

Commercialise 2002

Workshop 4

Innovation and the Corporate Sector: Engaging the Corporate Sector in the Development of a Flexible Growth Orientated Economy.

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Introduction

The Victorian State Government has commissioned this work to provide a framework for public discussion with an aim to influence the corporate sector culture toward a greater capacity for innovation and commercialisation. Commercialise 2002 is the third in a series of annual Commercialise events that has been initiated by the State Government of Victoria. This year it was held over three and a half days and each participant was given the opportunity to attend four workshop discussion groups addressing different aspects of the challenges facing Victoria with respect to innovation and commercialisation.

The invited participants attending Workshop 4, 'Innovation and the Corporate Sector', were prompted to initiate discussion through four issues perceived as necessary to generate cultural change. These four key areas were:

- The value of innovation to the corporate sector and its importance in driving growth
- Good corporate governance/liability/risk management versus innovation: how to address the current perception that these are conflicting priorities
- How to promote the corporate advantages of commercialisation to the corporate sector
- How to generate culture change to encourage entrepreneurship/intrapreneurship within the corporate sector.

Given this starting position the participants and facilitators were free to explore areas during each workshop as they saw fit that may be deemed critical to the debate. As the commissioned author for this paper, access was provided to all of the Workshop 4 proceedings, which included approximately a half an hour of introductory presentation provided by three experienced practitioners followed by a facilitated discussion of the various issues that the groups chose as focus areas across the following two and a half hours.

Each workshop was introduced and facilitated equally by three experienced discussion leaders. The facilitators for Workshop 4 were Mr Craig Knox, Mr Chris Rowles and Mr Richard Granger.

Mr Craig Knox is the Chief Executive for New Ventures for Carter Holt Harvey, (CHH), and was invited as an international practitioner to share his experiences with developing the New Ventures initiative from within CHH as an established

corporation. Mr Chris Rowles is the General Manager for Telstra New Wave and represents a local perspective on innovation and commercialisation issues. He is responsible for the generation of new product and system technologies aimed at providing service differentiation and R&D commercialisation opportunities for Telstra. Mr Richard Granger is an international independent consultant and Vice President, Technology and Innovation for Arthur D Little. Mr Granger provided the benefit of more than 30 years of experience in research, development and the management of technology and innovation.

Methodology

During each workshop a complete record of the discussions was compiled by audio recording and notation of the dialogue sequence and issues as they were raised. Prior to attending the Commercialise 2002, four in-depth unstructured interviews were held lasting up to one and a half hours within which time the stimulus, process, responsibility and structural development issues associated with innovation and commercialisation were deeply explored with a key player in different corporate innovation initiatives. These interviews were used as a background to verify and contrast the discussions recorded during the workshops.

As this work is not intended to be a record of the event, but rather, a discussion paper designed to stimulate the development of innovation within corporate cultures, the audio recording and notes from the workshops are merely used to support and define the directions of the paper and do not form a major part of the conclusions.

Format of the Paper

The paper deals with principally four major issues that affect the overall debate and the culture of innovation in the corporate setting as was observed by the author throughout Commercialise 2002 and from the notations of the discussions. These are:

- The definition and understanding of what is meant by a corporate
- What innovation means within the context of a corporation
- The role of entrepreneurs in a corporate environment, and
- The leadership affects on innovation in a corporate setting.

The discussion on each issue starts with contextual information from the workshops and then relates the points raised to the academic literature on the topic that either supports, extends or perhaps contradicts the framework offered within the workshops. The additional research interviews are used to articulate deeper insights into the leadership aspects.

The concluding section draws together the outcomes of each of the four issues sections and discusses the importance and influence of managing different perspectives for stimulating innovation.

Limitations

The paper does not address the broader environmental context or the influence the Victorian State Government may have on corporate cultures. These were considered beyond the scope of this paper and were left to other Workshop paper authors. Nor

does the paper attempt to capture recommendations from the Commercialise 2002 participants as again that was beyond the brief for this work.

The Corporate Sector in Context

The term 'corporate' is open to interpretation and a misunderstanding of what constitutes a 'corporate' may be harmful to the debate around innovation in this setting. A corporate sector entity may be defined equally as a corporation, (Swannell, 1980). With respect to common law a corporation is "A legal entity, allowed by legislation, which permits a group of people, as shareholders (for-profit companies) or members (non-profit companies), to create an organization, which can then focus on pursuing set objectives, and empowered with legal rights which are usually only reserved for individuals, such as to sue and be sued, own property, hire employees or loan and borrow money. Also known as a "company"." (Duhaime). Similarly, "corporation *n.* body of persons authorised to act as individual", (Swannell, 1980).

