There are many things not fully developed or known and innovators create value for them. Innovation is unpredictable because it is
impossible to know in advance if people will accept something that does not exist yet. Innovation starts with someone who feels a need and then invents methods to meet this need. In order to feel this need, it is crucial to keep an eye on the signals from the environment. These signals can be for example competitors’ development or technology changes. To keep up with these streams imagination and intuition are needed and they depend on a variety of new experiences.

Partners, suppliers, and customers are the sources of innovative ideas. Partners can provide new developments and marketplace changes. A new direction of thinking can be sourced from new kinds of business partnerships with different parties such as government, community groups, or non-profit organizations. Experience of living in a customer world also opens new possibilities. Impersonal reports might indicate a problem or an opportunity, but they do not stimulate thinking. However, being a user makes one’s mind more creative. The wider view a company takes-the more ideas for innovation it gets.

4.5.1 Rules for Stifling Innovation

There are two painful truths about innovation. First, innovation is a risk for leaders. Second, the process of innovation does not have order that is why it is hard to predict it or control. That is why many leaders do not practice innovation, though they respect it in theory.

The behavior of leaders either can encourage or prevent innovation. Behaviors like being suspicious about new ideas from below, expressing criticism freely, treating problem like failures, secretly changing the policies will never let the innovation appear. In order to encourage innovation, the corporate culture should support fast approvals, open communication, cooperation of units, and resistance to uncertainty. During the innovation process several reviews can be beneficial; however continuous checkpoints of one idea on every level of hierarchy demotivate people. Also, insecurity and lack of information, as well as uncertainty about the future and often abrupt changes discourage innovation. People feel more controlled and become more passive.

Leader’s job is to remove these obstacles and empower kaleidoscope thinking. Leader’s task is to understand that innovation requires courage. Therefore, they should create cultures where challenges and experiments are a norm for each member of a team.
4.5.2 Activities for innovation

In order to be competitive companies must encourage innovation all the time and everywhere. An innovation strategy is based on activities at three levels of the pyramid:

![Activity levels for innovation](image)

(Source: created by the author, based on Hesselbein et al., 2001)

In innovative companies leaders give kaleidoscopes to everyone. They encourage their workers to look for new ideas regarding operational improvements and serious breakthroughs. Looking outside conventional boundaries can be a source of ideas and that bring new opportunities for an organization. Time and resources are needed for these ideas to become real. Small budgets from grant funds speed up the process avoiding resource allocation process.

Under the culture of changes leaders should understand not doing everything perfectly, but doing everything fast, learning from it, and doing it a different way. Innovation is a self-reinforcing cycle; therefore innovators are more likely to appear in companies which are open for change. It is easier because such companies have open
minds and have already broken through the obstacles. Flexible companies that have many external partnerships are better innovators than bureaucratic hierarchies. Innovation is restricted by conventional wisdom and existing assumptions.

A new strategy is built up out of many small experiments. Times of uncertainty are for improvisation. When it is unknown what concept will take advantage, it is better to set several small experiments, look at the results and learn from them. Technological changes always involve experiments, which result in an industry standard. A kaleidoscope is a tool that helps companies to meet changes and deal with challenges.

4.5.3 The Role of the Leader

Although innovation is often an individualistic creative process, it needs organized contribution of others. Therefore, without organization innovation is hardly possible. However, it was already mentioned that sometimes organization can rifle innovation. The leaders of organizations should remember that organizations consist of people, neither procedures nor structures. People have talents and are born with the potential to create and invent.

The leader’s responsibility is to encourage innovation. He has to promote, champion and hold up new ideas. He must create an environment where an entrepreneurial spirit can be expressed. He must empower.

However, the empowerment does not mean freedom to do whatever one wants to do. Besides, recognition and acceptance of every new idea does not mean innovation either. Innovation and empowerment go together and they can be managed.

If people are going to promote changes, they should realize how the leaders and organization as a whole would react to failures. It is obvious that not all ideas are good. Identifying and testing the ideas is important. Identifying and resolving a failed idea tests the durability and viability of the organization and its leader. Facing failures can mean life for a company. However, failures should not be viewed as final or fatal, vice a versa they can be considered as a new step of learning and a source of another creative idea.

4.5.4 Knowing When to Move forward

What are a bad idea and a good idea? There should be a framework to distinguish between the ideas. If an idea is worthy, the leaders should test it and begin little by little improving it. However, it is important to replace the idea from a concept stage to
a process stage. If it works, it can be introduced on the market. The stream is going up, if the idea is accepted by the customer.

