

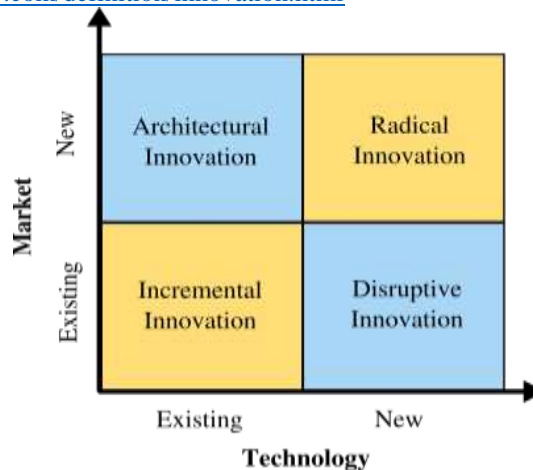
## A Study of Innovative Business Practices In The Organizations With Special Reference To Talent Management And Other HRM Practices

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**Abstract:** Innovation means replacing the best practices of today with that of tomorrow- (Paul Sloane)  
 Innovation is at the core of the development in 21<sup>st</sup> century. The saying “perform or perish” has been replaced by “Innovate or Perish”. Organizations worldwide are working hard on strengthening their Creative skills and come out with products that set the benchmark in Innovation. However the good news is that Innovation can be learnt and practiced. This is possible by creating a culture of innovation and Lifelong learning in the organization. The same has been proved time and again by Silicon Valley firms that if you want to be the leader than you have to be really innovative. Companies like Facebook, Google, Microsoft, Apple, Air BnB and Amazon are few examples where it all started with a thought and they build an enterprise with quick adaptation to the latest technologies. They were the pioneers in the category and had both willingness and muscles to take their competition head on. Innovation coupled with Strategic thinking made Apple the most valuable brand within a few years of its inception.  
 Out of the Box thinking and innate ability to read the dynamic Business environment coupled with the serious investments in R&D would help the company to join the league of Innovation. If you are really alert about the small small changes and their implications than probably you would read them before your competitor and this provides a strategic competitive advantage.

### I. Introduction

Innovation:  
 Innovation in simple terms is a process of translating an idea or invention into a good or service that creates value or for which customers will pay.  
<http://www.businessdictionary.com/definition/innovation.html>



**Chart 1.1: Types of Innovation**

- a. Incremental innovation uses existing technology and enhances value to the customer in existing market.  
 Example-Google’s G Mail
- b. The disruptive innovation refers to the innovation which uses new technology to add value to the customer in existing market  
 Example is –Apple’s I –Phone
- c. Radical Innovation  
 Example-Amazon using internet based Technology to sell books online is one of the best example of Radical Innovation

d. Architectural Innovation

It refers to changing the architecture of the product keeping the key technology the same so that the new system provides superior performance and value over the previous configuration.

Innovation can also be classified according to its area:

- Products and services
- Management Model or process
- Business Model

Talent Management

What is Talent Management?

Talent Management is the integration of HR processes to define, develop, deploy and connect employees in a organization



**Chart 1.1** -Integrated Talent Management

**II. Literature Review**

What exactly is Innovation? This question has been probably answered well in the words of Marc Chason of Motorola Labs (Innovation Management.se, 2013)

Innovation is the set of actions required to create new ideas, processes or products which when implemented lead to positive effective change.

The definition of Marc Chason captures very well the following attributes of innovation:

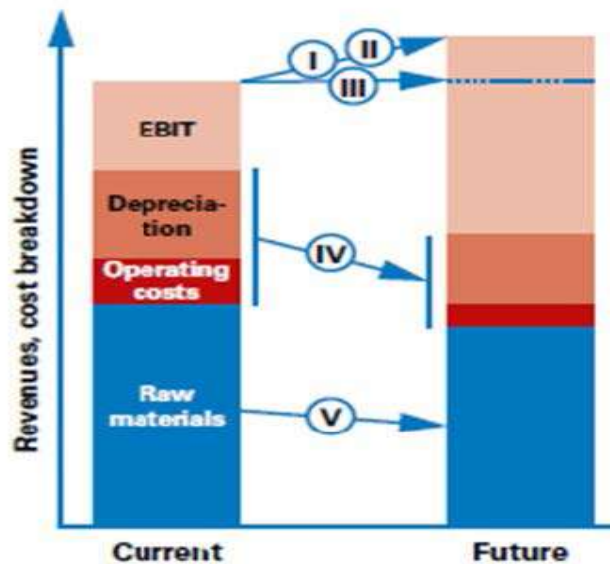
1. Novelty
2. Results in positive change and value
3. Execution turns inventions to innovations

Innovation is always in the context of the organization

“Innovation is the process of idea management”

Tim Kastle (tim kastle.org,2010)

Innovation Management-It combines the objectives of organizational strategy and the needs of the customers with the positive ideas to create a positive impact on the organization.



