

# STRATEGIC INNOVATION LANDSCAPE

IN INDONESIA, MALAYSIA  
AND SINGAPORE

*Presentation of Findings*

# INTRODUCTION

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- In today's fast-moving complex business environment dominated by weak macroeconomic scenarios, innovating quickly, reliably and effectively is an essential advantage to achieve profitable growth.
- However, while marginal and incremental innovations that improve current offerings for existing customers (typically driven by R&D efforts) have been deeply investigated in the last decades, innovations that have been able to produce new offerings for new customers and challenge the rules of the game are still a relatively new area of research.
- The objective of this study is therefore to assess the current strategic innovation practices of organizations in selected South-East Asian countries.
- This is the first study on strategic innovation developed through a collaboration between UCSI Consulting and ECSI Consulting.
- The study was conducted in 2013 and involved 120 respondents (C-level and Senior Management) across Indonesia, Malaysia and Singapore.

## STRUCTURE OF THE STUDY

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### **PART 1: RELEVANCE OF INNOVATION**

The first part of the study is designed to understand the role strategic innovation plays among corporate strategic priorities. In addition, it is intended to assess the types of innovation companies pursue and their level of satisfaction with the outcome of such efforts.

### **PART 2: STRATEGIC INNOVATION PRACTICES**

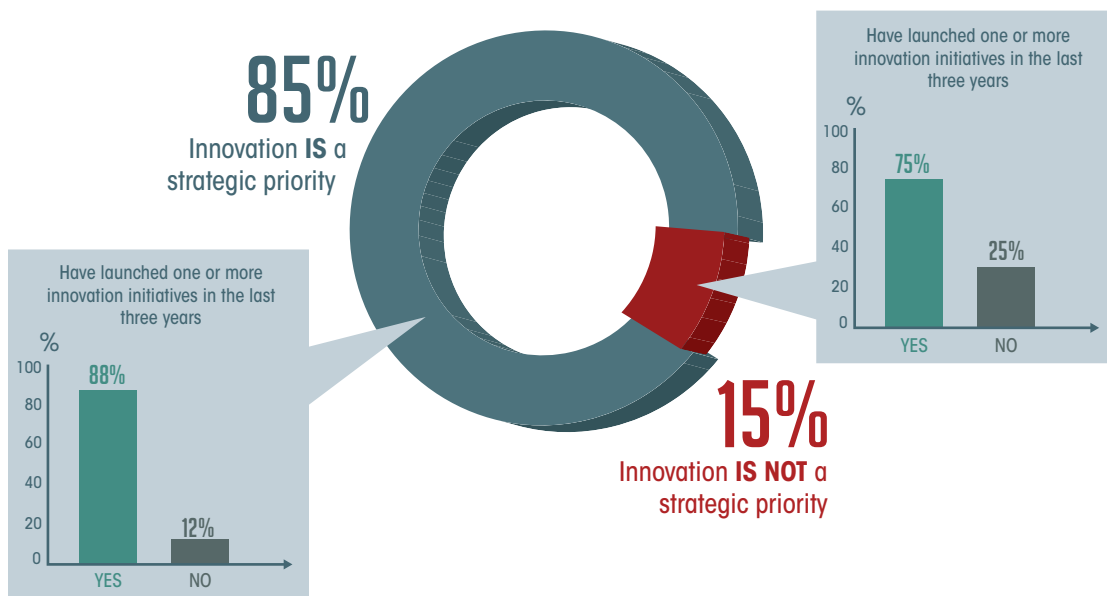
The second part of the study aims at understanding if companies adopt systematic innovation processes and how such practices impact innovation outcome.

