



Risks of innovation

Technology and market

Undoubtedly, innovations are a source of wealth and growth for organizations and companies that generate them, but they are also a source of problems if the risks they carry with them are not controlled.

When we talk about innovation we can refer to: **product/service innovation** (offered by the company – the offer -) and **business model innovation** (how the company brings its offer to the market). These innovations have two types of risks:

Technology risk: if the innovation to be launched is a new product/service or processes, based on a technological advance, the question that arises is: **will it work?**

Market risk: if the innovation to be launched aims to develop a new way of getting a certain offer to customers, the question that arises is: **will the market accept it?**

The lower the innovation that is proposed (incremental-improvement), the lower the risks, and obviously the lower the benefits that will be obtained. And vice versa, the greater the innovation that is proposed (new-rupture), the greater the risks and the greater the potential benefits.

In addition to technology and market risk (risks that accompany all innovation), there are risks specific to each company: lack of experience in project development, lack of experience in research activities, inexperience working in uncertain environments, etc. These risks will also have to be known and controlled.

The company that wants to take advantage of the benefits that innovation offers must make an effort to know the risks that each project entails, developing actions that reduce both technology and market risks, as well as the company's own risks.

INNOVATION PROPOSAL



Analyze the risks of our innovations and propose corrective actions

When we consider launching an innovation, we must evaluate the potential risks of our innovation and propose corrective actions that minimize them.

A good method for risk analysis is to organize an internal debate, in which the people who are directly or indirectly related to the project, first, reflect on the degree of innovation and risk inherent in them (incremental-improvement-new-rupture) and second, propose corrective actions to minimize them.

Normally in this type of meeting, opinions on the degree of innovation/risks tend to differ, so the debate is usually very productive in establishing risk control measures.