Arthur D Little (See figure above) has proposed holistic classification of innovation and linked the impacts of these classes to the P&L of the organization. (Arthur D Little, 2014)

Transform-Grow new markets and new offerings

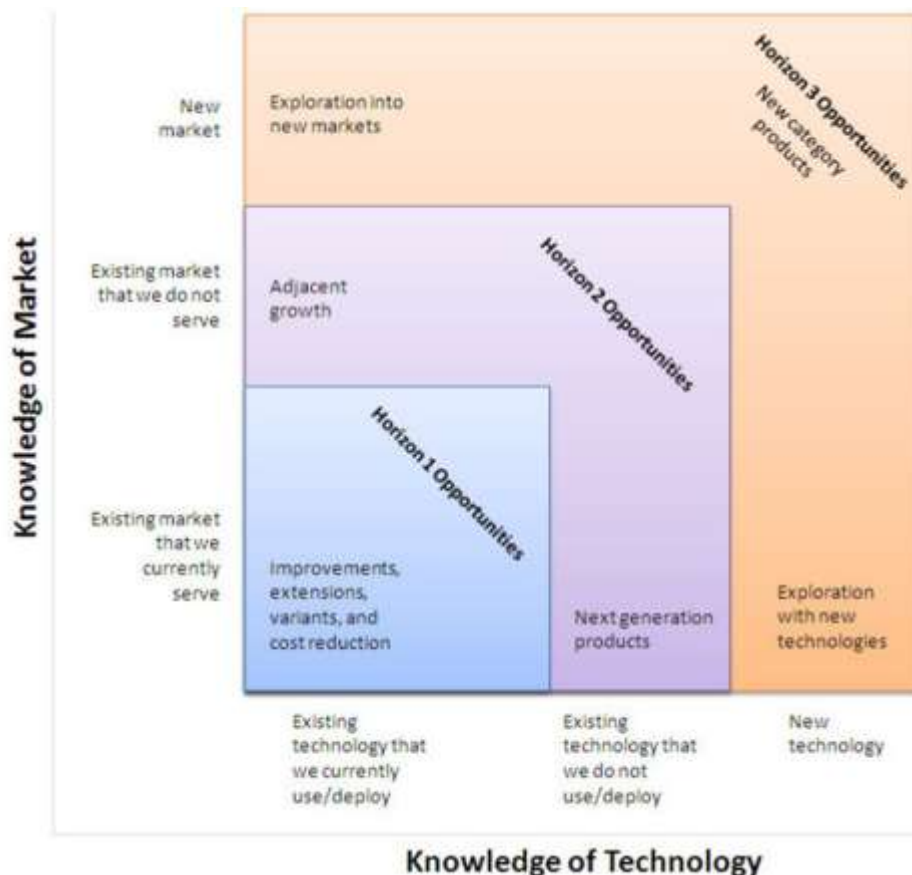
Enhance-Grow in adjacent market areas

Defend-incremental of existing offerings innovation

Increase –asset or employee productivity-redesign supply chain concept or solve process bottlenecks

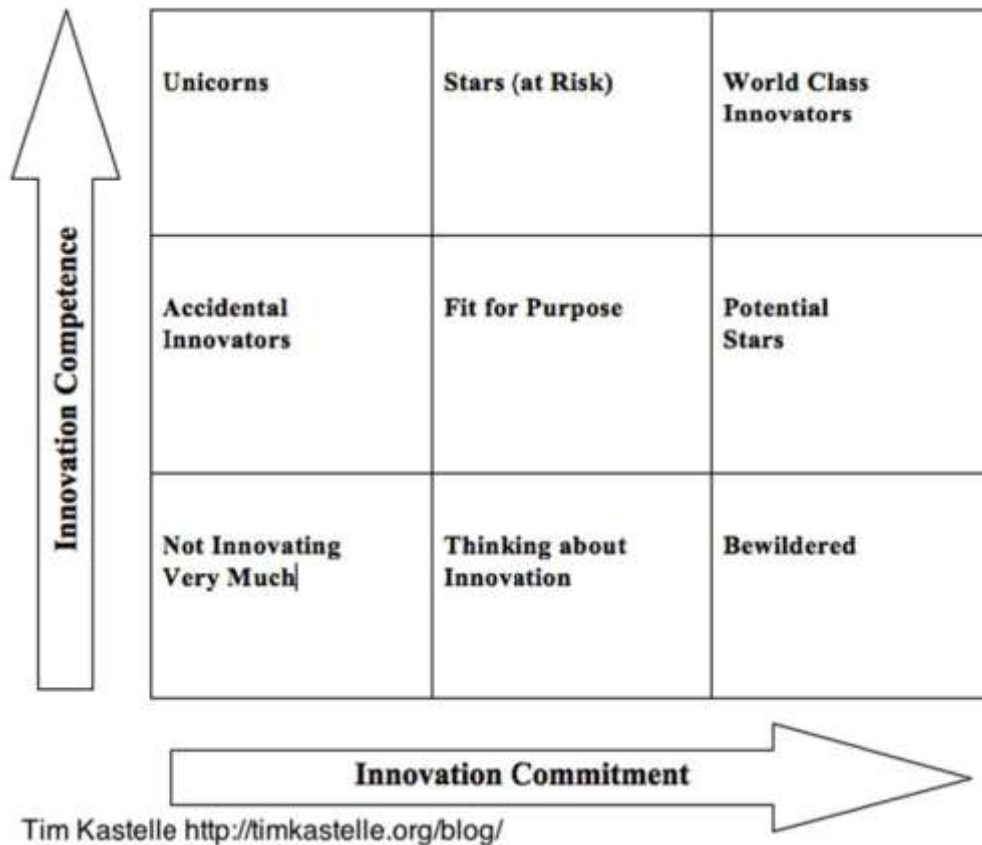
Decrease raw material & energy costs-reformulate ingredients of production