### **PART 3: ASSESSMENT OF INNOVATION BLOCKERS**

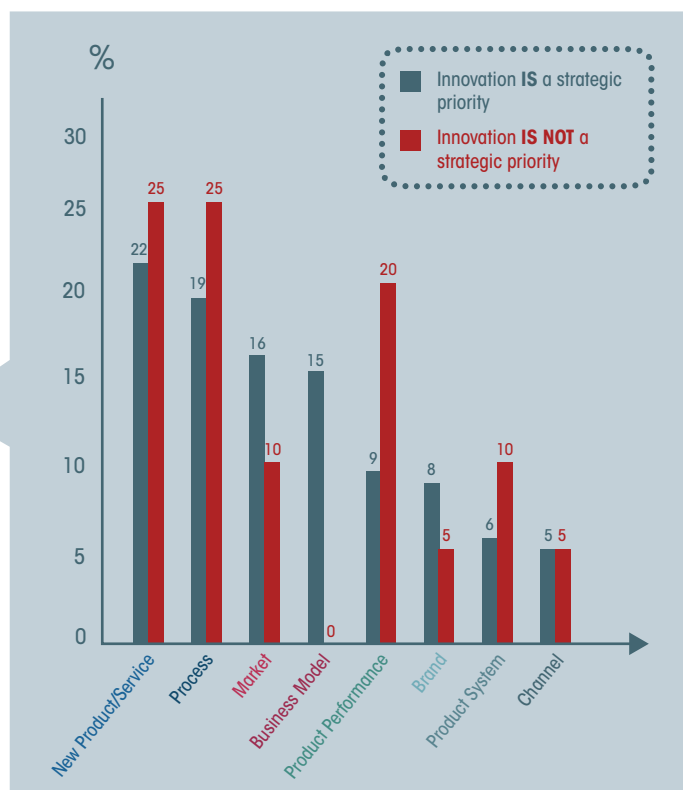
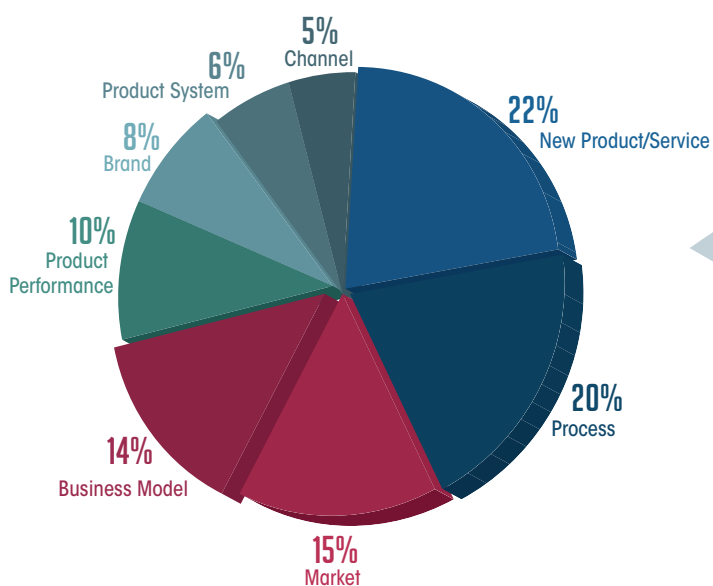
Lastly, the study is designed to assess if any blocker is actively hindering organizations' innovation efforts.

# INNOVATION IS CONSIDERED A STRATEGIC PRIORITY

A vast majority of survey respondents consider innovation a strategic priority. However, even those who do not consider it a priority launched one or more innovation initiatives in the last three years.



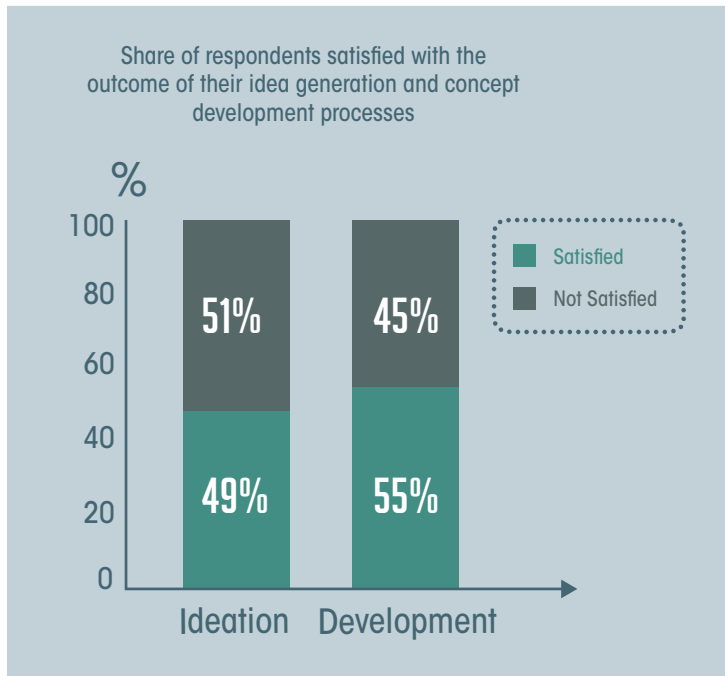
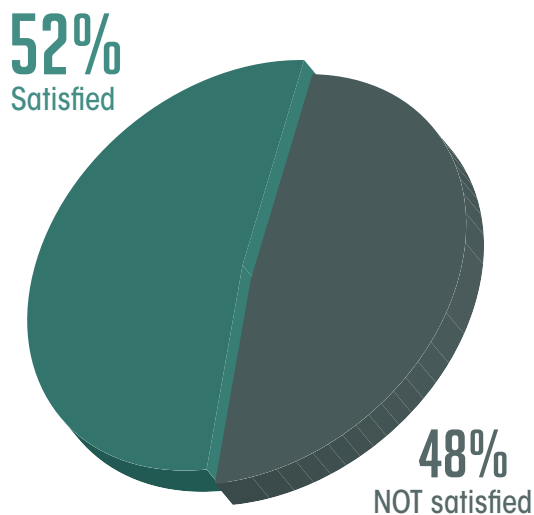
The innovation initiatives launched by the respondents vary depending on whether innovation is a strategic priority or not.



\*100% is the sum of all innovation initiatives launched by the respondents

# LACK OF SYSTEMATIC PROCESSES AFFECTS RESULTS

Only approximately half of the respondents are satisfied with the returns on their innovation initiatives...

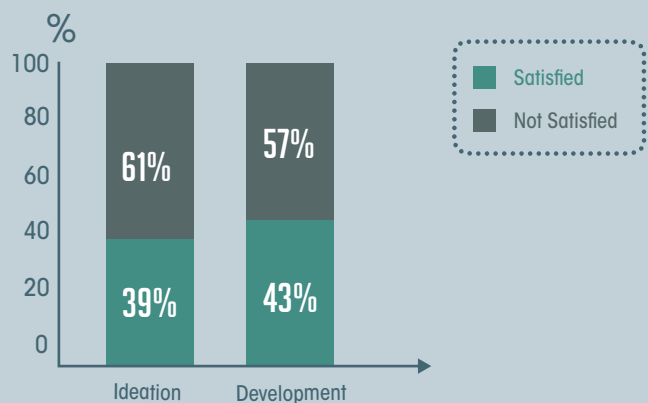


...in line with the share of respondents satisfied with their ideation and development processes.