By the way, not every idea is tested by the external market. The changes within the organization can bring innovation as well. The same principle works for the internal and external customers. The earlier the idea is performed and accepted—the better. If the idea does not achieve a standard of excellence within certain period of time, it should be discarded. Otherwise, it can delay the next generation of innovative ideas.
5 Tools to innovate

In this chapter I will introduce the reader some tools that help companies to find innovative ways of doing business. It is undoubtedly true that there are a big variety of ways to innovate. I chose the most appropriate from my point of view that I investigated during my research. There is information about opened innovation, design-driven innovation and sustainability that are used by many companies. The chapter is supposed to give perception of understanding these methods.

5.1 From closed to open innovation

Since internal R&D is no longer a strategic asset, innovation can be considered dying. However, it is not really so. Innovation is still crucial for the companies and it took a different form nowadays. The way the companies bring new ideas to the market has shifted from closed to open.

The older model of closed innovation looked the following way: companies generated, manufactured and marketed their ideas on their own. This strategy was successful before and many companies played by these implicit rules. The main investment was done in internal R&D. It allowed them to come up with bright ideas and bring them to market first. The Intellectual Property (IP) was aggressively controlled. They reinvested profits in R&D again and it resulted in new innovations. This model worked well for most of the 20th century (Mayle, 2006).

By the end of the 20th century closed innovation became less profitable. It was caused by several factors. First, the number and mobility of knowledge employees grew dramatically and it became very difficult to control IP. Second, the availability of private venture capital grew as well, and new firms were established, which were based on the ideas born in corporate research labs. The companies which initially invested in the ideas didn’t get profit from them, and the companies which got the profit didn’t reinvest it into new generation of innovation (Mayle, 2006).
In the new model of open innovation companies use external and internal ideas and bring them to the market. Companies can commercialize their internal ideas through the outside channels and generate value for themselves in this way. Also, ideas can be bred outside the organization and then brought inside for commercialization. It means that the innovation can move freely between the company and its surrounding environment. Originally open innovation is based on rich knowledge. Companies should not control their IP and should find ways how to profit from others who use their IP through licensing agreements, joint ventures and other arrangements.

The major difference between closed and open innovation is how the companies display their ideas. Both closed and open innovation face a challenge of separating bad and good ideas. Both closed and open models pick over bad ideas that initially look promising. However, only open innovation gives a chance to ideas that lack promise from the beginning but turn out to be valuable later on. Companies with closed innovation model tend to miss many opportunities since they are not inside the organization’s business and need external technologies for development.

5.2 How prevalent is open innovation?

It is obvious that all industries have been or will be transforming to open innovation model. Now some businesses are completely closed and some are completely open. An example of a closed industry can be a nuclear-reactor industry which depends on internal ideas and has low labor mobility. A completely open industry is Hollywood. The mobility of this workforce is tremendous.

There are also many industries, which are in transition period now. These industries are copiers, computers, disk drivers, telecommunication equipment, pharmaceuticals, biotechnology, communication systems, and even weapons. For these industries the innovation center has migrated from internal laboratories to various startups, universities and other outside organizations. High technology industries are not the only ones where innovation moves from close to open. Automotive industry, healthcare, banking, insurance, and consumer packaged goods are also moving towards open innovation.

The following table depicts the main differences between close and open innovation:
Open innovation can be a big advantage for the companies that want to benefit in the future. The seeing in a wider way of open innovation may give opportunity to create new products or services. External and internal ideas are big power for firms who want to stay on the market during a long period of time.

5.3 Design as Innovation

Today companies try to innovate not only with the help of technologies but also create meaning for things they are producing. I decided to write about it in my thesis because innovations can be found everywhere. The more alternatives, the more chances to create something new.

Companies like Apple, Whole Food Market, Artemide and others proved the fact that meanings do changes. Moreover, these companies create huge markets, because changes can be radical (Verganti, 2009). New market can be related to the “blue ocean strategy”. This strategy means industry that is not existing today – the unknown
market space where competition is absent. The demand on these markets is created by companies (de Wit, 2010).

Design-driven innovation is easy to explain through the Figure 11 that represents importance of technology and meaning. Through radical changes of meaning it is possible to create new meaning that will be design-driven innovation.

Figure 11

(Source: Verganti 2009, p.5)

Significant distinguish of modern reality is that people do not buy products they want to buy “meanings”. Customers use things more for emotional, psychological and socio-cultural reasons (Verganti, 2009). All products and services have meanings. Nevertheless, companies should understand real meaning that customers give to things.

