

Innovation and Entrepreneurship (Practice and Principles), by Peter F. Drucker
Reviewed by Michel Mellinger

First published in 1985, this book has accompanied me as an R&D manager for a long time and its content is still very much actual. The last time I went back to it was a few months ago when I prepared a short presentation entitled "Innovation: What's in a Word?" to a group of colleagues in an R&D organization, drawing in particular from Peter Drucker's work, with the objective of clarifying this often used (and sometimes abused) word and how it relates to the world of R&D and technology development. This book is of great interest to all who work in organizations aiming at making a difference in the marketplace.

After a first section entitled "The Practice of Innovation", Peter Drucker examines in the section "The Practice of Entrepreneurship" how entrepreneurship and entrepreneurial leadership are necessary for innovations to be successful in either business, service institutions, or new ventures. The author concludes his book with a section on "Entrepreneurial Strategies" in which he discusses best strategies to introduce innovations in the marketplace.

I will focus here only on the first section about the practice of innovation, a topic of particular interest to this group, but I encourage you to read this hallmark book from cover to cover!

Innovation defined

Peter Drucker defines innovation as: "the act that endows resources with a new capacity to create wealth", and continues: "Innovation, indeed, creates a resource. There is no such thing as a resource until man finds a use for something in nature and thus endows it with economic value. Until then, every plant is a weed and every mineral just another rock."

The seven main sources of innovation

Peter Drucker then identifies and illustrates with many examples, seven main sources of innovation which, although they may overlap to some degree in a particular situation, allow us to orient ourselves in a very useful manner:

1. The **unexpected** success, unexpected failure or unexpected outside event.
2. The **incongruity** between reality as it actually is and reality as it is assumed to be or as it "ought to be".
3. Innovation based on **process need**.
4. Changes in **industry structure** or **market structure** (which often present great opportunities for outsiders).
5. **Demographics** (clearly predictable and unambiguous, but often neglected by decision-makers whether in the private or public sector).
6. Changes in **perception, mood, or meaning** (is it a fad or a true change?!)
7. **New knowledge**, both scientific and non-scientific.

What makes a successful innovation.

DOs

1. Begin with an **analysis of opportunities**: think through the sources of innovative activity.
2. **Go out** to look, to ask, to listen.
3. Be **simple and be focused**: specific need, specific result.
4. **Start small**, do one specific thing and then be adaptable.
5. **Aim at leadership**, whether in a big or small niche: if not, you are likely to create an opportunity for the competition.

DON'Ts

1. Don't **try to be clever**: aim at ordinary human beings.
2. Don't **diversify**, don't splinter, don't do too many things at once.
3. Don't **innovate for the future**: innovate for the present!

Do these ring bells? I highly recommend this book to anyone interested in innovation ... and who wouldn't be in the world of satisfying customers, whether by means of introducing new products and services, or through the continuous improvement of current processes? A very inspiring read that ages like a quality wine!