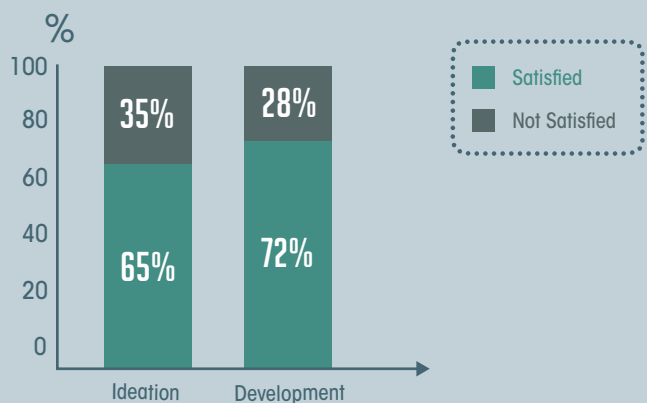
*\*Percentages refer to those respondents that have launched one or more innovation initiatives in the last 3 years*

Ideation and development are more effective when relying on systematic processes...

Share of respondents satisfied with the capacity to create and develop new ideas when systematic processes ARE NOT in place

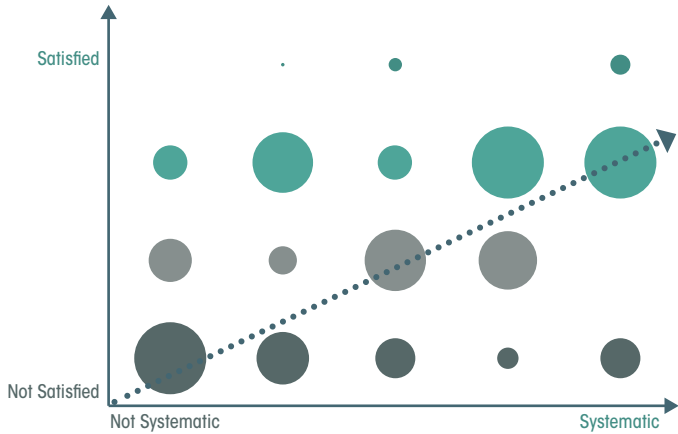


Share of respondents satisfied with the capacity to create and develop new ideas when systematic processes ARE in place



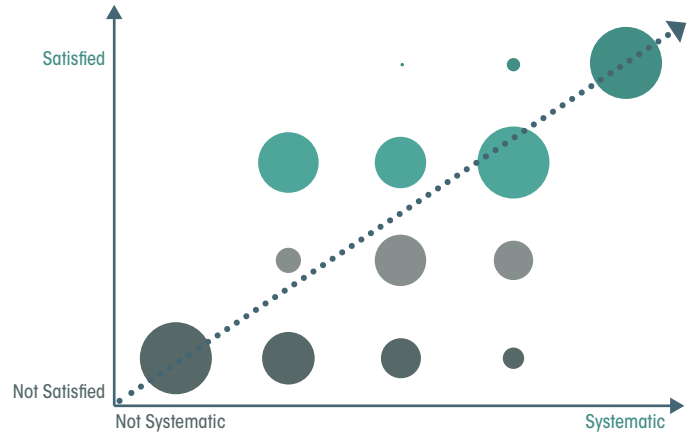
...and returns tend to be higher as well...

Returns on innovation initiatives by level of systematization of the IDEATION process



65% of respondents are satisfied by the return on innovation initiatives when a systematic ideation process is in place, vs. 43% when it is not.

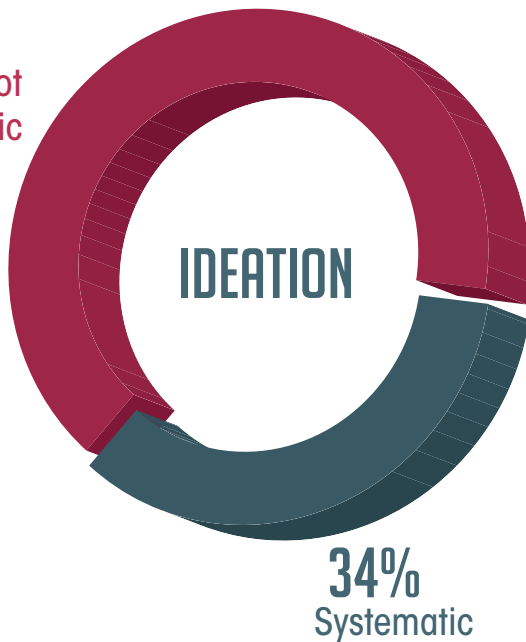
Returns on innovation initiatives by level of systematization of the DEVELOPMENT process