Meanings are not subject of innovation, it is “a given” (Verganti, 2009). It is hard to do innovation in meaning. Roberto Verganti gives significant example of “design-driven
innovation” that is making sense of things. It is radical innovation of meaning. Design is a core of creating innovation (Verganti, 2009). When buyers use computer it is not only product is used, it also make customer feel better. Great example of it is Apple. Customers of Apple products feel also they enjoy the process of using. Moreover, Apple built a scenario of life in which people rent or buy movies, download songs from online store and then they can listen to them through the iPod (Verganti, 2009). Hence, there is no place for CDs and DVDs any more.

Sony and Microsoft developed PlayStation and Xbox 360 that stimulates active physical entertainment. Many people do not know the meaning of these products, but when they see it once they love it (Verganti, 2009).

Roberto Verganti points out meaning of “design” in his book: “Design is a creative activity whose aim is to establish the multi-faceted qualities of objects, processes, services and their systems in whole life cycle. Therefore, design is the central factor of innovative humanization of technologies and the crucial factor of cultural and economic exchange”. Design can also be related to business strategy, branding, organizational and market design (Verganti, 2009).

Many executives are not designers. However, they can have design attitude and create competitive advantage through design. Design-driven innovation is not as “being creative”. “It is setting direction and investing in relational assets”. All this work belongs to executives (Verganti, 2009). This task is mainly based on judgment and talent to build social capital.

For more clear understanding for the reader I want also mention example of Twitter, Inc. This company created the social network that can compete with big players such as: ICQ, Facebook and Blogger. After changing meaning from the old way of communication to new, Twitter, Inc. found short, incisive and focus way of social network. Friends, family, workers can exchange frequent answers to short questions. All users can fast express what they think right now.

To sum up, changing meaning of the products helps to achieve success. Leaders should see the invisible things and creative the impossible. Meaning can be found in everything- the product, the packaging, the website, the communications, instruction manuals (Gallo, 2010).
5.4 Sustainability as the way to innovate

There are many ways to innovate and get benefit from it. After interviewing some companies, I realized that one of the main issues for enterprises today is sustainability that can open new direction of creation new things that are attractive for customers. The more eco-friendly company, the bigger competitive advantage it has. Hence, the next part of my thesis the reader will know more about sustainability and ways of its finding.

The last years there is a big activity for the saving green planet and relationship between companies and government. Sustainability is a core of firm’s innovation, especially for smart companies. Moreover, through sustainability it is possible to open new business. The reason is that sustainability is the vital part of development.

To see sustainability that fit for a firm is not so easy. Nidumolu, Prahalad and Rangaswami pointed out that there are five stages that could help in sustainability (Nidumolu et al., 2009).

Stage 1: Viewing compliance as opportunity

The integral part of development is law and government. There are always many regulations in every country, state or region. Companies can feel pressure of new rules and standards. However, it can be inspiration for changes. It is important to note that company, who can predict some future restriction of its activity, can start to develop and solve problems earlier than its competitors and get first-mover advantage. In order to save time in the future, company thinks and acts today. It does not matter in which field company is involved. There are always many opportunities to develop: design, new products, new function and new value.

During one of my interview, Malena Nilsson said that “Kalmar Energy” has a project with Linnaeus University. The reason of this project is to find new ways of cleaning water that is used for the producing energy. Authority always changes the standard of the cleaned water. Hence, they should be on the one or more steps ahead. New government rules pushed Kalmar Energy for the researching new methods and alternatives. Malena added: “If we want to be on the market long period of time, we should care about the changes and try to predict them before they come”.

From my previous paragraphs the reader should understand the necessity of on-going process of innovation. Moreover, company has to react on future problems and
changes before it faces with them. Firms can turn new regulations into benefit of leading a way of doing business (Nidumolu et al., 2009). Hence, firms can create future platform of their activity and win more than their competitors.

Stage 2: Making value chains sustainable

It is undoubtedly true that companies focus on reducing the nonrenewable materials: gas, coal, petroleum. Firms try to discover new opportunities in value chain. It means that companies work with suppliers and retailers to reduce waste and develop eco-friendly materials. I think that many firms also want to create better image on the market through this process.

In order to develop sustainable operations enterprises evaluate each part of value chain. In the first stage they seek out more evident fields for changes. After that they continue they searching in less evident areas.

All actions of sustainability lead to more company’s independence from fossil fuels in the future. Moreover, firms are developing new programs that can help to optimize materials of production goods. The reductions can be also seen in work place. Many employees today can work at their home. In this case, there is opportunity to save energy, time and travel costs. I cannot say that it possible to implement for every company. However, the Internet increased this possibility (Nidumolu et al., 2009).

Cutting waste and using it in production allows executives to see new opportunities and monetary benefits. Companies relate sustainability to business results through creating environmental-friendly value.

