Innovation Management in Libraries – a Comparison with Start-Ups and Smaller and Medium-sized Businesses (SME)
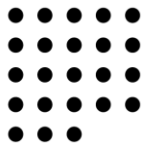
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Cologne University of Applied Sciences

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Libraries, Innovation and Entrepreneurship
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A central aspect of innovation processes is the ability of an organisation to generate new ideas by using new knowledge or market understanding, and to put them on the market successfully.

- Innovations can be aligned on products or services, distribution, and organisation.

- Process innovations are assumed to bring multiple benefits to an organization and help to achieve competitive advantage.

- Process innovations are most important for libraries.

Process

In section 3.4.1, DIN EN ISO 9000 standard says that a process is understood as a „set of interrelated or interacting activities which transforms inputs into outputs."

If libraries seek to establish systematic innovation management, implemented processes and relevant structures will therefore be reviewed. They must be capable to meet the goals of innovativeness and high quality.

European Classification of Small and Medium-sized Enterprises (SME)

Micro Enterprise   Headcount < 10

Small Enterprise   Headcount < 50

Medium-sized Enterprise   Headcount < 250

Most libraries fit into these categories of headcount.

Annual turnover and annual balance sheet are not taken into consideration for libraries.

Headcount: Annual Work Unit (AWU)

Qualitative Characterisation of SME

- Quite restraint about use of new media

- Resistance to innovation: to hold on existing structures and not very open to innovative thinking and experiences.

- Unipersonal „ad-hoc" decision culture: making decisions instinctively / intuitionally or on the basis of longstanding experience.

Qualitative Characterisation of SME in the Context of Service Innovations

- Often lacking the essential business management skills

- Mainly technical characterised background of the executive management

- Rather unstructured acting

- Dominating of the day-to-day business

- Innovation methodology is poorly developed and rarely used
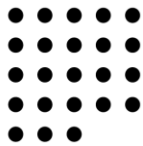
Barriers to Innovation - Employees

Innovation – or
What means „new"?

- What is „new"?   Content-related dimension
- How „new" it is?   Intensity dimension
- For whom it is „new"?   Subjective dimension
- Where begins „new"?   Processual dimension
- Means „new" success?   Normative dimension

based on Hauschildt, Salomo

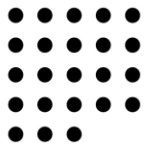# *Consequence*

An innovation process not necessarily aims on a finished product or service.