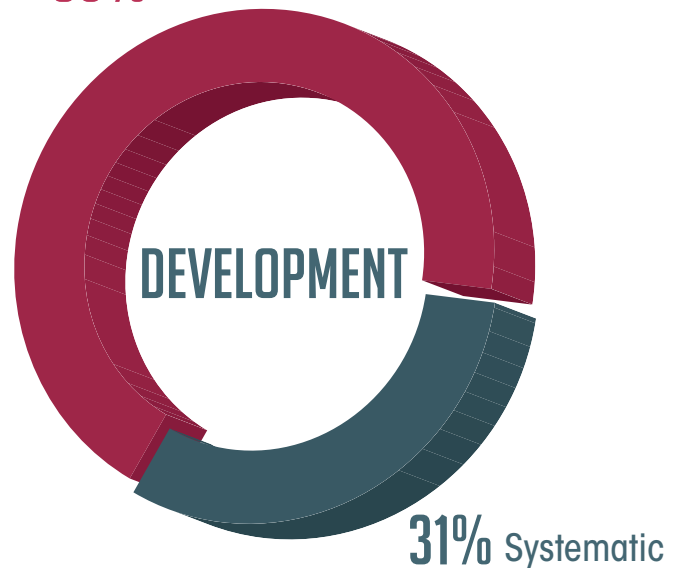
60% of respondents are satisfied by the return on innovation initiatives when a systematic development process is in place, vs. 46% when it is not.

...however, currently only a third of respondents rely on systematic innovation processes.

66% Not Systematic

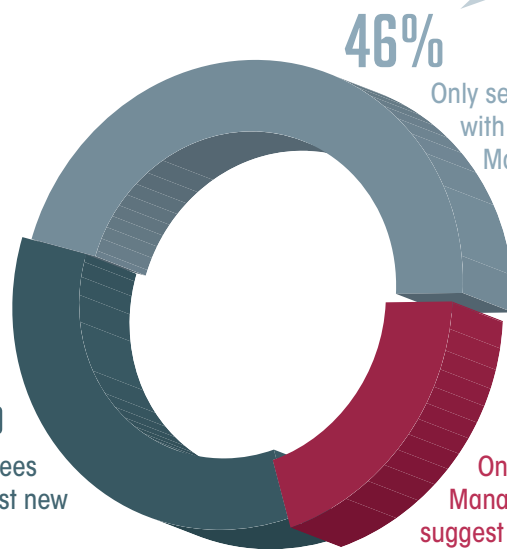
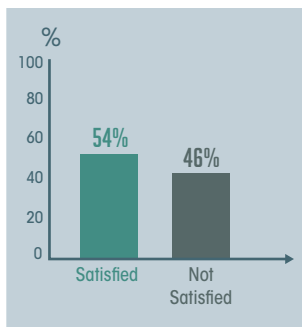


69% Not Systematic



# STAFF PARTICIPATION IS KEY FOR SUCCESSFUL IDEA GENERATION

Companies are more satisfied with their capacity to generate new ideas when all employees are given the opportunity to contribute to the idea generation process...



Only selected individuals (i.e. R&D dept., etc), with or without the Top/Senior Management can suggest new ideas

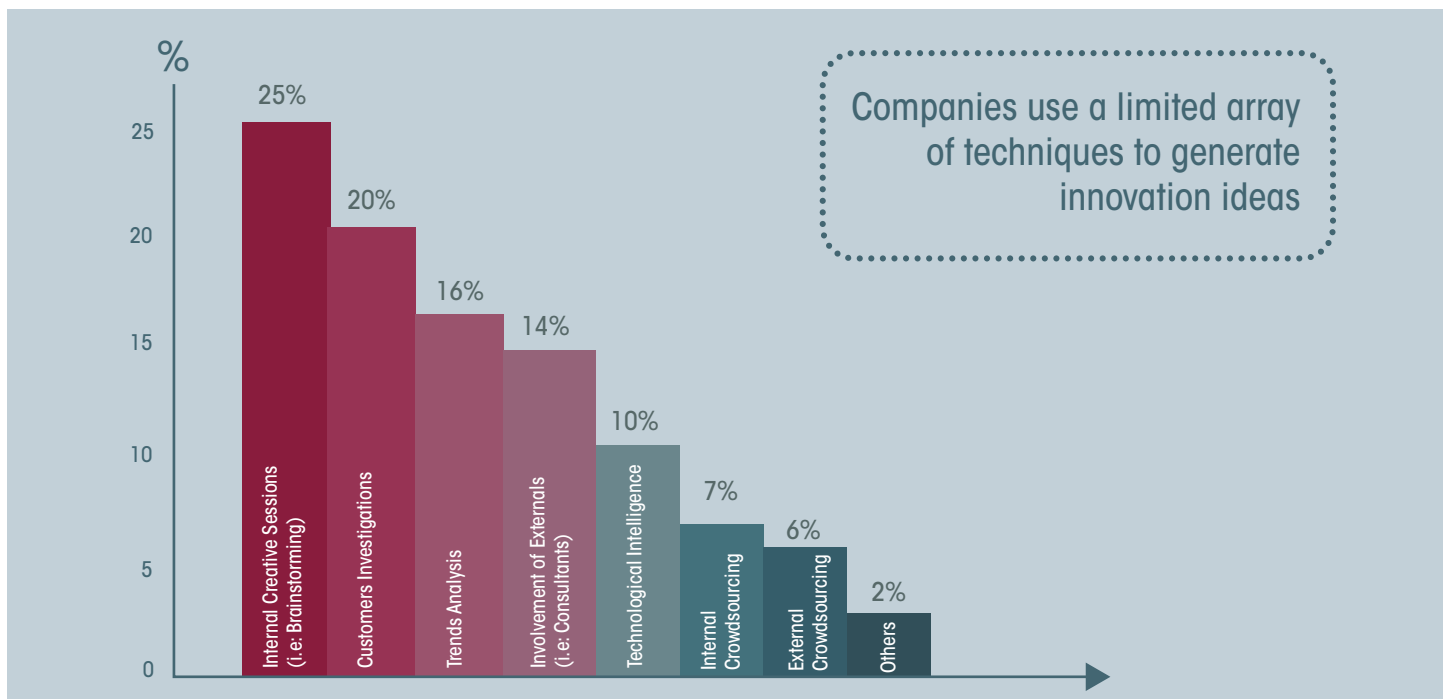
Only the Top/Senior Management can suggest new ideas