Stage 3: Designing sustainable products and services

Consumers like eco-friendly offerings. Hence, company can redesign existing products or create new ones. Through the research of unfriendly to the environment products, firm sees new ways of make good or service. Sometimes it is great to start to view the future that can define new direction. It inspires leaders to invest in many projects or benchmark other practices.

During my interview, representative from the Innovation center in Dong Energy, Ole Jensen said: “We are analyzing other industries trying to see what we can learn from them. It is more than benchmarking because we hire people from those industries into our innovation center and innovation units. We have to transform some of the business models that traditionally are used in those sectors where new people came
from. Hence, it is less benchmarking but more getting people that have develop some units of innovation center” (Jensen, 4-05-2011).

During purchases customers pay attention on characteristics of products. If there are health goods, they can pay more because they care about what they assume. Even buyers of energy want to know from what the product is produced to be sure of the quality and environmental damage. To design sustainable products firms have to understand customers and look at product from different point of view.

**Stage 4: Developing new business models**

Many leaders believe that result of sustainable business model is reconsideration the buyer’s value and developing a new one. Although triumph models are consisted from “novel ways of capturing revenues and delivering services” (Prahalad, 2009, p. 63).

Many companies can create new models when they ask what their business should be. In this sense they try to see to the future and create new path of development. Using different technologies for solving new problems can lead to innovation.

Impact of a new product always influence on the market. Hence, executives through experience and new combinations can create sustainable innovation.

For more understanding, there is a great example that I have got though my interview in Innovation Center of Dong Energy. This company is doing “climbed partnership” (“climbed partnership” is definition from Dong Energy). Dong Energy connects with other company that theoretically has something that could work together. The Chocolate Factory in Denmark is one of the climbed partnerships. Factory use electricity and hitting that Dong Energy potentially can use as biomass for its system. Hence, these two companies made a strategic agreement of collaboration. Ole Jensen added: “Then we try to find out what we should do with that. After we did this agreement we need to do something” (Jensen, 4-05-2011).

**Stage 5: Creating next-practice platforms**

On this stage there are changes that influence on future company’s activity. Leaders have to ask questions concerning the future that are related to existing practices. Unrealistic aims, set by leaders, should be taken into consideration by employees. Before plans were constructed people dreamt about flying. Many products also were
made because of dreaming or asking questions about possibility of creation different products.

To sum up, focusing on sustainability is a good chance to find a new fresh way that lead to benefits. When executives decide to stop on problems, changes appear quickly. I argue about the importance of sustainability because economic system has pressure on a planet. Old traditional methods do not bring innovative solutions. Hence, leaders have to recognize significance of sustainability.

5.5 From creative problem solving to innovation

I'm always interesting in: how innovations are executed and where is the space of creativity (how people can create impossible things). It seems very hard process. However, people do it every day and there are no frames of creation. Nike’s slogan “Impossible is nothing” is a good example of it. How can organization find the way to innovate? Good reason of it is a problem.

Problem solving is a creative process where innovation appears. There are always some problems in organizations. Hence, there is room for the innovation. Creativity starts when leaders inspired people to take a challenge (Basadur, 1995). Challenge can be found in daily problems that are obvious or difficult to embrace. If it is possible to see more problems and find better solutions, innovation will appear as a result (Basadur, 1995).

Alber Einstein said: “The more formulation of a problem is far more essential than its solution, which may be merely a matter of mathematical or experimental skills. To raise new questions, new possibilities, to regard old problems from a new angle requires creative imagination and marks real advances in science”. Challenges of a problem can be in government regulation, in new technologies, in customer’s behavior. A limited view of problem solving is the reason of narrow set of tools to tackle problems (Basadur 1995). There are many techniques to find the solutions. The way of using tools can be different. It causes alternatives that are necessary for innovation process.

Basadur in his book “The Power of innovation” says about the Simplex method that help to solve problems creatively. There are only three steps for it: finding problems; developing creative solutions; and implementing these solutions (Basadur, 1995). To
move next step means to act creatively on the previous one and to broaden the problem’s scope.

It is undoubtedly true that many innovations were made during crisis, disaster or trouble. The reason was to seek problems out. It is interesting that: “Even when solutions are perfect, they automatically create new problems” (Basadur, 1995). Consequently, for producing mp3 or other products, problem solving is a never-ending creative process (Basadur, 1995).

