

MINI REVIEW



Strategic innovation management: A comprehensive mini review

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ABSTRACT

Strategic Innovation Management (SIM) is essential in today's dynamic business environment, combining strategic management and innovation theory to foster competitive advantage through innovative practices. This review provides a comprehensive overview of SIM, covering its definition, importance, core concepts, key frameworks, implementation strategies, and challenges. SIM aligns innovation activities with long-term strategic goals, focusing on developing new products, business models, processes, and organizational structures for sustainable growth. Key concepts include incremental, radical, architectural, and disruptive innovation, innovation ambidexterity, open innovation, and business model innovation. Frameworks like the Innovation Value Chain, Ten Types of Innovation, Three Horizons of Growth, and the Innovator's Dilemma guide SIM practices. Effective implementation involves creating an innovation strategy, fostering an innovative culture, structuring for innovation, managing the innovation portfolio, and leveraging technology. Challenges include balancing short- and long-term goals, overcoming organizational inertia, managing risk, keeping pace with technological change, and attracting innovation talent. Future trends in SIM include sustainability-driven innovation, ecosystem innovation, AI-driven innovation, democratization of innovation, and agile and lean innovation. Advanced concepts such as Blue Ocean Strategy, Design Thinking, and ambidextrous organization models emphasize strategic approaches to creating uncontested market spaces and fostering a culture of experimentation. Emerging technologies like AI, IoT, blockchain, AR/VR, and 3D printing are reshaping SIM. Ethical considerations emphasize responsible, inclusive, and sustainable innovation practices. Mastering SIM is crucial for organizations aiming to lead and make a lasting impact in an increasingly complex and uncertain business landscape.

KEYWORDS

Strategic innovation management; Artificial intelligence; Internet of things; Innovation value chain; Design thinking

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Introduction

Strategic Innovation Management (SIM) is a critical discipline in today's rapidly evolving business landscape. It combines the principles of strategic management with innovation theory to help organizations create and sustain competitive advantage through innovative practices. This review aims to provide a comprehensive overview of SIM, exploring its core concepts, key frameworks, implementation strategies, and challenges [1]. Strategic Innovation Management can be defined as the process of managing innovation activities in alignment with an organization's overall business strategy [2]. It involves the systematic planning, organization, and control of resources and activities to create new value for customers and stakeholders while maintaining a competitive edge in the market [3].

SIM differs from traditional innovation management in its explicit focus on aligning innovation efforts with long-term strategic goals. It emphasizes not just the development of new products or services, but also the creation of novel business models, processes, and organizational structures that can drive sustainable growth and competitiveness [4].

In today's fast-paced business environment, marked by rapid technological advancements, shifting customer preferences, and intense global competition, Strategic Innovation Management (SIM) has become increasingly crucial for several reasons [5]. Firstly, SIM is vital for sustaining a competitive advantage, as it

enables organizations to stay ahead of competitors by continuously introducing new offerings and improving existing ones. This proactive approach not only helps in maintaining a market lead but also in setting industry trends. Secondly, it allows companies to adapt swiftly to market changes and emerging trends, thereby ensuring long-term relevance and viability. This adaptability is essential in a landscape where consumer needs and market dynamics are in constant flux. Thirdly, strategic innovation is a key driver of organic growth, capable of opening up new markets and revenue streams, which is indispensable for business expansion and diversification [5]. Moreover, SIM can enhance operational efficiency by leading to improved processes and significant cost reductions, thereby boosting overall organizational productivity. Additionally, companies that prioritize innovation often attract top-tier talent, as skilled professionals are drawn to workplaces that foster creativity and offer opportunities for groundbreaking work. This not only aids in talent acquisition but also in retention, creating a robust and dynamic workforce. Lastly, a strong focus on innovation can enhance a company's reputation, making it more appealing to investors and partners, thereby supporting further growth and development. In summary, SIM is an essential component of modern business strategy, driving competitive advantage, adaptability, growth, efficiency, and

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talent acquisition in an ever-evolving global market [5].