Share of respondents satisfied with their organisation's ideation capacity depending on the number of individuals involved

- Satisfied
- Not Satisfied

34% All Employees can suggest new ideas



Companies use a limited array of techniques to generate innovation ideas

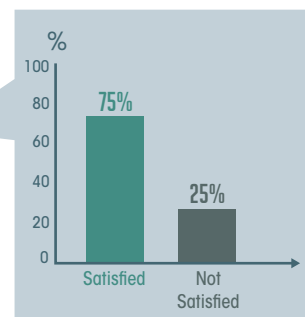
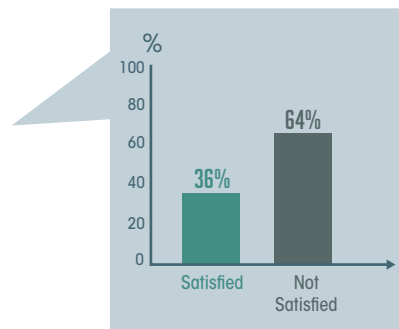
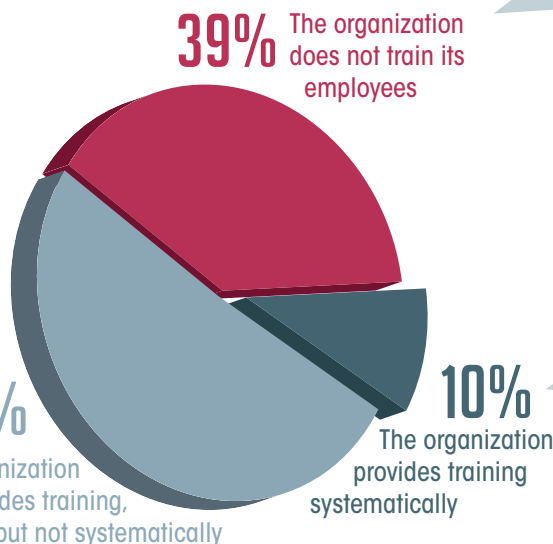
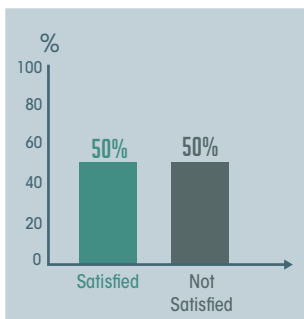
\*100% is the sum of all the techniques used by the respondents to generate innovation ideas

# SYSTEMATIC TRAINING IS CRUCIAL FOR SUCCESS

Despite its importance, only a small group of companies systematically train their employees on innovation methodologies.

Share of respondents satisfied with the capacity of the company to create new ideas

- Satisfied
- Not Satisfied

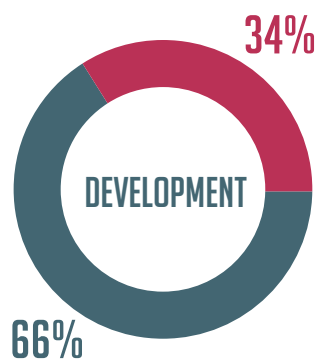
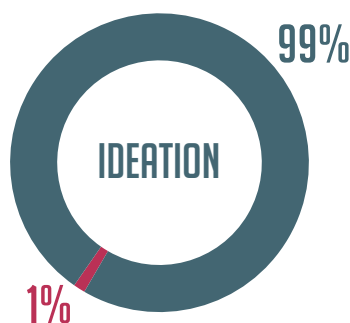


# SENIOR MANAGEMENT INVOLVEMENT DURING DEVELOPMENT IS HIGHLY ENCOURAGED

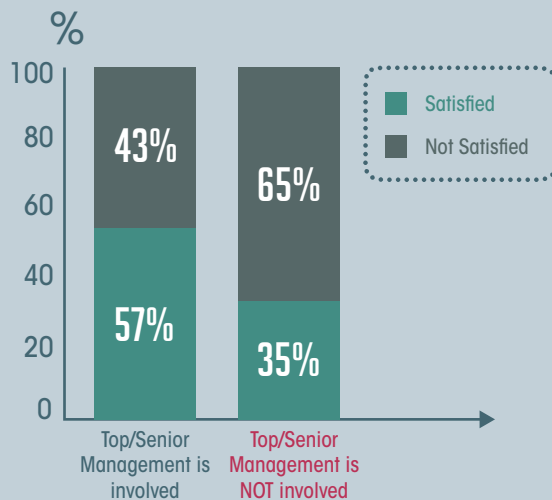
The Top/Senior Management is always involved in the ideation process, but less involved in the development phase, when its support is still crucial.

