



Breakthrough innovation

Radical innovation, superior growth, irrelevant competitors

The question is not whether we are investing enough in innovation, but whether we are investing in innovations with the potential to generate truly competitive differences.

The reality is that many of the ideas that are developed are nothing more than *incremental actions* (improvements, new versions, adaptations, additions) that provide improvements in some aspect of the offer, but do not allow us to become a benchmark and reach a leadership position. This is the so-called **incremental innovation**.

Companies should not hesitate to develop *incremental innovation*, because improvements in the quality of products, adaptations to new customer needs, etc., are always necessary, but only the so-called **breakthrough innovation or radical innovation** will allow us to achieve the maximum return on investment in innovation and achieve higher rates of progress.

An innovation is breakthrough or radical if it meets:

Change the way customers behave. For example, file compression programs (p.e. mp3), which allow you to easily download music, at the time, changed the way you acquire music. It is no longer necessary to go to a shopping mall to buy vinyls or CDs of our favorite band (with the songs we like and those we don't). Now, through the internet, we can acquire the music we like the most. MP3 technology, and everything that surrounds it, has radically changed the music industry and the way customers act.

It changes the basis of competitive advantage. The emergence of low-cost airlines broke with the existing foundations to date. Traditional airlines dominated the market by operating and offering their services in a specific way. The new airlines eliminated a number of services and decided to relate differently to customers. They broke with the competitive advantages of traditional companies.

The economic structure of a sector changes. Both the case of mp3 technology and that of airlines of low cost, managed to break with the paradigm of considering that their services entailed unavoidable fixed structural costs. The airlines with: online ticketing, route simplification, crew optimization, etc., managed to design a service with lower costs that surprised traditional companies.

Radical innovations don't mean risk

Just because an idea can be radical doesn't mean we have to risk developing anything.

Any new idea we want to launch should be analysed and studied in detail to eliminate, as far as possible, all possible uncertainties and risks. And only when we are reasonably sure of its possible viability should we launch ourselves into implementing it.

PROPOSAL FOR INNOVATION



Look for radical innovations in what changes

Changes in lifestyles (values), in the evolution of the population (demography), in the appearance of new technologies (technological), deregulation (sectors), are an inexhaustible source of ideas, which, if well focused, can become radical innovations. The acquisition of the ability (to have systematics) to detect changes and know how to translate them into needs to be met by our sector, can be our source of radical innovations.