To sum up, leaders have to see problems that need to be solved even if they are unrealistic. I argue that unrealistic effect can motivate people and inspire to create new things or use new combinations that lead to innovation.
6 Interviews

This part of my paper is focused on practical perspective of innovation and examples from the activities of some Swedish and Danish companies. I think it gives the reader some information that can help to understand innovative activities of some firms in energy market as I interviewed all companies that are doing their business in this area. First, it was advised by my professor, Philippe Daudi. Secondly, I argued that as any industry, it is attractive area. Especially, during the time when many energy companies want to change their way of doing business to more eco-friendly, using many methods of implementation that can influence on it.

I asked representatives of the firms about their understanding the meaning of innovation, the activities that they are doing to create new thing or get flourish future, the ability of leaders to provide favorable settings for their organizations and organizational members as to promote the process of innovation.

I Interviewed 5 representatives from 5 companies: Dong Energy, Vattenfall, Magnetal AB, Kalmar Energy and Symbeyond. However, I deem to share with the reader some of the most interesting interviews and, from my point of view, the most expedient interviews. The material that is denoted in the following paragraph I have got from the skype and face-to-face interviews.

6.1 Dong Energy

I had opportunity to interview one of the representatives from the Innovation center Ole Kjeldal Jensen in Dong Energy that inspire me to understand many things that are concerned to innovation. The conversation was much more than interesting. I hope many following examples will be interesting for the reader also.

6.1.1 About Dong Energy

Dong Energy is a state energy company that was found in 1972. It is the largest producer of energy in Denmark, shares 49% for electricity production and 35% for the heat production. DONG Energy was founded in 2006 when six Danish energy companies merged: DONG, Elsam, ENERGI E2, Nesa, Copenhagen Energy, and Frederiksberg Forsyning.
Innovation activity in Dong Energy is a core of future development. To do analysis is better to start from the structure of the organization that is represented on the Figure 12.

(Source: created by the author according to the interview).

Dong energy is organized like a concern. On the top of it is the “Board of Directors”. After that, there is “The group support” that is included HR, finance and others departments. The other two important units are: “Regulatory affairs” and “Innovation center”. Innovation center is closely connected with the group R&D. R&D is in each unit works mostly for the tasks of that business unit to that it belongs to. Innovation center works more with the time future perspective of 15 years.

Then there are 4 business units. One is related to power. It is building wind mills and running power plants and selling electricity. This department owns plants in Denmark and UK. “Sales and distribution” is one department but it is separated. They
sell electricity to customer and they run distribution grade (first-distribution then sales). So they have sales very separate from distribution.

The next department is IaP (Inspiration and Production). It operates oil fields in the North Sea. Furthermore, it produces, trades and looks for the oil fields. The last department is “Energy Market” that basically trades resources with the national markets in many countries and signs contracts to get natural resources. Each of these business units has its own R&D.

### 6.1.2 Understanding of Innovation

Ole Kjeldal Jensen argued that there is no their company's definition of innovation. Everybody has a definition but all these definitions are very different. All of them are inspiration from problems and being inspired by problems and making marketable solutions. Another, that is related to user's side is: understanding the needs of customers on functional level and support that they need. Functional level means not the need of electricity but what are they using it for (Jensen, 03-05-2011).

From Ole’s point of view innovation is synthesis of knowledge from different domains. The interesting thing is that there is no way to describe unsuccessful innovation in literature, because it is defined by market’s support. So he said: “You can succeed in development of innovation but fail it in other steps” (Jensen, 4-05-2011).

Dong Energy works with three innovation platforms which are defined innovation that company is doing. It can be described as a value chain (Figure 13).

**Figure 13 The value chain of Dong Energy**

(Resource: created by the author according to the interview).
There are three platforms the company is dealing with. Conversion technology is the second generation converting biomass to fuels. There is a vision behind of this that is going to sustainable energy future. Furthermore, company has natural resources: wind, sun (all kinds of natural forces that Dong Energy can explore for producing clean energy).

There is a huge side of the innovation to begin- consumption. Finding ways of the using the energy in a more smart way during the 24-hour cycle. The problem that Dong Energy wants to solve is a pick of using energy at 6 o'clock. There should be many technologies that can be addressed to it.

Ole pointed out that the user will be in the future energy system and change from being passive into becoming active. So it would be impact of innovation. And it would be more interesting.

**6.1.3 Innovation Center in Dong Energy**

There are 15 people in Dong Energy’s Innovation center. It is very few people. Most of the projects the company is generating are produced in some kind of network structure: internal and external people. It is interesting to mention that there is no one main department that can influence on the innovation activity for the whole company. Ole Jensen indicated that the most vital thing that can be result of innovation is network between all parts of organization.