Top/Senior Management is involved

Top/Senior Management is NOT involved



Share of respondents satisfied with the capacity of the company to develop new ideas into concrete business opportunities depending on the involvement or not of the Top/Senior Management in the development phase



# INNOVATION “HIDDEN ENEMIES” ARE A HINDRANCE

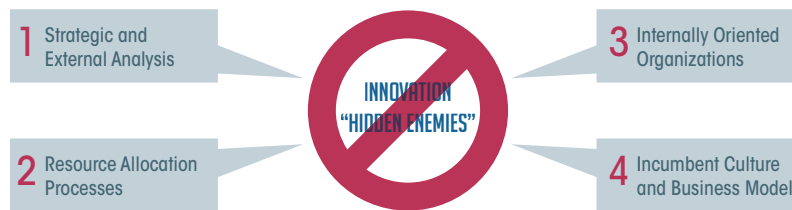
## Introduction to the innovation “hidden enemies” theory and framework

In this study we use the theory on innovation inhibitors developed by ECSI Consulting.

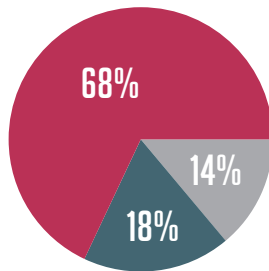
This theory relies on the evidence that not only poorly run businesses, but even well-managed companies using modern management practices can – unconsciously – create environments that are not conducive to innovation.

In fact, applying modern management techniques can help organizations effectively pursue efficiency and control, but can create “hidden enemies” that harm innovation efforts.

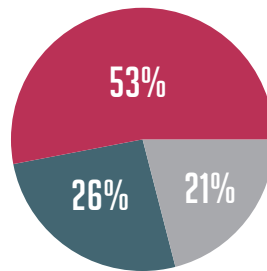
The “hidden enemies” framework identifies four clusters of innovation blockers:



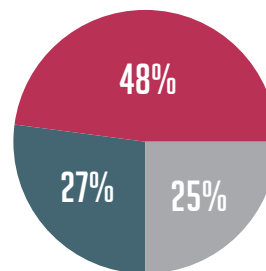
The low satisfaction associated with innovation initiatives may be due to the significant presence of innovation “hidden enemies”.



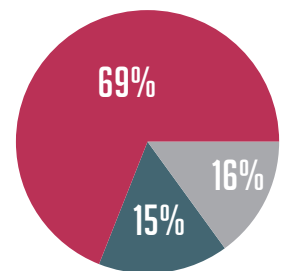
Strategic and External Analysis



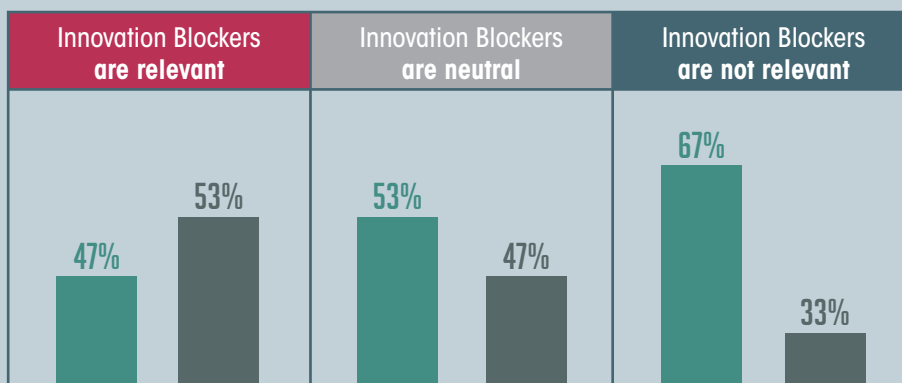
Resource Allocation Processes



Internally Oriented Organizations



Incumbent Culture and Business Model



Respondents are more satisfied with the returns on innovation efforts when the “hidden enemies” are not relevant.

