

In Search of Innovation

by Yiannis Papadopoulos*

It is clear to anyone who follows discussions, studies, research and analyses in connection with the Greek economy, and in particular with entrepreneurship, that more and more people are expressing the view that innovation can constitute the basic element in competitiveness and the growth potential of Greek businesses in the particularly competitive international environment.

It is easy for someone to create a sensation by speaking about innovation. However, having an opportunity for daily contact with entrepreneurship, one will ascertain that while everyone cites it, considering it to be the most important ingredient for growth, there is widespread confusion as to what innovation really is. If, however, we seek ways to bridge the competitive gap, it is essential to try to determine and perceive how this concept is understood and defined.

For example, is innovation identified only with the production of new technologies? Can it be only the evolution of what is known, tried or in existence? Do consumers-clients only perceive it as a radical departure from the old ways? Is it meaningful to identify it with certain markets or not?

Embarking on our search, let us begin by defining the meaning of innovation. Innovation refers to the process of transforming new 'ideas' (in the broad sense of the term) and/or 'research results' and/or elements of knowledge (tacit or codified) into products or procedures of commercial value on the market.

* Yiannis Papadopoulos is Managing Director of Attica Ventures and secretary of the BoD of the Greek VC Union.

Innovation is verified and successful when and only when there is systematic and extensive use by consumers.

Many identify the concept of innovation with invention. The truth is that one constitutes the continuation of the other. Invention is the creation of a new idea, a new concept. Innovation develops this idea and helps it to become a commercial success which is used extensively.

In Greece, we tend to regard anything connected with technology and especially with IT as innovative. New technology is a parameter of innovation with an emphasis on technological content, a content which is mainly connected with "technical performance".



However, innovation in the full sense of its meaning embodies and includes economic and social aspects and, consequently, is not only limited to technology but can also refer to organizational and product improvements. It can therefore exist without radical changes, simply with marginal differentiation of products in classic markets, production methods and/or organizational philosophy.

What are its principal ingredients and what would we define as innovation on the basis of the above?

- The introduction and marketing of a new product (e.g. Pentium chip, Wi Fi, Skype – radical change of markets and competition).
- The introduction and marketing of an improved, diversified product (modified composition, new packaging, price policy, etc. – e.g. Zara) – marginal development of markets and competition.
- The introduction and exploitation of a new or improved production method (e.g. the production of a new medicine or an improved process which results in reduced energy consumption per unit).
- The introduction of a new or improved form of organization (e.g. franchising, outsourcing, a new business model, just in time manufacturing).
- New uses of existing products, e.g. mastic gum.
- New markets for existing products – adaptation and penetration (e.g. Body Shop).
- New distribution channels (e.g. use of the Internet for the distribution of products).

Of importance to our understanding of the meaning was the study-research into innovation in Greece conducted by the Panteion University in March 2006. Approximately 500 senior business executives took part in the study; they were asked to produce spontaneous responses (an important qualitative element) to the question 'which are the most innovative Greek businesses'. Their responses included: Intracom, Goody's, Petzetakis, Delta, Titan, 3E, FAGE, Germanos, ELAIS, mastihashop, Chipita, Korres, Cosmote, Cocomat, and Follie Follie.

We observe that their responses included large Greek businesses which, with the exception of mastihashop, have been active for more than 10 years. It is therefore evident: Innovation is not only identified with the new and/or revolutionary. Product innovation, which all of the above companies put to good use, appears to be more important, with special emphasis on innovation in processes and organizational/production models.

Why are we lagging behind in Greece? We will comment briefly, seeing that each of the reasons for this lagging behind could constitute a separate chapter for discussion. First of all, we have a slow organizational evolution of up-to-date development structures from primary research to applied research and the creation of original products (universities, technology parks, Incubators). Greek research is oriented mainly towards absorption of funds and publication of articles in scientific journals. Businesses do not invest in the sectors of R&D or there is a lack of support policies by the state. There is an obvious lack of entrepreneurial spirit in Greek society (until recently, entrepreneurship was a

negative concept for Greek people) in combination with a social model promoting security of employment and viewing entrepreneurship as a last resort. Finally, only recently have there been attempts to use modern financial tools such as venture capital funds.

In conclusion on the matter of innovation... It is of no value if we are the only ones who are aware of or believe in it. Its commercial value or result, its integration or acceptance by larger groups are of importance. Technological invention does not suffice and is not the only thing. Telecommunications and IT cannot be general and vague. Innovation is not only the new and the revolutionary.... but it can bring about radical change, by evolving a familiar and recognised product or process. Finally, it is worthwhile stressing that the growth of innovation is connected with the wider system of innovation of a country or region, which includes all the organisations and institutions related to the growth and diffusion of new knowledge or new combinations of existing knowledge.