Innovation center is working very close to other business units of R&D. The business units are more hierarchical if compare with Innovation center. Innovation Center is super flat. Ole pointed out: “If someone wants to grow up with his or her career, he or she should go to the innovation center and participate in projects. In business units there is a line of career, but in the Innovation center people work in projects and that is all. Furthermore, in Innovation center we have people who always have brainstorming.” (Ole Jensen, 4-05-2011).

In Dong Energy’s Innovation center there is something that looks like projects but not exactly the same. It is called “priject”. When people have ideas, they can develop them and work but without fixed time and with flexible budget. Priject is also not defined with a project group because there can work people from different business units or outside the company. Prijects can give a direction to innovate. So prijects can be in the future big projects.
Even if workers have a big freedom in Innovation Center, one in a month they have meeting where they present their work and show who they are and what they are doing. Moreover, workers show challenges that they are facing now.

### 6.1.4 Activity for Innovation

The Dong Energy is a very technology-driven company. Innovation is a core of its activity. As a result, R&D department is in each business unit. Hence, there are many projects that can be beneficial for the company's future.

The company has a lot of open innovation approaches. They are doing a lot of **PhDs projects**. There are nearly 50 professors in Dong Energy. The company also has collaboration with universities and professors staff. For example: material section with DTU (Denmark Technological University). Together with DTU Dong Energy is developing a new material for increasing temperature of power plants. That means that the company can get 8-10 % more efficiency of power.

The company is doing a lot of **consortiums**. There are many high technological projects that are invested from public sector and EU- money. Dong Energy has projects where people are from industrial government and academic sectors. It can be also universities and local municipalities. So the company tries to cover as much partners as it is possible.

Right Now Dong Energy has been doing project called “E-trans” (Electric cars). The company made a consortium with other Danish 13 companies and science schools. The aim of this is to make anthropological study of the users of electric cars and absolute non-users and people who are in between. Ole stated that it is becoming more and more interesting, but also it is huge challenge to integrate that kind of knowledge in innovation system.

The company is doing “**climbed partnership**”. The company connects with other company that theoretically has something that could work together. The Chocolate Factory in Denmark is one of the “climbed partnerships”. Factory uses electricity and hitting. So to produce energy, Dong Energy potentially can use materials (wastes) from the factory as biomass for its system. Hence, these two companies made a strategic agreement of collaboration. Ole Jensen added: “We try to find out what we should do with wastes and how to create energy form it. After we did this agreement, we need to
do something” (Ole Jensen, 4-05-2011). Hence, collaboration should inspire to create new ways of solving problems.

Dong Energy is analyzing other industries trying to see what it can learn from them. First, it seems that it is benchmarking. However, Ole argued: “It is more than benchmarking because we hire people from those industries into our innovation center and innovation units. We have to transform some of the business models that traditionally are used in those sectors where new people came from. Hence, it is less benchmarking but more getting people that have develop some units of innovation center” (Ole Jensen, 4-05-2011).

Dong Energy is working now with IT universities. The company wants to develop educational games. Ole Jensen pointed out: “Many iphone’s games can teach people about connection of the wind energy. So people can know more about that and what is happening. We also want to do more games. We have one that is almost finished. It will come on the market on 14th of May, 2011. We want to educate people more in order to change their behavior. There is the first electricity game. We want to educate more people and get more awareness to change their behavior. It is more in strategic perspective” (Ole Jensen, 4-05-2011).

On the technical side, Dong Energy has a lot of collaborations. As a good example is Siemens. Siemens produces wind turbans and they are one of the best in the world of high quality. Dong Energy does development project with Siemens. The company buys and put turbans up into operation. Commissioning plays an important role in this process. The foundation of the turbans is 60 % of success. Together with Siemens, Dong Energy learns how to build and calculate turbans’ work.

### 6.1.5 Leadership approach to create Innovation

According to Ole Jensen, leadership has a big influence on Dong Energy. Unrealistic goals are the core of creating new things. CEO makes ambitions that inspire people to work.

The company has a strategy that is called “85/15”. It means that now Dong Energy produces 15% of sustainable and 85% of fossil fuels – mainly coal. By 2050 CEO wants to flip around the production and to produce 85 % of sustainable and 15 % fossil fuels. However, got the Dong Energy it is unrealistic goal. Ole Jensen explained:
"If we take just more of our technology: more biomass, more wind turbans, we can get only 65 % of sustainable energy by 2050 but we need 85%. So 20 % is not possible to achieve with what we have now. So our CEO made us a vision and strategy which is simply is impossible to do with existing technology and existing ways of doing technology. This is a huge way giving a kick to the organization in being innovative because now we should just find the way. I can say that those 20% can be called innovation" (Ole Jensen, 4-05-2011).

