

**STRAIGHT PATH TO
QUALITY, CUSTOMER
DELIGHT, AND
COMPETITIVE
ADVANTAGE**

Improve!

**Paul Schumann
Donna Prestwood
Alvin Tong
John Vanston**

Contents

Preface xi
Acknowledgments xiv

- 1. Purposeful Innovation: The Key to Sustained Competitive Advantage 1**
 - Exploit Change through Innovation 1
 - Become Market Driven 3
 - What Is a Market? 4
 - Innovative Organizations 4

- 2. Innovative Organizations: A Tradition of the Culture 5**
 - The Age of Innovation 5
 - The Challenge to Organizations 7
 - The Organizations' Response 8
 - Paradigms 13
 - Organizational Culture 16

- 3. Market-Driven Innovation: A Systematic Method to Focus and Encourage Innovation 19**
 - Need to Focus Innovation Efforts 19
 - A New Approach to Targeting Innovation Efforts 22
 - Understand the Market 24
 - Commit to Leadership 24

Execute with Excellence	24
Keep Customers Foremost	25
Application of Market-Driven Innovation	25
Long-Term Value of the Market-Driven Innovation Methodology	28

4. Discovering the Opportunity in the Market **31**

Defining the Market	31
Driving Forces Affecting the Market	32
Who Are the Customers?	36
What Are Their Needs?	39
Importance of the Driving Forces	44
Determining Customer Needs (Summary)	44
Technologies Impacting the Market	45
Assessing Technological Capability	48
Forecasting Technological Capability	49
Determining Technological Capability (Summary)	52
What Is the Competition?	52
Competitive Response	54
Assessing Competitive Response (Summary)	55
Additional Insights on Technology	55
Synthesizing Market Opportunity or Threat	56
Creating the Summary Innovation Map	57

5. Developing a Strategy to Take Advantage of the Opportunity **61**

Strategic Thinking	61
Innovation Strategy	62
A Classic Example: The U.S. Automobile Industry	63
Types of Strategies	71
Strategy Development Process	72
Organizational Change	73
Creating a Vision	75
Selecting a Mission	77
Establishing Goals	78
Developing Organizational Implications	79
Developing a Strategy	81

6. Assessing the Organization's Capacity for Innovation **85**

Organizational Elements	86
Dysfunctional Organizations	88

- Assessing the Organization's Capacity to Innovate 90
- Innovation Capacity of the Resources 90
- Innovation Capacity of the Culture 95
- Innovation Capacity 102
- 7. Developing an Organization Which Can Effectively and Efficiently Implement the Strategy 107**
- Developing Total-Quality Programs in R&D 108
- Developing a Technically Vital Organization 121
- Creating an Innovative Organization 134
- Developing an Innovation Improvement Plan 134
- 8. Growing a Company: Going Global with Acer 149**
- Observations 149
- Introduction 150
- Strategic Planning 151
- Action Plans 152
- Analysis 153
- 9. Diversifying a Multinational Company: A New Business Venture of IBM 169**
- Observations 169
- Introduction 170
- Case History 170
- Opportunity Analysis 176
- Strategy 178
- Organizational Assessment 179
- Results 181
- 10. The Seven Traits of Successful Organizations 183**
- What Are Traits? 183
- The Seven Traits 184
- Dynamic Integration of the Traits: The Key to the Future 194
- 11. Delighting Your Customers: The Key to Business Success in the 1990s 195**
- Why Is Customer Satisfaction No Longer Satisfactory? 195

Defining Delight in the Nineties 196
 A Spectrum of Delight 197
 Essential Elements of Delight 201
 The Quest to Becoming Truly Market Driven 203

Index 205

1. Developing an Organization Which Can Effectively and Efficiently Implement Its Strategy 193
 Developing Total Quality Programs 193
 Developing a Customer-Focused Organization 194
 Creating an Incentive Climate 195
 Developing an Incentive Program 195
 Developing an Incentive Program 195

2. Creating a Company Going Global with Overseas Operations 198
 Introduction 198
 Strategic Planning 199
 Action Plans 200
 Analysis 200
 The Need for Strategic Planning 200

3. Diversifying a Multinational Company: A New Business Venture of IBM 199
 Introduction 199
 Case History 199
 Opportunity Analysis 199
 Strategic Planning 200
 Organizational Assessment 200
 Results 200
 Organizational Change 200
 Culture & Values 200

10. The Seven Keys of Successful Organizations 198
 What Are They? 198
 The Seven Keys - 198
 Dynamic Reorganization of the Firm: The Regeneron Experience 198

11. Delighting Your Customers: The Key to Business Success in the 1990s 198
 Why is Customer Satisfaction So Important? 198