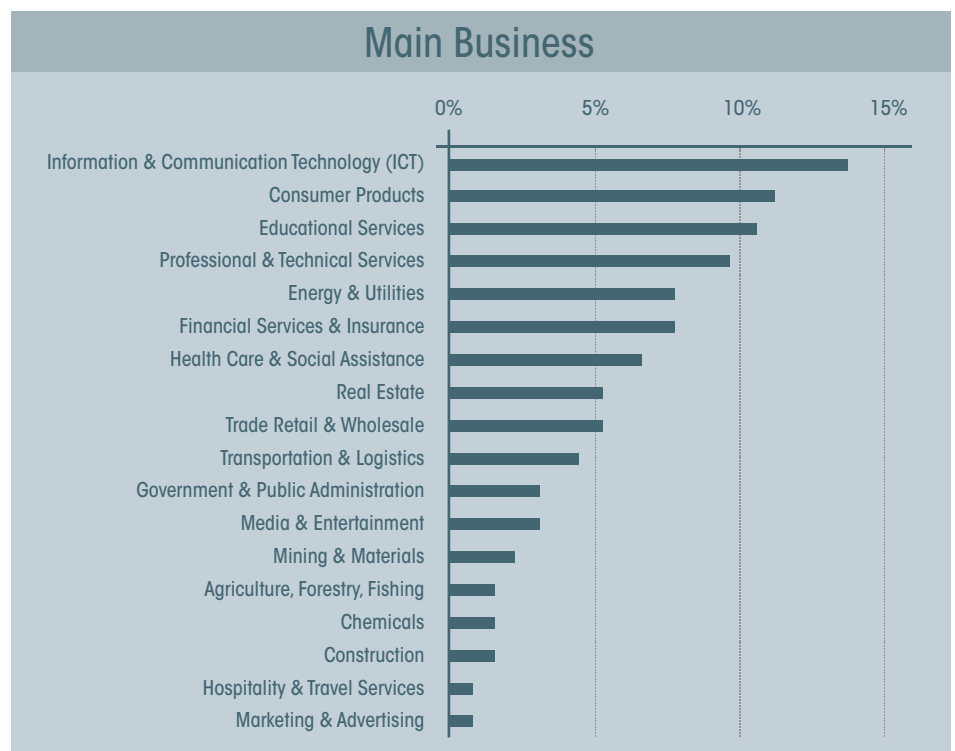
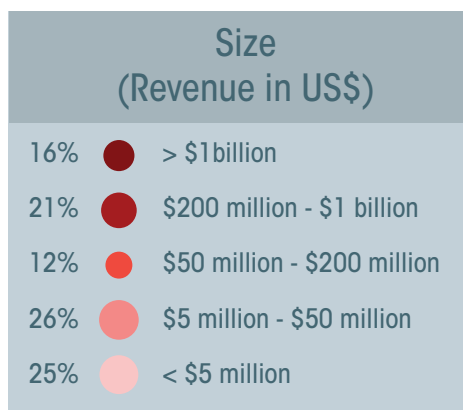


# METHODOLOGY

- The study was conducted in 2013 and involved 120 respondents (C-level and Senior Management) across Indonesia, Malaysia and Singapore.
- Data was collected using an online survey platform (SurveyMonkey.com).
- The findings are based on both univariate and bivariate statistical data analysis conducted using SPSS and Microsoft Excel.

# SAMPLE

## Description of Respondents



# ABOUT THE AUTHORS



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# ABOUT UCSI CONSULTING SDN BHD

UCSI Consulting is a unique consultancy firm. We are the owner of UCSI Blue Ocean Strategy Regional Centre (UCSI BOSRC), the exclusive regional representative of the Blue Ocean Strategy businesses with the exclusive regional license over Malaysia, Australia, Canada, China, India, Indonesia, Philippines, Singapore, Taiwan, and Thailand.

UCSI Consulting provides a comprehensive range of services to formulate, execute and sustain successful strategies to achieve fast results. All our services are based on the cornerstone principle of Blue Ocean Strategy (BOS): Value Innovation, the simultaneous pursuit of differentiation and low cost.

## Consulting:

**The Strategy Formulation Consulting:** *Designed to help clients create uncontested market space and make competitions irrelevant, achieve fast breakthrough success via strategic insights, thinking and corporate alignment using a 4-step approach: Visual Awakening (where are we now?), Visual Exploration (what are the possibilities?), Visual Strategy Creation (how do we chart a new path?) and Visual Strategy Fair (how can we get everyone onboard to execute the new strategy?).*

**The Strategy Execution Labs:** *Developed to provide a consultation on overcoming common organizational hurdles and minimizing management risks. We support our clients in bringing the BOS ideas to life, achieving results in a short period of time with high impact while sustaining successful and profitable strategies. The BOS tools and methodologies play a lead role in identifying hot spots and cold spots, and manage the allocation of resources efficiently.*

## Workshops:

**In-Action Workshops:** *Specially designed to apply the BOS tools & frameworks to the client's case in order to develop embryonic BOS ideas and strategic options.*

**Simulation Workshops:** *Developed to focus on "action learning" whereby a team of participants will work through the entire BOS process using simulation cases developed on real business stories. This encourages them to learn and put into practice the BOS tools and to think out of the box.*

## Education:

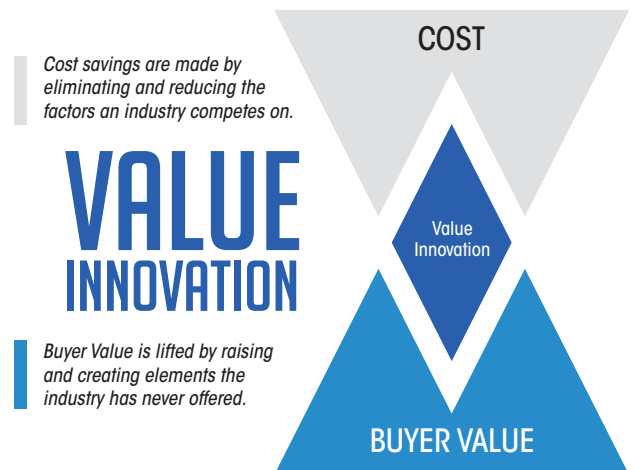
**MBA BOS:** *Designed to deliver a transformative learning experience, and nurture and empower leaders and managers of the future who will make a significant difference in the marketplace. The cornerstone of the program is that of a praxis process (practical learning), where the theory meets the practice, with dual certification.*

## Leadership:

**Blue Ocean Leadership Workshop:** *Based on the Blue Ocean Leadership framework, with the objective of building the Blue Ocean Leaders of tomorrow. It is designed for Management Teams to develop their leadership practices that inspire employees to excel and act with commitment.*

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# ABOUT ECSI CONSULTING

ECSI Consulting is a strategy and innovation consultancy with offices in Asia (Singapore) and Europe (Milan, London). ECSI Consulting belongs to the ECSI Group, which also comprises the European Centre for Strategic Innovation (ECSI), a management research center which collaborates with globally recognized academic faculties.