Key concepts in strategic innovation management

Strategic Innovation Management (SIM) recognizes various types of innovation, each with its unique strategic implications. Firstly, incremental innovation focuses on making small, continuous improvements to existing products or processes, enhancing efficiency and customer satisfaction without drastic changes [6]. On the other hand, radical innovation involves breakthrough changes that either create entirely new markets or significantly disrupt existing ones, often leading to substantial shifts in industry standards and competitive landscapes. Architectural innovation reconfigures existing system components in novel ways, optimizing the functionality and integration of existing technologies to create superior products or services. Meanwhile, disruptive innovation introduces innovations that establish new value networks and eventually displace existing market leaders, transforming industries and consumer behaviors [6]. A crucial concept within SIM is innovation ambidexterity, which refers to an organization's ability to simultaneously pursue both exploitative (incremental) and explorative (radical) innovation. Achieving a balance between these two types of innovation is essential for sustaining long-term success, as it allows organizations to refine their current offerings while also exploring new opportunities for growth. Another important aspect of SIM is open innovation, which involves leveraging external ideas and resources alongside internal ones to accelerate the innovation process [6]. This approach broadens the scope of innovation by incorporating diverse perspectives and capabilities, leading to more robust and diverse innovation outcomes. Furthermore, business model innovation involves fundamentally rethinking how an organization creates, delivers, and captures value. This type of innovation often results in industry disruption, as it can lead to the development of new revenue streams and competitive advantages. By understanding and strategically applying these various types of innovation, organizations can navigate the complexities of modern markets and achieve sustained growth and success.

Key frameworks in strategic innovation management

The Innovation Value Chain is a crucial framework that views innovation as a sequential, three-phase process: idea generation, conversion, and diffusion. This perspective allows organizations to systematically identify and address weak links in their innovation process, ensuring that ideas are effectively transformed into tangible outcomes and widely adopted within the market [10]. Complementing this is the Ten Types of Innovation Framework, which identifies ten distinct types of innovation ranging from business models to customer engagement. This comprehensive approach helps organizations develop a multifaceted innovation strategy that addresses various dimensions of their operations and interactions with customers [11]. Additionally, the Three Horizons of Growth model assists organizations in managing their innovation portfolio across three horizons: H1 (core business), H2 (emerging opportunities), and H3 (transformational initiatives). This model ensures a balanced approach to innovation, allowing companies to maintain their current market position while exploring and investing in future opportunities [12]. Meanwhile, the Innovator's Dilemma Framework explains the paradox where successful companies,

by focusing too much on meeting current customer needs, can fail to recognize and respond to disruptive innovations that initially cater to niche markets. This framework underscores the importance of maintaining an awareness of emerging trends and technologies that could potentially reshape industries [13]. Together, these frameworks provide a robust toolkit for organizations to navigate the complexities of innovation, fostering sustained growth and adaptability in an ever-evolving market landscape.

Implementing strategic innovation management

Firstly, an effective innovation strategy should harmonize with the overall business strategy by setting clear objectives and identifying focus areas for innovation, while ensuring appropriate resource allocation and establishing metrics to gauge performance [14]. Building an innovative culture requires encouraging risk-taking, embracing failure as a learning opportunity, fostering cross-functional collaboration, rewarding innovative ideas, and providing resources for experimentation, supported by leadership that champions innovation [14]. Organizational structure plays a crucial role, potentially involving dedicated innovation teams, innovation labs, and agile project management methodologies, along with processes for idea generation and evaluation. Effective management of the innovation portfolio involves balancing short-term and long-term projects, incremental and radical innovations, assessing risk and potential returns, and allocating resources across various initiatives. Lastly, leveraging technology such as AI, machine learning, big data analytics, collaborative platforms, and rapid prototyping tools enhances innovation capabilities by facilitating idea generation, trend prediction, market insights, customer behavior analysis, idea sharing, and accelerated product development [14].

