

Business culture steers flow of ideas, study says

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The business culture that companies emphasize has an effect on new product ideas that bubble back up from the workforce, a University of Illinois marketing study found.

Groundbreaking [ideas](#) spring most from companies that stress technology, rather than customer needs or staying ahead of competitors, according to research that will appear in the *Journal of Product Innovation Management*.

Firms that focus on their competitors or customers generate more new product suggestions than technology-based companies, the study found. But the ideas typically net only subtle advances, such as the slow evolution of wireless reading devices, rather than breakthroughs similar to the shift from compact discs to music downloads.

"Customer- and competitor-oriented companies are more likely to come up with variations of existing products because they watch their markets closely and react to demands rather than building on breakthrough technology," said William Qualls, a U. of I. marketing professor who co-wrote the study.

He says the findings suggest that firms are best served by a balanced philosophy that includes all three cultures. While an emphasis on technology bolsters innovation, he said, market-driven firms are more attuned to what consumers want, giving them an edge in commercializing new products.

History is littered with technological leaps that sputtered for lack of effective marketing, said Qualls, who co-wrote the study with Jelena Spanjol, then a U. of I. [doctoral student](#) and now a marketing professor at the University of Illinois at Chicago, and Jose Antonio Rosa, a former U. of I. marketing professor who is now at the University of Wyoming.

AT&T developed its Picturephone in the 1960s, but not a [market](#) for it, Qualls said. Motorola is behind many advances in cell-phone technology, but failed to become an industry leader because the company focused on innovation at the expense of marketing.

"If innovation and marketing don't get equal attention, good ideas might never reach the marketplace or firms could sink millions of dollars into innovations that will ultimately have no appeal to consumers," he said.

The study is unique because past research has focused largely on the link between business culture and the success of launched products, rather than probing the idea stage, said Qualls, the interim head of the department of business administration.

Findings are based on an analysis of survey responses from nearly 200 marketing and research managers who work for companies that make household and personal products, from appliances to skin cream.

"Without good ideas, you can't come up with innovative new products," Qualls said. "Firms need to know how to generate as many new ideas as possible, and how to screen them so they have the best chance for success."

He says the findings lend support for a budding business theory known as open innovation, which encourages firms to use external as well as internal input to develop and launch new products.

Companies that lack resources to generate more ideas by instilling new technology or market-based cultures can instead partner with outside organizations, universities or even solicit suggestions from consumers, Qualls said.

Intel Corp. and Proctor & Gamble Co. are among firms that have bolstered product development through outside alliances, he said. Others are pulling consumers into the mix, including Netflix, which offered \$1 million to anyone who comes up with a better system for delivering movies.

"The whole idea of open innovation is that firms need to be able to absorb knowledge from any source, and not just rely on the knowledge it has internally," Qualls said. "And the more ideas they get, the better the chance that one will click."

He says the study shows firms that fail to broaden their cultures or seek outside input will lag behind companies that do.

"It's not impossible, but companies are tying their hands behind their backs if they don't change," Qualls said. "Innovation can happen by accident. Post-It Notes and Velcro were accidents. But you can't run a company hoping for potentially successful accidents."

Provided by University of Illinois at Urbana-Champaign

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