The CEO also participates a lot in annual meeting where are about 60-70 people. He always comes with indication that he wants to get in the future. These indicators are motivated the workers to think differently and to make new solutions.

The director of Innovation center allows a lot of things for projects. He gives a lot of freedom for his business development. Workers go out and try to search whatever they can find in universities and conferences.

I argue that Dong Energy is an incredible example of innovative company. It not only wants to be innovative, but it does a lot in each part of its organization to find a new dimension of its activity. The CEO of Dong Energy sees the possibility of development through using various tools and potential of its employees. Challenges lead to flourish future.

6.2 Symbeyond

I want to share with the reader information that I have got during my interview with the representative of Symbeyond – Tristan Spits. The whole following paragraph is based on the conversation with Tristan, one of the founders of this company. This lets the reader know more facts that exist in today’s world of innovation.

6.2.1 Company’s activity

“Symbeyond” is a small consultant company in Netherlands that work with projects for sustainable development. They help companies to increase the combination of economic, social and environment values. They provide services in the field of cooperate social responsibility and the field of agricultural sustainable development, sustainable energy. Symbeyond sells projects to companies that want to act mainly
on sustainable innovation. The key perspective and key role is to meet business cases for sustainable innovation.

The company has different types of advice but the most common is to help firms and municipality to find the way of how to keep and stay innovative and more sustainable.

### 6.2.2 Understanding Innovation

Only to want to be innovative is not enough. Tristan argued that even if many companies have desire to be more sustainable and innovate, sometimes they do not know how to do it and which path to choose. Big companies can do double work because they are trying to invent something that already exists on the other part of the company. One of the things that firms can do is to map all the activity of a new product.

According to Tristan, companies change their ways to innovation or sustainability but in reality they not always create new things. Firms take existed methods of doing business but for them they are new. During this process of changing companies open new markets for their activity and profitability.

The whole way of sustainability also brings the way of innovation. The already existed companies that are standing in the front of sustainable policies also develop the nature of their business.

Real sustainable innovation is mostly technological innovations. Symbeyond is working now with companies that want to implement solar panels for production of electricity. These companies asked for a help in Symbeyond because they have never done it before. In real life these companies are not going to produce solar panels ourselves. They will buy the solar panels. On the one hand, they do not do innovation. But on the other hand, the whole business model and consumer proposition is something totally new. To sum up this process, the new technological innovations bring innovative business models.

Big companies try to create culture for innovation. They are looking all the time for opportunities through product development. Hence, there is big difference between small and huge companies. Small firms can do not have some special culture but they can create new things. There is more independence in these kinds of companies, because hierarchy is in the lower level.
6.2.3 Projects

Synbeyond is doing There is incredible project that Synbeyond is doing with many scientists. It is how to find the way of producing meat without killing animal. Scientists take cells from animal and create meat. This process is not finished yet. However, it can change meat consumption around the world and let people eat meat without animal to be killed.

There is no reason to be alone and do not have relationship with those who are around. Symbeyond builds a big network and also organizes discussion evenings about sustainable innovation in Netherlands. During these evenings people discuss new sustainable innovations and possible ideas. There is a big chance to meet a lot of people though that.

Today is very popular to produce energy from biomass. Tristan mentioned that in Netherland there is also biomass project that creates special machine to make very easy separation of wastes. Organic waste is used for producing biomass that can be beneficial. Using informational technology can be helpful. The aim of this project is to collaborate with restaurants and ask them to separate waste. After that when bins are full, restaurants just write message on their computer, for example, with the help of Twitter, and the computer calculates the most optimal way of driving full bins in the evening. As a result: collection in the most optimal way and bringing wastes into biomass project. Hence, all the organic wastes will not be though away. Furthermore, there is new possibility of producing electricity from that. I believe that Twitter is not new, but using new combination of using information technology can create new ways of doing business.

6.2.4 Leadership perspective

Tristan argued: “To be sustainable requires a lot of leadership through the development and looking to the future. To have a vision and to get this vision into practice is not so easy. Results are depended on how fast leader can provide vision to the company and make it to work” (Tristan Spits, 28.04.2011).

During the changes process leader should be patient. It is impossible to get sustainable development for two weeks. It is necessary to do strategic goals to be long on the market. Furthermore, reaction on the competitors should be fast.
I believe that theory and practice often do not work together. According to Symbeyond experience, the company met a lot of resistance from employees during the process to the new ways of development and executives who are too impatient. Even when a leader changes company’s policies, people do not want to change their behaviors. Hence, patient is needed till the whole organization will change on the new way of journey to get success.