Measuring innovation performance

Effective strategic innovation management necessitates the use of robust metrics to accurately evaluate innovation performance. These metrics typically encompass a range of indicators such as the quantity and quality of new products or services introduced to market, the corresponding revenue generated from these innovations, and the Return on Innovation Investment (ROI_I) achieved [15]. Additionally, measuring the time taken to bring new offerings to market provides insights into efficiency and competitiveness. Tracking patent filings and approvals not only reflects innovation in intellectual property but also indicates technological advancement and market differentiation. Moreover, monitoring customer adoption rates of new offerings gauges market acceptance and the effectiveness of innovation strategies in meeting customer needs and preferences [15]. These metrics collectively serve to inform strategic decisions, refine innovation processes, and drive sustainable growth within organizations.

Challenges in strategic innovation management

Organizations often struggle to find a balance between achieving short-term results and investing in long-term innovation initiatives that may not provide immediate returns. Established companies can encounter resistance to change, making it challenging to implement new innovative practices or pursue disruptive ideas. Since innovation inherently involves risk and uncertainty, developing strategies to manage and

mitigate these risks without stifling creativity is crucial [16]. Additionally, the rapid pace of technological advancements makes it difficult for organizations to stay current and identify the most relevant innovations to pursue. Furthermore, competing for top innovation talent, particularly in fields such as AI and data science, presents a significant challenge for many organizations [16].

Future trends in strategic innovation management are increasingly influenced by sustainability-driven initiatives, as there is a growing emphasis on environmental and social responsibility. This trend is leading to advancements in green technologies, circular economy models, and socially responsible business practices. Additionally, organizations are now focusing on ecosystem innovation, collaborating with partners, suppliers, and even competitors to innovate beyond their boundaries [16]. The role of Artificial Intelligence (AI) is also expanding, with AI driving the innovation process itself, from generating ideas to developing products. The democratization of innovation is making strides as well, with advanced tools and platforms enabling smaller organizations and individuals to compete on an equal footing with larger entities. Furthermore, principles from agile software development and lean startup methodologies are being adopted widely across industries, enhancing the management of innovation through more flexible and efficient approaches [16].

Advanced concepts in strategic innovation management

Advanced concepts in strategic innovation management include Blue Ocean Strategy, Design Thinking, and the Ambidextrous Organization, each offering unique approaches to fostering innovation. Blue Ocean Strategy emphasizes creating uncontested market spaces by pursuing value innovation, which involves simultaneously achieving differentiation and low cost, generating new demand, and making the competition irrelevant by offering unprecedented value [17]. To implement this strategy, organizations must identify and eliminate long-standing industry factors, introduce new ones, elevate key standards above industry norms, and reduce others below those standards. Design Thinking is a human-centered, iterative approach that focuses on understanding user needs through empathy, defining problems from the user's perspective, ideating a wide range of solutions, prototyping low-fidelity representations, and testing them to gather feedback [17]. This method is particularly effective in uncovering latent customer needs, generating innovative solutions to complex problems, and fostering a culture of experimentation and user-centricity. The Ambidextrous Organization model, proposed by Charles O'Reilly and Michael Tushman, suggests that companies need to balance exploiting existing capabilities for short-term efficiency with exploring new opportunities for long-term innovation. This balance is achieved by creating separate units for exploration and exploitation, developing leaders who can manage these contradictory objectives, and maintaining a common strategic intent and shared values across the organization [17].

Innovation Ecosystems and Platforms

Innovation ecosystems are networks of interconnected organizations collaborating to create value, with key elements such as complementary innovations, platform leadership, and cooptation. Effective ecosystem management involves

nurturing key partnerships, balancing value creation and capture, and managing governance and intellectual property rights [18]. In the digital age, platforms have become a dominant innovation model, characterized by network effects, multi-sided markets, and complementary innovation from third-party developers. Successful platform strategies include creating a robust core offering, developing APIs and SDKs for third-party innovation, and balancing openness and control to maximize value creation and capture [18].