This broad definition however, was apparently beyond the intended scope or focus of the 'Innovation and the Corporate Sector' workshop. Adopting the legal definition suggests a corporate will be any company, of any size in terms of employment and revenue and any age in terms of years that may operate within either the profit or not-for-profit sectors. However, the need, challenge and implementation of innovation are not equally shared by all entities recognised under this definition of a corporate. The key distinction in the context of Commercialise 2002 was a focus on established corporate entities, regardless of size or type that may benefit by a drive for growth, flexibility, creativity, innovation and entrepreneurship that however do not pursue such goals. This in turn implies organisations that are unresponsive to the demands for innovation due to inflexibility, introversion, lack of strategic initiative, no awareness, no knowledge or experience with innovation or just plain disinterest.

This notion of the context is supported by preliminary correspondence held between the author and the three workshop facilitators, with such quotes *as* "We should keep the brief open but the focus will be more on established businesses rather than start-ups" (Rowles, 2002). It was contended within this dialogue that most often innovation within start-ups is 'lifeblood' and therefore should not dominate our attention. And, "The aim of the conference, and of the recommendations it produces, are surely to stimulate economic growth in (and around) Victoria" (Granger, 2002). Again it follows that businesses stagnating and not growing are those that require stimulation not those that are already engaged in growth activity.

The discussions throughout the workshops however, demand further refinement of the corporate entity distinction under examination. None of the corporate sector workshops specifically addressed the challenges from the perspective of not-for-profit entities. Indeed a clear perception emerged of a corporate as a commercial entity. The not-for-profit sector appeared largely relegated as outside of the definition of a corporate with frequent reference to research centred organisations, such as universities, as a target for acquiring the technologies that exhibit potential commercial value. This was apparent in each of the three workshops with issues raised such as¹;

¹ Comments captured from workshops are not verbatim quotations unless referenced otherwise, but rather a notated assembly of the words in dialogue.

- “Corporates are not bad at managing innovation – but how to get them to be better at picking up ideas from the public sector? (Workshop Session 2).
- [We need to] Facilitate the gap between the research community and the corporate community in Victoria. (Workshop Session 3).
- Improving the transitional process of research & development, (R&D), from the public lab to the corporate. (Workshop Session 4)” (O'Connor, 2002)

The inference from this direction of discussion is that economic gain from innovation was perceived by the workshop participants as the domain of the commercial corporate sector, whilst not-for-profit, public sector universities and research & development agencies, play a role as technology discoverers and developers.

Although beyond the scope of this paper, a for-profit corporate community perception of this type would seem to place them at odds with the commercialisation direction that universities and public sector researchers are being urged to pursue. Universities and public research establishments are increasingly required to make economic gain a purposeful outcome of their discoveries. This in turn may position them in the minds of the for-profit corporate sector as in competition for those economic gains and leads to the question then about innovation; what is it perceived to be from the different perspectives of the two corporate sectors?

Innovation – What does it mean in the context of the corporate sectors?

Each of the facilitators presented a view of innovation from the context of their own corporate experience. Each made a clear connection to the imperative of an increase in economic value. Mr Knox in his presentation raised the issue of “How do you create an efficient market for the ideas, the people and the intangible value that is bedded, locked inside a large corporate to make its way to an economic output”. Mr Rowles indicated that one of the aims of Telstra New Wave Pty Ltd is to create service differentiation and generate additional economic value for Telstra. Similarly Mr Granger highlighted that innovation is all about making money.

If however, for a moment we reflect on the part of the corporate sector that did not emerge as a focus of discussion, namely, the not-for-profit sector and particularly the public research sector, it may be possible to identify what innovation is and simultaneously articulate the difference in expectation of outcomes. Drawing upon the briefing papers provided for Commercialise 2002, R&D is defined as: “research is the advancement of the discovery of scientific knowledge and development is the systematic use of such knowledge”, (Link, 1999), this implies that the knowledge will be new as it is subject to discovery. However, Link continues later in the article to state “not all R&D outputs can be traced into economic outcomes”, (Link, 1999). This in turn leads to the conclusion that not all R&D output will be suitably attractive for the for-profit corporate sector. This is supported by Yencken. “Successful innovation is a key outcome from new knowledge creation and transfer. Such innovation can result in economic, environmental and social benefits”, (Yencken, 2002). Environmental and social benefit did not figure prominently as an objective of innovation from the corporate sector workshop discussions, however, social impact of economic growth and innovation stimulus from the society were both raised as issues with respect to innovation and entrepreneurship.