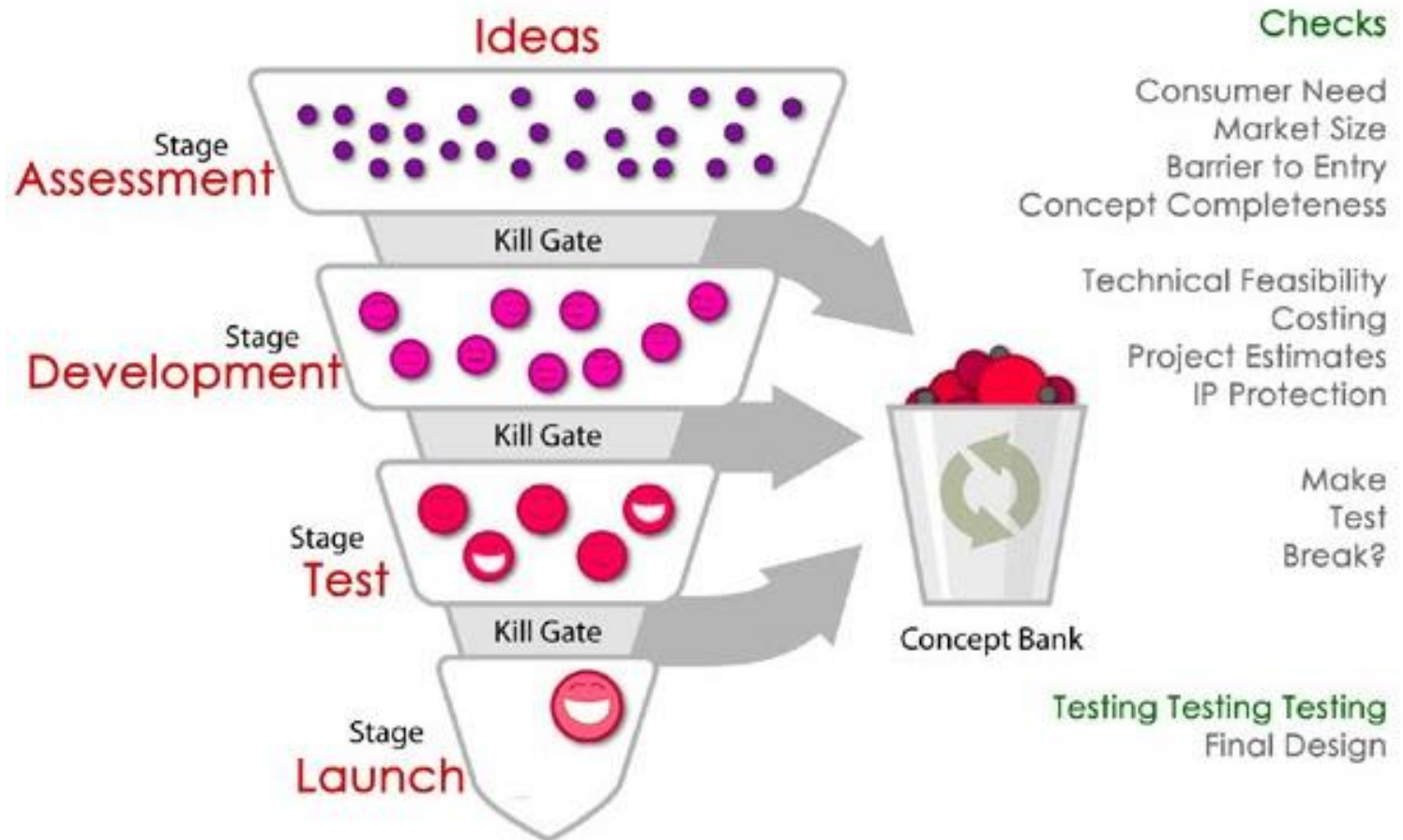Service innovation presupposes dedication and commitment in the sense of creating new service potential.
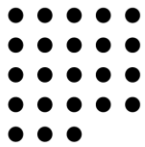
Complexity of an Innovation Process

Stevens, G.A. and Burley, J., "3,000 Raw Ideas = 1 Commercial Success!"

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Innovation Funnel

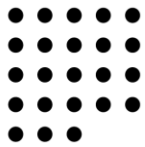http://www.ashpfoundation.org/leadershipprimer/funnel.jpg

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Thom´s Simplified Innovation Prozess for SME

- Idea generation
  - Determination of the search field
  - Brainstorming / finding of ideas
  - Proposal of ideas

- Acceptance and receptiveness of ideas
  - Shaping of ideas and feasability study
  - Developing of realisation plans
  - Decision on one plan

- Realisation of a plan
  - Realisation and implementation
  - „Sale" and acceptance (controlling)

Nach Thom 1992

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Implications for SME and Libraries

- Innovation process

  - Clearly structured process workflow

  - Very reasonable and controllable process workflow (e.g. three-phase-model)

  - Orientation towards linear process models – a subsequent phase may not begin before previous phase is completed

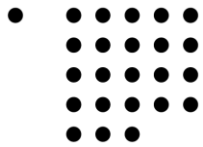 - To work with key milestones to reduce complexity of a project

Nach Thom 1992

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Implications for SME and Libraries

- Success factor: Perception phase

  - The management should be ready to take some risks about idea creation and idea evaluation.

  - Ideas, that are not related to the core business should be also taken into account.

  - It must be the goal to open the innovation funnel as much as possible to create a maximum of ideas.

  - Creating and implementing a knowledge management system

  - Customers should be part of innovation processes (open innovation).
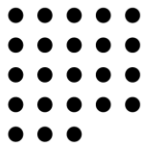
Implications for SME and Libraries

- Success factor: Work and service phase

  - Clear lines of responsibility for gathering, evaluation, and implementation of ideas

  - Setup of a cross-divisional function in innovation management where necessary

  - Systematic competitive analysis of services and organisations / enterprises

  - Providing of resources – priority setting!

