



GEORGE MORRIS CENTRE

Capturing Value Through Market-Driven Innovation

Martin Gooch

*Senior Research Associate, Value Chains
George Morris Centre*



Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole

A decorative graphic on the left side of the slide, consisting of a vertical stack of horizontal yellow bars of varying lengths, with a green sphere partially visible at the top left corner.

“Innovation is the vital spark of all human change, improvement and progress.”

Theodore Levitt
1925-2006

The logo for the Canadian Farm Business Management Council, featuring a stylized red sun with rays and a red silhouette of a farm building below it.

Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole

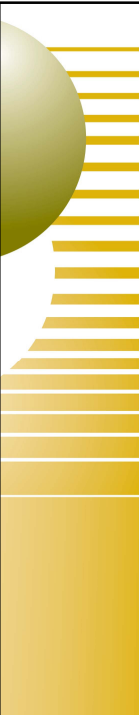


“Creativity is thinking up new things. Innovation is doing new things.”

Theodore Levitt
1925-2006




Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole



‘Doing’ is...

- **Difficult**
 - In an increasingly competitive environment
 - Globalization / consolidation
 - Impact of technology
 - Decreasing product life cycles
 - Limited resources
 - Under increasing demand
 - Industry structure
 - Long & complex supply systems
 - Production ‘push’ of commodities
 - Adversarial, transaction based, business approaches



Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole

Innovation imperative as ...

- Basis of sustainable competitive advantage
- Only possible through:
 - Having strategic *focused consumer* orientation
 - Strategically using production capabilities
 - Operating as a strategic coordinated value chain
 - Proactively respond to consumers' needs & wants
 - Decrease costs / increase quality



Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole

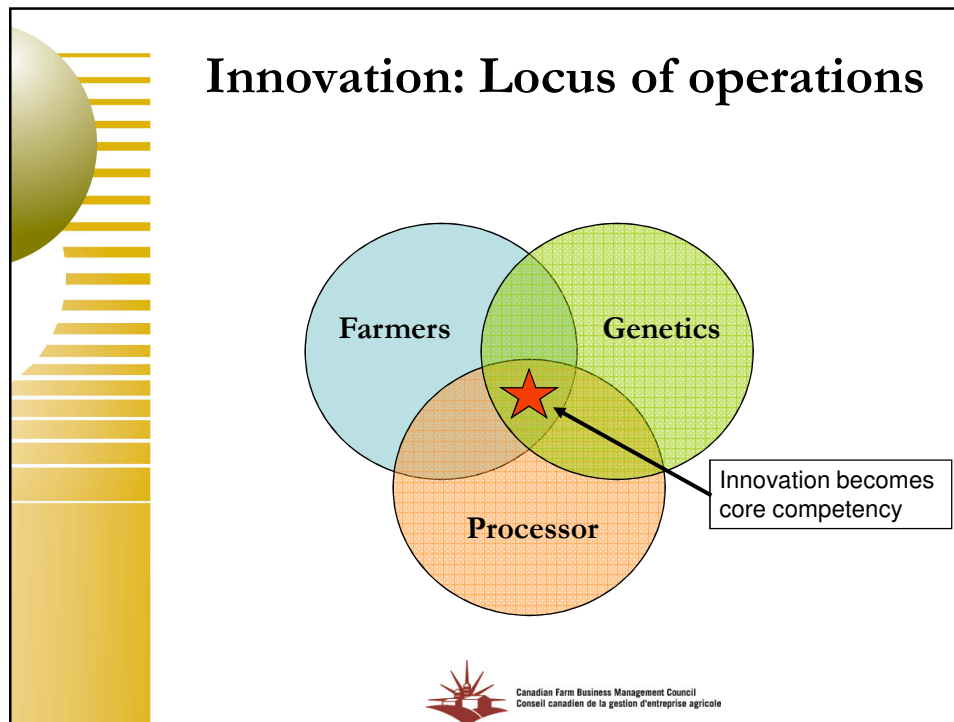
Approach to Innovation

- Based on traditional approaches
 - Including focus on
 - Science
 - Individual levels of the chain
 - To increase production capacity
 - Commodities / magic bullets
- Commercially significant innovation (\$\$\$\$)
 - ~6% comes from strictly scientific basis
 - 50+% comes from business interaction