It is apparent that the two sectors of the corporate community, the for-profit and not-for-profit, have a different agenda and focus with respect to the outcome of

innovation. To carry that argument further would fall beyond the scope of this paper, however, the reason for highlighting this is to surface the intent and purpose of innovation and define its meaning as a separate issue to the intended outcome. The common element of innovation in both sectors is the concept of newness. The for-profit community seeks new ideas and concepts (including but not limited to technologies) to generate or create economic wealth and the not-for-profit research community seeks new knowledge to create benefits on a broader platform of public good, (technology may play a key role in the application of new knowledge). Yencken articulates that the new discovery / idea characteristic is a *small-i innovation*, and emphasises that innovation that embodies commercial success, (i.e. economic success) may be referred to as *large-I innovation*, (Yencken, 2002). This distinction alludes to the difference in focus of outcome.

Regardless of the terminology, the concept of innovation then, appears to mostly focus upon newness, a position often stated in academic works, (Slappendel, 1996); (O'Connor *et al.*, 2002). However, it is worthy to note an unavoidable consequence of innovation; the experience of change, “[to] innovate *v.i.* bring in novelties; make changes”, (Swannell, 1980). Innovation then is the discovery and implementation of new ideas and concepts that will require or result in some form of accompanying change. Change for the for-profit corporate sector centres on an economic growth outcome. Whereas, the not-for-profit corporate sector may focus on broader outcomes of change including environmental and social benefits and perhaps even specifically and more narrowly technical or technology advancements.

The context then for the “Innovation and the Corporate Sector” workshop discussions hence can be defined by a focus on the discovery and implementation of new ideas and concepts that result in change designed to stimulate economic growth in established businesses within the for-profit corporate sector. A key observation is the difference in focus between the two segments of the corporate sector. The disparity in focus is likely to be a major cause of misunderstanding and communication breakdown between the two corporate communities.

Connecting Entrepreneurship and Innovation in the Corporate Sector

The facilitator workshop introductions made a specific link between innovation and entrepreneurship. Mr Knox put forward the proposition that with respect to innovation, “It’s all about people”, and for the organisation the innovation challenge is to create an efficient market for ideas and people. This viewpoint is supported in the academic literature. Covin and Miles in their work on corporate entrepreneurship and competitive advantage posited that innovation is a fundamental component of entrepreneurship (Covin *et al.*, 2001). The link between entrepreneurship and innovation is clearly articulated from many other academic sources, (Guth *et al.*, 1990; Miller, 1983; Zahra *et al.*, 1999).

This position however may be extended. Nonaka and Takeuchi also link innovation as a key element of business, (Nonaka *et al.*, 1995), and a long standing innovation guru, Peter Drucker, states that this is becoming even more evident as we move into a post-capitalist knowledge based society (Drucker, 1993). As time has progressed innovation has become identified as a major influence toward increasing company earnings, (Miles *et al.*, 2000). Regardless of the strategic direction of an organisation, overwhelmingly the driver to adopt corporate innovation appears to be consistently

linked with the challenge of achieving growth and the pre-reading included in the Commercialise 2002 papers reinforces this focus, (Coveney *et al.*, 2002; Day *et al.*, 2001).

Combining these two perspectives it suggests that the corporate entrepreneur is the bridge between 'normal' business operations and business innovation, or the new business ideas and concepts that cause the business to change. Indeed in describing the concept of intrapreneurship, (entrepreneurship from within an existing organisation), Antoncic and Hisrich state that it involves the pursuit of creative or new solutions to challenges confronting the firm, including the development or enhancement of old and new products and services, markets, and administrative techniques and technologies for performing organizational functions, (Antoncic *et al.*, 2000). They continue to add that innovation may include changes in strategy, organizational structures and systems, and methods of dealing with competitors to embrace the broadest sense of the term. The corporate entrepreneur is often the one to initiate innovation activities to overcome the firm challenges and invariably these seem to be related to growth.