Innovative Business Models

Business model innovation is increasingly recognized as a powerful form of strategic innovation, involving several key approaches. Subscription models shift from one-time sales to recurring revenue streams, as seen in Software-as-a-Service (SaaS) businesses [19]. Freemium models offer basic services for free while charging for premium features, commonly used in digital products and services. Sharing economy models facilitate peer-to-peer sharing of resources, exemplified by platforms like Airbnb and Uber. Circular economy models design products and processes to minimize waste and maximize resource efficiency. Data-driven business models leverage data as a key asset to create new value propositions or revenue streams [19]. Additionally, hybrid models combine elements of different approaches, like subscription and data-driven models, to create unique and innovative value propositions. Emphasizing customer-centricity and flexibility, these innovative business models adapt to changing market conditions and consumer preferences, fostering long-term growth and sustainability.

The Role of Leadership in Strategic Innovation Management

Leadership plays a pivotal role in the successful implementation of strategic innovation management (SIM). Effective leaders articulate a clear innovation vision that aligns with the overall business strategy, ensuring that everyone is working towards a common goal [14]. They allocate appropriate resources—financial, human, and technological—to support innovation initiatives, recognizing that investment is crucial for progress. Leaders also foster a culture of risk tolerance, where calculated risks are encouraged and failures are viewed as valuable learning opportunities [14]. By promoting cross-functional collaboration, leaders ensure that innovation efforts benefit from diverse perspectives and expertise across the organization. Additionally, maintaining an external orientation is vital; leaders should encourage engagement with external partners and stay attuned to market trends to drive continuous innovation. Beyond these, effective leaders also focus on building an adaptable organizational structure, nurturing talent, and leveraging technology to sustain and enhance innovation efforts [14].

Emerging Technologies and Their Impact on SIM

Several emerging technologies are significantly reshaping the landscape of strategic innovation management. Artificial Intelligence (AI) and Machine Learning (ML) are automating routine innovation tasks, enhancing predictive capabilities for trend forecasting, and facilitating personalized innovation through adaptive systems that cater to individual needs and preferences [20]. The Internet of Things (IoT) is enabling data-driven innovation by providing real-time insights, creating

opportunities for product-service system innovations, and facilitating predictive maintenance and usage-based business models. Blockchain technology is enhancing trust and transparency in collaborative innovation, enabling new decentralized business models, and facilitating secure and efficient management of intellectual property [20]. Virtual and Augmented Reality (VR/AR) are transforming product design and prototyping processes, creating new immersive customer experiences, and enabling novel training and collaboration tools for innovation teams. 3D Printing and Advanced Manufacturing are accelerating prototyping and reducing time-to-market, enabling mass customization and on-demand production, and facilitating distributed manufacturing models that can respond more quickly to market demands [20]. Together, these technologies are driving a new era of innovation management, characterized by increased efficiency, greater customization, and enhanced collaboration across various industries.

Global Perspectives on Strategic Innovation Management

Innovation strategies often need to be adapted for different global contexts to maximize their effectiveness. In developed markets, the focus is on high-value, knowledge-intensive innovation, with an emphasis on radical and disruptive innovations that can significantly alter existing market dynamics [14]. These markets benefit from strong intellectual property protection systems that encourage investment in advanced research and development. Conversely, in emerging markets, strategies often revolve around frugal innovation approaches to address resource constraints and make products affordable and accessible to a larger population [14]. These markets also leverage reverse innovation, where solutions developed locally are adapted for use in developed markets, highlighting the potential for innovation to flow in both directions. However, navigating less developed intellectual property regimes in these regions can be challenging. Cross-border innovation involves managing global innovation networks that leverage diverse talents and resources from different parts of the world [14]. Companies must balance local responsiveness with global integration, ensuring that innovations are relevant to local markets while maintaining overall strategic coherence. Additionally, navigating cultural differences in innovation processes is crucial for fostering collaboration and creativity across diverse teams, ultimately leading to more robust and adaptable innovation strategies.