  - Quality management: systematic visualisation of service processes (service blueprinting).
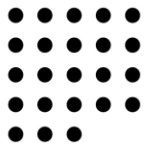
Implications for SME and Libraries

- Success factor: Outcome phase

  - Continuous and „unbroken": innovation communication throughout all phases of innovation processes

  - The communication should describe potential-, process-, and result-oriented value and benefits for customers

  - Possibly combination of services to packages to „sell" new services more sucessfully (bundling)

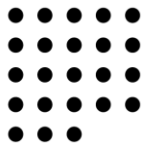 - Communication support by knowledge management

Summary and Part of an Empirical Study on SME

Fraunhofer Institute for Industrial Engineering - IAO

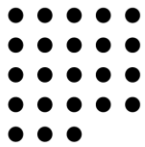*Fraunhofer Institute for System and Innovation Research - ISI*

Critical Success Factors of Innovative SME

- Courage for „the new" of the management
  - High degree of relevance
    Realised in 75% of enterprises
- Contributing of ideas and proposals of employees
  - High degree of relevance
    Realised by more than 66% of enterprises
- Innovation projects are part of corporate strategy
  - Degree of relevance is less than 50%
  - But realised by about 60% of enterprises

Critical Success Factors of Innovative SME

- Fast and short decision-making
  - High degree of relevance
    Only realised by about 50% of enterprises
- Systematic approach to customer feedback
  - Degree of relevance and realisation by about 50% of enterprises
- „Culture of errors" in innovation projects as a chance to learn
  - Degree of relevance higher than 60%
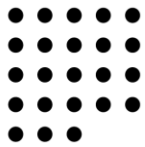 - Realised in less than 50% of enterprises

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Critical Success Factors of Innovative SME

- Excellent knowledge of competitive situation
  - Estimation of relevance higher than 60%
  - Realised by about 50% of enterprises
- High degree of commitment and initiative of employees
  - Degree of relevance nearly 70%
  - Realised only by 40% of enterprises
- Necessary competences available
  - Degree of relevance just over 50%
  - Only available in less than 40% of enterprises

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Key Indicators for Potential Improvements of Innovative SME

- Knowledge about the situation of competition

- Knowledge of the actors and the rules on the „market"

- High level of commitment, activity and enthusiasm

- Improvement of own competences (further education)

First Results about Critical Success Factors in Libraries

## *Realised / implemented and high degree of relevance*

- Library management: courage for „the new"
- Submission of ideas and proposals by (all) employees – independantly of library hierarchy
- Fast decision-making and consistently flexible and individual action
- Processes as low in complexity as possible
- Open handling with information and knowledge management

First Results about the Critical Success Factors in Libraries

Hardly been realised but high degree of relevance

- Innovations as part of a library strategy
- Innovations will be sufficiently stimulated and supported
- High degree of commitment and initiative of employees
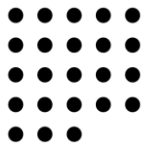- Improvement of competences (further education)
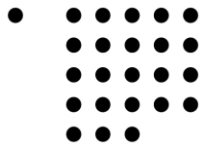
First Results about the Critical Success Factors in Libraries

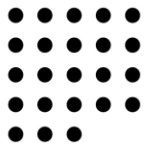## *Hardly been realised and limited / low relevance*

- „Culture of errors" in innovation projects as a chance to learn (cannot afford)

First Results about Critical Success Factors in Libraries assessed as being less relevant

- Knowledge about the situation of competition (Competitive analysis is done by only few libraries)

- „Culture of errors" in innovation projects as a chance to learn
(Libraries don´t want or cannot afford)

- Early involvement of all interests

- Processes as low in complexity as possible

- Open handling with information and knowledge management

http://t3n.de/magazin/wp-content/uploads/2012/08/Innovation-Startups-Unternehmen-596x335.jpg/

Thank you for your attention!

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