Whilst this statement may seem simplistic and obvious, it is actually more complex than it first appears. Growth, yes, but growth of what? The academic works on this topic address growth from many perspectives. Profitability and sales growth have been consistent variables with respect to measuring the affect of innovation in corporations, (Chandler *et al.*, 2000; Zahra, 2000). Employment growth is often in focus when the positive consequences of innovation are considered. For example the Victorian Governments Innovation Statement contends "Innovation also generates demand for high-quality, well-paid jobs ...", (2002), a view fully justified by academic work, (Audretsch *et al.*, 2001; Bednarzik, 2000; Edgington, 1999; Lyon, 2000). Employment growth has also been used as a success indicator with respect to corporate spin-off activities (Scholten *et al.*, 2002).

At a more refined level the constructs of growth for innovation have also been under the microscope of the academic fraternity. The growth of relationships through networks and clusters has long been the focus of work by Michael Porter, (James, 2002). More specifically, network growth has been linked with access to finance through growth of contacts within venture capital and angel financing networks, (Steier, 2000).

The development of innovation has also been connected to entrepreneurial cognitive traits and the advantage of experience and knowledge from previous new venture activity, (Alvareza *et al.*, 2001). This implies a growth of relevant knowledge and experience will enhance innovation and new business activity. Of course in considering growth of knowledge, firm investments in R&D also play a vital role as has been shown by many authors, (Cameron, 1998; Chandler, 1990; Murray *et al.*, 1998; Temple, 1999). Furthermore growth of skills enters the debate when the role of the human resource system is examined, (Conway *et al.*, 1997).

In an attempt to highlight the complexity of managing the dynamics of innovation, Mr Granger presented a slide that progressively unveiled the contributing components that affected the ultimate value created through innovation. It commenced with the traditional view of research and development and the commercialisation pathway and then subsequently proceeded to add; feedback and insight loops; the affects of

competing strategic investment options; the impact of growth and development of competence, partnerships, morale and productivity; the influence of external stakeholder dynamics; the case for emerging business strategy; and the impacts from competition and environmental influences. The resulting overhead is given as Figure 1.0 below. This slide emphasises the scope of activities fundamental to a comprehensive innovation management program within the commercial corporate sector and highlights the many dimensions of growth incorporated within that management system. Much of this growth is centred around 'soft' or intangible aspects such as information, knowledge, culture, relationships, experience, skills, foresight, competitive intelligence etc.