In October 2013, ECSI Consulting was named as one of the 15 global leading firms in innovation strategy and management by Kennedy Research, the most authoritative analyst of the consulting industry.

## Our Services:

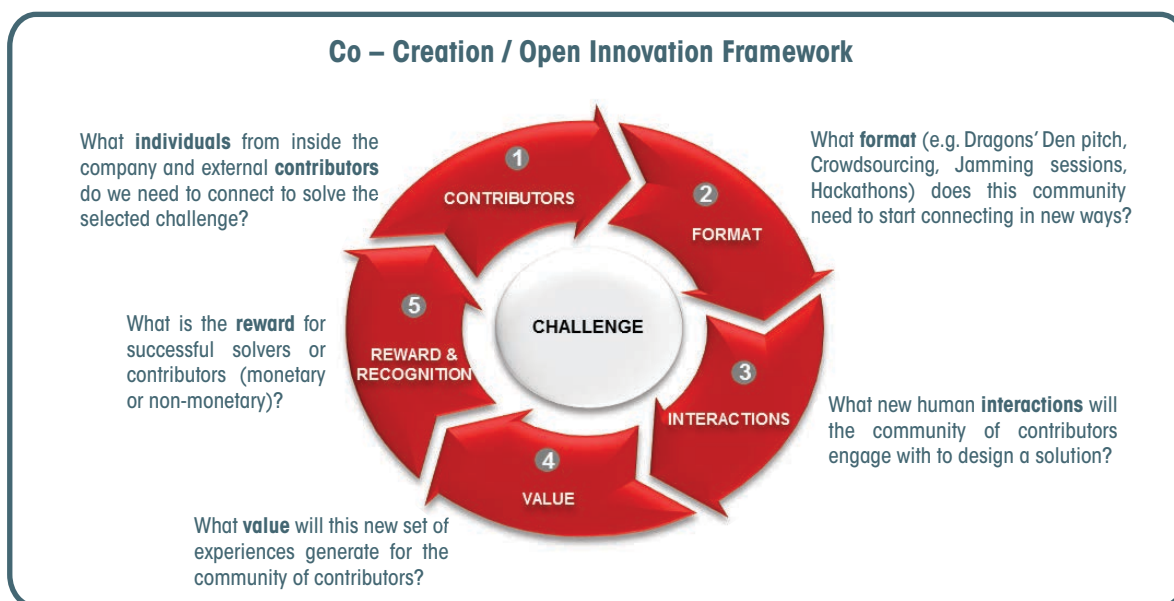
**Insight Generation:** Go beyond the traditional tech-push, R&D-driven innovation approach. Explore your customers' unmet needs using human-centric research techniques, and create disruptive products and services.

**Co-Creation / Open Innovation:** Leverage the creativity of internal and external crowds to boost idea generation and drive innovation (see the framework below).

**Innovation Capability Building:** Abandon the belief that insight generation is the responsibility of few people in the organization, and make it a routine practice by disseminating tools and techniques. Transform your organization into a community of explorers.

**Governance of Innovation / Corporate Innovation Units:** Protect and nourish early stage ideas at the fuzzy front-end of innovation with an Innovation Unit. Bridge the initial gap and make ideas stronger until they can move forward by themselves.

**Results Acceleration:** Ensure your creative ideas reach market success by applying a systematic innovation management process that, through incubation and validation, maximizes opportunities and minimizes risks.



We also provide the **Strategy & Innovation Masterclass Series**, a portfolio of practical in-house programmes focused on strategy and innovation designed for managers from the mid-ranks to the C-level. ECSI Consulting masterclasses offer a unique opportunity for participants to attend as part of a management team and work together to apply the methodologies to the challenges of their organization.

Our "action learning" approach uses a mix of high-energy and interactive discussions, strategic sessions in break-out groups and fine-tuning of practical outcome in plenary sessions. Not only is this approach dynamic, participative and fun, but at the same time each masterclass generates a practical outcome related to the real strategic challenges of the organization.

For further information, please visit our website at [www.ecsi-consulting.com](http://www.ecsi-consulting.com) or contact us at [infoasia@ecsi-consulting.com](mailto:infoasia@ecsi-consulting.com) or +65.6408.0701

# KEY FINDINGS INCLUDE THE FOLLOWING:

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1. Innovation is considered a strategic priority, but execution falls short
2. Lack of systematic processes affects results
3. Staff participation is key for successful idea generation
4. Systematic training is crucial for success
5. Senior Management involvement during development is highly encouraged
6. Innovation “hidden enemies” are a real hindrance