Ethical Considerations in Strategic Innovation Management

As innovation becomes increasingly powerful and pervasive, ethical considerations are gaining paramount importance in shaping responsible and sustainable advancements. Responsible innovation involves ensuring that new developments contribute positively to society while minimizing negative externalities, fostering advancements that are socially beneficial and ethically sound [21]. Privacy and data ethics are crucial as data-driven innovations must balance technological progress with respect for individual privacy and data rights, ensuring that personal information is handled transparently and securely. Addressing algorithmic bias is essential to prevent AI-driven innovation processes and outcomes from perpetuating or exacerbating existing prejudices, promoting fairness and equality in

technological applications [21]. Environmental sustainability must be considered by evaluating the environmental impact of innovations throughout their lifecycle, from development to disposal, to ensure that progress does not come at the expense of ecological health. Lastly, inclusive innovation aims to benefit diverse populations, ensuring that technological advancements do not exacerbate existing inequalities but rather contribute to greater equity and accessibility for all segments of society [21]. These ethical considerations are integral to fostering an innovation landscape that is not only advanced but also just and responsible.

The Future of Strategic Innovation Management

Looking ahead, several trends are poised to shape the future of Strategic Innovation Management (SIM). Hyper-personalization will leverage AI and big data to create highly tailored products and services, meeting individual consumer needs more precisely [22]. Quantum computing holds the potential to revolutionize fields such as drug discovery, financial modeling, and complex system optimization with its unparalleled computational power. Advances in bioengineering and synthetic biology are opening new frontiers in healthcare, agriculture, and materials science, driving innovative solutions across these sectors [22]. Space technology innovations are set to create spillover effects in various industries, from telecommunications to materials engineering. Finally, human-AI collaboration is evolving, with new models of human-AI teaming enhancing the innovation process, combining human creativity and intuition with AI's analytical and processing capabilities. These trends collectively signal a dynamic and transformative future for SIM, marked by rapid advancements and interdisciplinary integration.

Conclusions

Strategic Innovation Management is a dynamic and multifaceted discipline that continues to evolve in response to technological advancements, changing market dynamics, and shifting societal expectations. As organizations navigate an increasingly complex and uncertain business environment, the ability to innovate strategically becomes not just a competitive advantage, but a necessity for survival and growth.

Successful SIM requires a holistic approach that encompasses strategy formulation, organizational design, culture building, and effective execution. It demands a delicate balance between exploiting current capabilities and exploring new opportunities, between incremental improvements and radical transformations.

As we look to the future, the boundaries between different types of innovation – product, process, business model – are likely to blur further. The most successful organizations will be those that can orchestrate innovation across these dimensions, leveraging emerging technologies and collaborative ecosystems to create sustainable value. Moreover, as the impact of innovation on society grows, organizations will need to place greater emphasis on responsible and ethical innovation practices. The challenge will be to drive innovation that not only creates economic value but also contributes positively to social and environmental outcomes.

In this context, continuous learning and adaptation in SIM practices will be crucial. Organizations must stay attuned to emerging trends, be willing to challenge their assumptions, and remain agile in their innovation approaches. Leaders will play a

pivotal role in fostering a culture of continuous innovation and in navigating the complex trade-offs inherent in strategic innovation decisions. Ultimately, Strategic Innovation Management is not just about creating new products or services; it's about continuously reinventing the organization and its relationship with its ecosystem to remain relevant and impactful in a rapidly changing world. As we move further into the 21st century, mastering this discipline will be essential for organizations aspiring to lead and make a lasting impact in their fields.

Disclosure statement

No potential conflict of interest was reported by the authors.

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