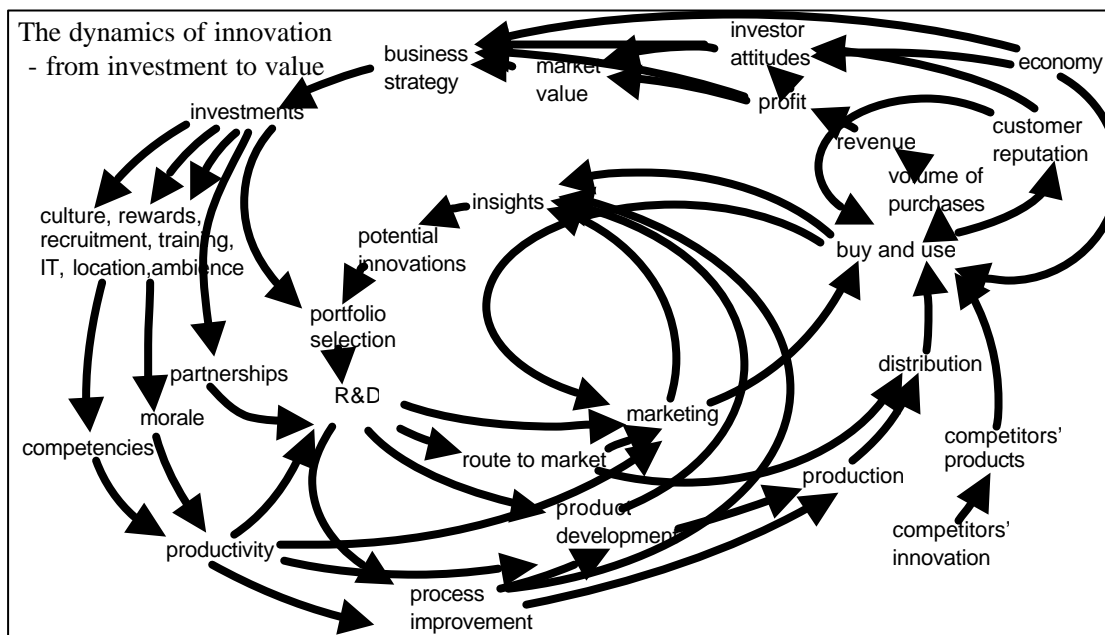


Figure 1.0 The dynamics of innovation - from investment to value

In summary, whilst the resulting outcome of business innovation and the corporate entrepreneur is the stimulation of top-line growth in an economic sense, (in essence the change outcome) there are a number of lower order and interdependent growth factors that are both by-products and inputs into an innovation capacity. A myopic view on the top-line growth in earnings from innovation ignores the organisational depth and parameters that construct and sustain a business innovation capacity. To gain economic growth through innovation a corporation must endure growing pains in several directions. Mr Granger emphasised this point in his presentation, “Good innovators grow – in multiple ways”.

Innovation Pressure Points and Leadership

Repeatedly through the workshops the issue of corporate leadership was raised with respect to confidence, knowledge, awareness and competence in the innovation process. Issues around executive development, management decision processes and drivers, vision and culture of boards and senior management were all brought into question.

To elaborate discussion on leadership let’s consider the role of senior management and organisational leaders in four different settings that were in some way engaged in

stimulating innovation within a corporate environment. These organisations were the subject of unstructured interviews lasting up to one and a half hours within which time the stimulus, process, responsibility and structural development issues associated with innovation were deeply explored. The identity of the organisations can not be revealed out of respect for the interviewee's wishes; however they can be described with a brief tag to demonstrate their background.

1. Global org. – The innovation drive for this organisation emerged through frustration and disenfranchisement of a single functional unit in the Asia-Pacific region within a globally operating business. The pressure point toward innovation emanated from a small group of individuals facing an organisational re-structure and diminishment of their more autonomous position. They could clearly see a broader range of untapped opportunities that would re-establish the worth of their independence. Despite consistent effort and an organisational reputation for outstanding processes and systems for innovation; the tyranny of distance, silo walls that extended beyond international borders and lack of a unified national corporate direction, (due to international leadership directions) has prevented significant up-take of grass roots innovation within this corporation's Australian environment. The leadership-innovation dynamic here may be termed the 'tail wagging the dog'.
2. Old Culture org. – After privatisation this business faced the demands of new owners to improve economic performance. The innovation driver was centred in profitability. The senior management team responded by introducing an entrepreneurial culture to allow it to trim down and reduce cost whilst at the same time developing new revenue opportunities. Essentially many employees became business owners and now operate independent of their previous employer. As part of an ongoing revitalisation, the business continues to grow and develop new initiatives. Here, innovation pressure stemmed from a 'do or die' driver imposed by a new and demanding business owner on the leaders and senior management team.
3. Public Service org. – This organisation has a long history in serving the community. Faced with ever changing political and economic forces there were continued pressures to reduce costs and simultaneously improve stakeholder relations. These pressures evolved the need to innovate and deliver significant increases in value measured in a delicate balance of both economic and stakeholder satisfaction parameters. After an extended period of organisational tinkering by senior management with little appreciation of the dynamics of innovation, new leadership was introduced with a fresh approach that challenged the institutional 'norms' that has now resulted in paving the way for an entrepreneurial reform. The leadership-innovation dynamic could be called 'random stakeholder pressures'.
4. Technology org. A large multinational corporation, this company faced extreme market pressures with maturing products, solid competition and declining revenues. Management responded by resorting to an innovation program to identify and develop new technology platforms. After a few years of enduring effort the company succumbed to the international demands for improved profitability and pursued cost reduction activities. Retrenchments followed and morale plummeted. Any advances on the innovation front have yet to make an impact. This 'market reactive' leadership-innovation dynamic provided a framework that was intolerant of the time required to emerge new technologies.

Each of the four examples above were motivated by some form of perceived need to change and grow along a dominant dimension to achieve a strategic outcome; growth of opportunities, profits, value and revenues respectively. The pressure point for innovation and the overarching performance perspective appear to be extremely important and relevant to the outcome. Of the four mini case examples Old Culture org. has had the most startling success and continues to grow. However it is dangerous to hypothesise that a perspective based upon earnings, (the view of the new owner with respect to capitalising the investment), coupled with a supportive leadership and management team provides the most likely combination of pressure and perspective to engage, endure and succeed in business innovation.