Tether & Swann,
2004




Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole

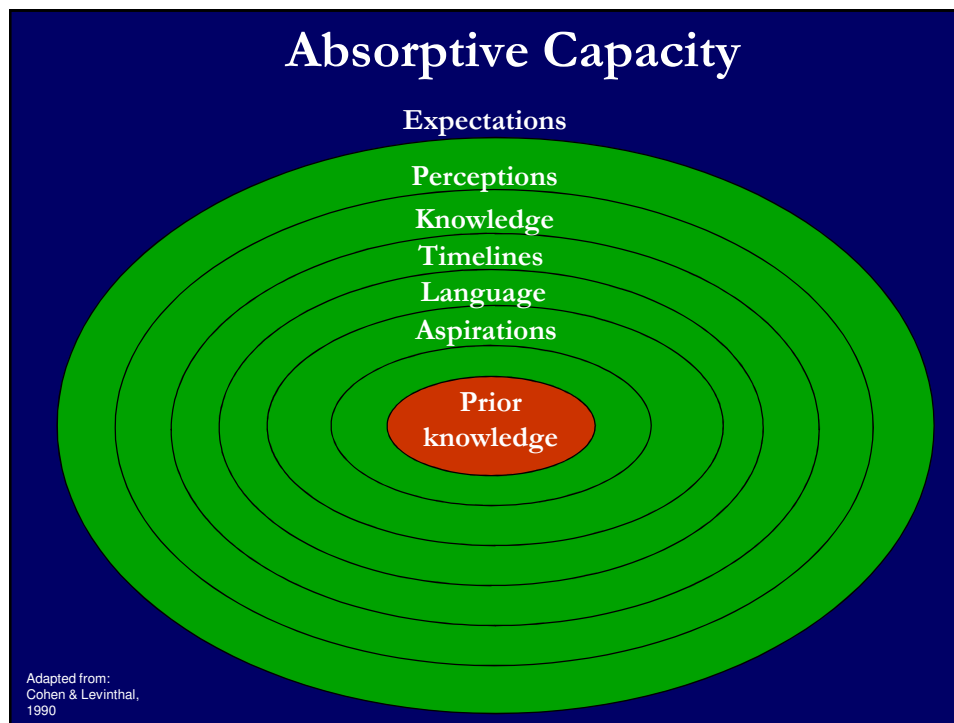


Knowledge Requirements

- Consumers
 - Improve current products / NPD
 - What do they desire
 - What would they consider 'value-adding'
 - New attributes, reduced cost, improved service
- Processes
 - Value chain analysis
 - What happens where, why, by whom
 - What currently adds value
 - What currently does not



Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole



Aptitude Requirements

- Business partner compatibility (building blocks)
 - Strategic
 - Drivers/motivation, goals, business structure
 - Skills, knowledge, 'top-down' commitment
 - Tactical support
 - Empowerment, accountability, processes (*policies > trust*)
 - Reporting / communication systems & processes
- Business partners compatibility (glue)
 - Leadership, vision and culture
 - Attitude to learn
 - Propensity to communicate
 - Willingness and ability to adapt



Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole

Provides ability to...

- Co-innovate
 - Between and across businesses
 - Not just within businesses
- Prioritize then commercialize
 - Quickly, effectively, efficiently
 - Access to multi-disciplinary resources
- Implement / execute
 - Through committed participants
 - Continual learning and improving



Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole

Most importantly...

- Co-innovation offers unique opportunities
- Difficult for competitors to replicate
- Source of sustainable competitive advantage
- Market focus (consumer value)



Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole

Example of Co-Innovation



- Angela Santiago
- Brad Bartko



Canadian Farm Business Management Council
Conseil canadien de la gestion d'entreprise agricole