To sum up, sustainability and innovative seeing are a vital part of existing on the market. I deem that to notice things that are around a company is task for a development. Moreover, combination of many different components and ways of doing business is a chance to innovate. The more components, the more results. Leaders are engines of the processes who need to be patient.

To sum up my interviews, I argue, that innovation is a core of business activity for companies. In order to be on the market tomorrow, there is big necessity to think and act in a way of new dimension today. Cooperation and other activities with partners, universities and competitors are becoming more and more popular. Informational technology is a big source of unlimited opportunity that changes business and life of society.

Leaders have to do step for innovative growth and think wider in new era of possibilities that do not have boundaries. As leaders are the main accelerators in all processes in organization, they should not stop their development, especially in the time on-going changes.

Big and small companies have different path to get innovation. There are many factors like: structure, CEO’s seeing and leading, culture of a firm and others that play differently. However, I want to point out that the main thing is to see new possibilities and sense in actions that CEO is doing. Important task for leaders is to create appropriate atmosphere where innovations and new ideas can grow up. There are always a big variety of alternatives that only need to be seen.
7. Conclusion

The last chapter of my paper, conclusion, represents the findings of my thesis. In this sense I realized that innovation cannot be defined in a one special way. The role of leader is more than crucial in development of innovation. Sometimes finding of a new thing cannot bring success without leading the whole process. Companies are using old methods of doing business even of the existing the amount of ways to innovate. Innovation and leadership is one result of triumph. Leaders do not create innovation by themselves in most of cases. However, leadership is the key role of building atmosphere and motivation for employees to develop things and everything around. The todays’ ways and methods of development firms’ activity may deal with problems and challenges many companies are facing with.

In my paper “The power of innovation” I tried to focus on understanding the meaning and importance of innovations from the business point of view. I argue that definition of innovation depends in which area and where it is used. Even the good explanation of Drucker, who pointed out that “innovation is a change that creates new ways of performance” or other, can be interpreted differently. However, the process of a success depends more on leaders’ skills than on innovation by themselves. I analyzed theories and interviews and I regard that human aspiration leads to change everything even during the time of uncertainty and turbulence. To give people chance to be free and independence of thinking creates a new dimension that may deal with many problems. The need to open employees’ potential for doing impossible things is a hard but possible task for leaders. I aimed in increasing of making changes in the whole organization that mostly influences on the humans as the most valuable resource in a company.

I think leadership plays a major role in any organization as it defines how and where organization goes to. Employees produce, create and make things and services. However, leader can choose and change the whole process and dimension of everything in company through a vision and other methods. I argue that leading is a big power of firm that is proportional of the level of success. Hence, the more successful leader, the more prosperous organization. Leaders’ success is depended on
their personal and human skills. Through my research I argue if leaders are scary of changes, there are no rooms for innovation. Patient, creating meaning of things and creating of understanding are essential part for leaders who act in the way on innovation.

Through my research I would like to found the answer of the understanding of power of innovation thorough analysis of the data I gathered by investigating literature and conducting interviews with representatives of the companies where innovation is an essential part of activity. I deem that innovation is a significant issue for any company that does not have only one the best definition. I deem understanding of innovation from many angles and in wider way makes sense. There are things that always need to be improved. As a result success innovation is only an on-going process. In case of its stopping, firm’s victory is lost. Innovation is a core of development not only in the meaning of company but also in human aspect. It can influence on people’s lifestyle and previous production. Innovation is a cause of disappearing of many products that are becoming unnecessary on the market.

During my research I also found that companies want to be innovative, however, they do not put effort to get this way. To look around is enough to see new opportunities. I point out there are always more alternatives than individual can imagine. People have unlimited ability to think and with the help of this thinking they create new things. Leaders can be accelerators of creation of appropriate atmosphere for growing employees’ ideas. Conditions, created in company, are sources of human development.

I realized that there is no one suitable method in order to innovate. I think it is because a big variety of possibilities and opportunities of their combining. I argue if there is always a chance for development of innovation, this topic will be actual in the process of learning in the next future. Moreover, there are no boundaries for its learning.

I hope that the reader can feel the whole process of my work during reading my thesis. I really enjoyed investigation on the power of innovation. I believe that it helped me to be more close to understanding this process and to think in more innovative way.

In modern time of globalization and before, innovation happens unexpectedly because people do not think about them every day. In this sense, innovations are unpredictable and new possibilities and problem-solving that can appear everywhere and at any time.
I concluded that innovation should be taken into consideration of all companies as process of development and improvement that always creates benefits. My thesis provides some ideas and creates awareness for people and leaders who are interesting in change process in order not to stay on one place in fast-moving world.
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Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.

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