That hypothesis would run counter to the previous proposition that a focus on earnings growth will be too narrow to secure a long term organisational effort on innovation. It is important to examine the total picture. Whilst it is contended that the new owner of Old Culture org. maintained an earnings perspective, the senior management on the other hand adopted a multidimensional approach to measuring their success in creating organisational change. This method aided the organisation to engage in activities that at least were perceived to be impacting the earnings potential both by cost reduction and revenue growth, which in turn affected the new owner's forward view on earnings and investment capitalisation and secured on-going support for the management team's efforts.

A word of caution then follows. Whether the senior management team or organisational leadership supports an innovation initiative or not, unless the overriding stakeholder demand and perspective can appreciate the multiplicity of dimensions; namely a balanced view on current earnings, near and long term future earnings, market demand, customer satisfaction, cost of operations, societal trends, and tangible and intangible asset values; innovation may well be weighted out of the equation as a cost too high to bear. This implies that the dominant stakeholder must not only be inclined to take a balanced view of the organisation, but also must be enabled to appreciate that view and form an opinion on the asset leverage for projected earnings.

A case in point is the Technology org. example. The person championing the drive for innovation was senior and influential; however, the adoption of an overriding operational management demand and cost focused perspective caused the near total collapse of the innovation initiative. Similarly, Global org. received support to carry the innovation initiative into trial, but the entrepreneurial growth perspective did not pervade cohesively across each of the business unit's senior management teams, (it simply was not part of the global charter) and hence the program has to date failed to attract widespread organisational support. By contrast, Public Service org. had a demand for a balanced performance improvement from stakeholders but not the leadership capacity to deliver upon that demand. It appears that leadership support for innovation is necessary, but may not be sufficient without an overriding stakeholder perspective that appreciates the suite of competing demands. Further, if management capabilities to develop and deliver a satisfactory method to manage the growth of all the variables that contribute to top-line growth are deficient then innovation will be sacrificed for more readily accessible methods of increasing economic performance.

This observation is supported in the academic literature that examines the various influences on managerial behaviour, (Butler, 1989; Smith, 1996). These examinations expose the differences in stakeholder perspectives and the demands placed upon the leadership that result in the organisational directions adopted. It follows that there is a need to have the two dimensions of dominant stakeholder perspective and the reporting mechanism aligned for a positive and supportive stakeholder outcome. The academic literature also points to other links between entrepreneurial activity and company performance and finds the leadership's strategic direction may influence the necessity, or otherwise, for innovation activity, (Zahra *et al.*, 1999). Also organisational structure and values impact on the entrepreneurial activity within a firm environment (Antoncic *et al.*, 2000). The structure and values parameters are generally set by the firm's leadership and senior management team; and again the question of perspective creeps in, as the upper echelons of the organisation have responsibilities beholden to the organisation's stakeholders, (Webley, 1999).

In summary, the mini cases draw out three different perspectives of an organisation. Firstly, a value or valuation perspective; here an opinion is formed on the ability of assets and capital utilisation to produce adequate or superior earnings in the near term relative to the perceived asset value. Secondly, a resource or cost perspective; where the focus is on the input costs and price customers pay for the product or service relative to demand and customer satisfaction and is reflected in periodical, (and historical), performance results. And, thirdly an entrepreneurial growth perspective that focuses on current earnings potential in the near term against future earnings potential in the longer term. This relationship is affected by the longer term anticipations of: environmental scanning; market research; status of asset and resource; (this includes the capacity to absorb the requirements of new initiatives; the capability to adequately perform new initiatives; the adaptability to accept new initiatives; and, the reducibility to shed unnecessary or excess capacity or capability); and in the nearer term, the immediate environmental influences and, a maintained customer interest / demand for more goods or services. Figure 2.0 shows the influence and relationships of these different perspectives. Whilst any one perspective may dominate a stakeholder's viewpoint the transparency of the other perspective inter-relationships is most likely to ensure the need for innovation is apparent. The dominant stakeholder must be able to see and appreciate the changing circumstances anticipated through the entrepreneurial growth perspective.

Underpinning these perspectives are the assets, resources and capital requirements of the organisation. These are represented by an intellectual capital terminology that delineates between different characteristics of each class of asset / resource, namely; monetary (cash), physical, relationships, organisational and human. The size, amount or type of investment in each capital or resource will differ depending upon the dominant perspective and the nature of the organisations business, maturity and strategic direction.

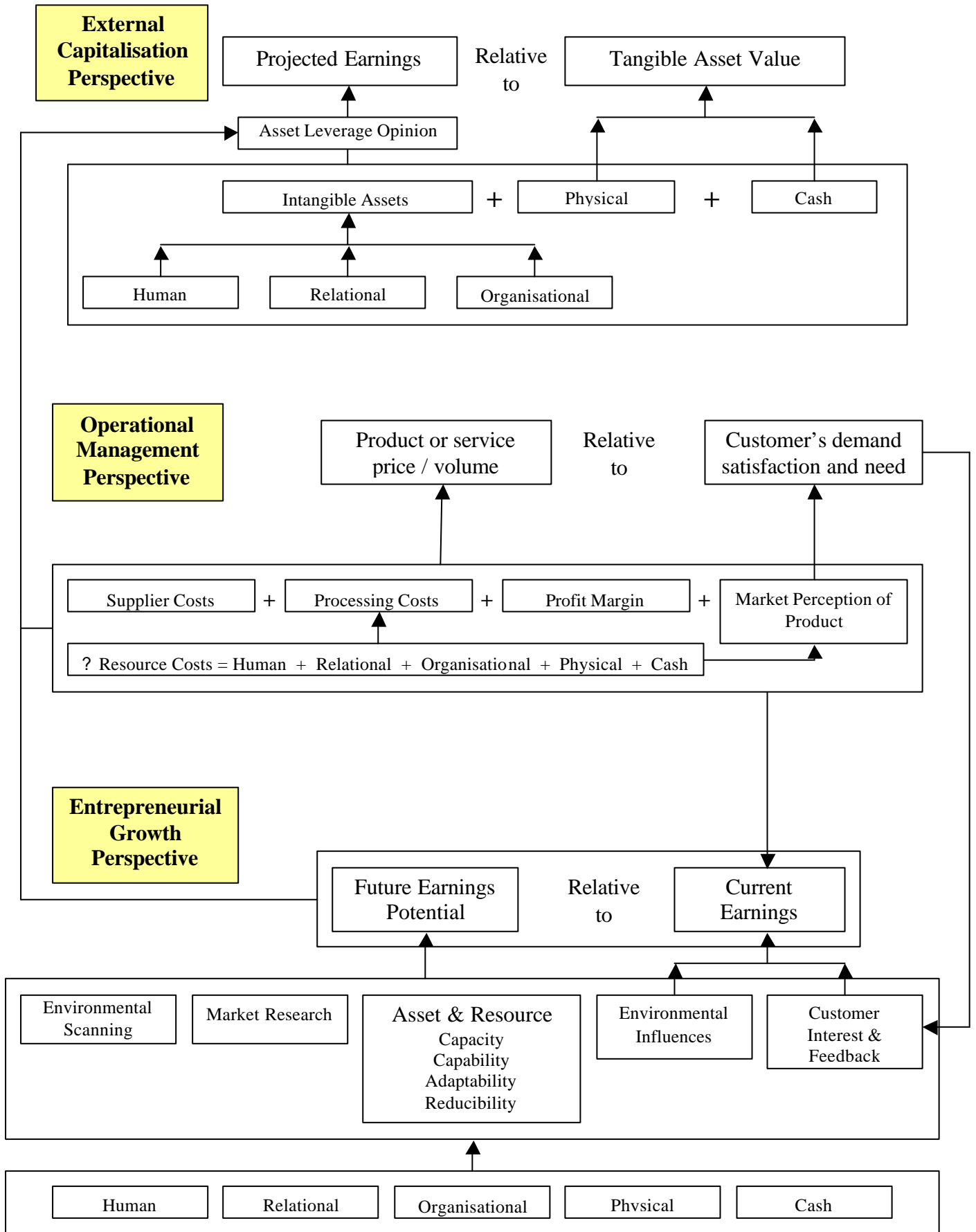


Figure 2.0 Asset, Resource and Perspective / Influence and Relationships

Summary of Findings

The objectives of this paper are to stimulate discussion and influence a greater corporate culture capacity for innovation and commercialisation. The main points arising during the workshop sessions centred upon the challenges of innovation for the for-profit corporate sector and proceeded to mostly make recommendations for government actions to stimulate and influence the environmental conditions for commercial corporate innovation. However, Workshop 2 of Commercialise 2002 specifically addressed the environmental issues for creating successful innovative businesses and therefore this paper has deliberately avoided that area of discussion.

The corporate sector can take responsibility for enabling innovation without interference, carrots or sticks, being offered by the government either federal or state. This is not to say that the environmental influences under the control of the government could not be changed or that they have no influencing affect on the corporate sector, on the contrary. Rather, it suggests that the internal rationale supporting the pursuit of innovation is well documented for the corporate community as described in the earlier section; that is the potential to improve the top-line economic performance. This alone should be a worthwhile motivation. The barriers appear to lie largely in the clash of perspectives within which our business community operates.

We commenced our discussion with a look at how a corporate entity might be defined. The finding is that a corporate is any organisation that can act with the same legal rights as an individual. This then says there is no distinction between the for-profit and not-for-profit sectors with respect to the definition of a corporate. However, when the corporate community is questioned about corporate behaviour with respect to innovation it is assumed that corporate refers to the commercial for-profit sector and the goal of innovation is to improve economic performance. Neither of these assumptions is entirely accurate and this elaborates a misunderstanding of the perspective of innovation and the role of the not-for-profit research community.

In defining innovation it is established that the outcome goal of innovation or the change associated with the new ideas and concepts differ between the for-profit businesses and the not-for-profit research corporations. It was plainly obvious from the dialogue within the workshops that the commercial responsibility for innovation is expected to be assumed by the for-profit community sector. This ignores or overlooks the fact that the not-for-profit research community is increasingly required to generate commercial outcome from their research activity. In many discussions during the workshops it was suggested that the gap between the research community and commercial corporate sector needed more attention and better management. In fact in considering the desired outcomes of both parties, it is not the gap that needs better management but rather the overlap. This again is about perspective and all members of the corporate sector can indeed become better at facilitating discussions to manage these different perspectives by increasing their understanding and awareness of the other party's motivations.

The next aspect under consideration was the role of entrepreneurs (or as sometimes referred to intrapreneurs) within the corporate setting. These individuals are often responsible for initiating activities involving innovation; however, their presence in an organisation by their very nature will be disruptive to the 'normal' operations. It is

contended that the active presence of corporate entrepreneurs will cause the growth of many intangible aspects of the organisation before resulting in a tangible growth in top-line economic performance. Leaders and managers will need to identify the multiple dimensions of growth inspired by the adoption of an innovation culture embracing entrepreneurship and learn to better manage the intangible nature of many of these dimensions.

Lastly, the barriers for corporate leaders adopting an innovation focus were considered with respect of the primary stakeholder perspectives. The three perspectives discussed; namely external capitalisation, operational management and entrepreneurial growth; affect innovation differently by the adoption of one as opposed to another and in turn the choice of perspective can be influenced by a myriad of stakeholder demands. Leaders and senior management may exert influence on the dominant stakeholder perspective by developing and delivering a transparent system of defining, implementing and monitoring the resulting progress that innovation delivers that demonstrates fulfilment of the overriding stakeholder demand. Furthermore, transparency may accelerate innovation simply by freeing leaders to be more supportive of any innovation initiative.

Conclusion – Managing Perspectives

Managing perspectives is a critical element for stimulating innovation within the corporate sector. For entrepreneurial firms this is not such an issue as entrepreneurs are adept at adjusting their behaviour and attitude to reflect the variety of situations that they face. For stagnant established firms however, it is often a skill that is lost with the progress of the firm away from its entrepreneurial roots. Perspective management arises as a critical issue as innovation resurfaces as an organisational challenge, (be it a for-profit or not-for-profit entity). Empirical evidence shows that networking and collaboration are two main elements of innovation, (Gera *et al.*, 2001). In moving to a new era of innovation the key organisational capability that is required will be collaboration, (Miles *et al.*, 2000).

The issues raised within this paper are an attempt to assist the corporate sector in understanding the complex array of perspectives that occupy the business landscape of today. The variety of perspectives extends from the network of stakeholder relationships that play a role in developing and maintaining an innovation culture. Unfortunately the scope of this work does not permit a full elaboration of the mechanisms that would further assist the transparency and articulation of specific perspectives. It is recommended however that the concepts and issues outlined here are given consideration in order to commence a practical and rewarding journey toward a more collaborative business environment that underpins a culture of innovation.

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