In their book Innovation tournaments Christian Terweich and Karl T Ulrich has mentioned about three innovation horizons which helps us to think about innovation in a structured way. (Please see the figure below)



The Innovation Matrix-Organizational Maturity

This was developed by Tim Kastelle and it helps organizations map their current innovation capability



### III. Research Objective

The objective of the research is to understand the extent of innovative business practices employed by top organizations across the world and their impact on Organizational performance.

Hypothesis H1- Companies with innovative business practices have excellent business performance

Hypothesis H0- Innovative business practices have no impact on organizational performance

### IV. Research Methodology

The research is based mostly on Secondary data collected from online web sources, Journals, other research work, articles relevant to the subject. The value added will be to analyze the different Innovative practices and understanding their impact.

1.4.1 Sampling Method: Organizations are randomly selected from across the world so we can say it is a selective convenience sampling

Dependent variable: Organizational Performance (Sales, Profits, Market Share)

Independent variable: Innovative Business/HR practices

1.4.2 Data Analysis:

Past data of the above mentioned companies have been analyses to prove the hypotheses

1.4.3 Measures of Organizational Performance

A. Financial Performance

1. Profitability

2. Sales Growth

b. Non-Financial Performance

1. Customer satisfaction

2. Market Share

## **V. Innovative Business Practices**

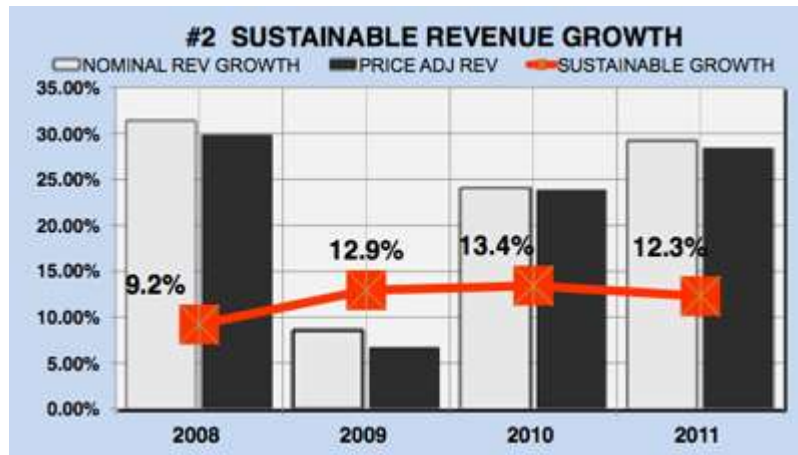
Innovation has been practiced ever since the advent of 1<sup>st</sup> Industrial Revolution in England. The major inventions in the 16<sup>th</sup> and 17<sup>th</sup> century transformed the way the work was done. So we can say that in earlier days the innovation was restricted to only technological breakthroughs brought about by inventions. Gradually the innovation was expanded to processes and systems.

The 21<sup>st</sup> century organizations have moved from Product innovation to People, process, Business model and service innovation. As the competition intensifies and customer and employee retention becomes more difficult, the organizations are leaving no stone unturned to be ahead of the competition.

This research paper would emphasize on innovative Business practices especially in the field of HR which is bringing transformation in the way we work. Organizations today are more sensitive towards their employee and keep on working towards creating the dream workplace for their employees.

Some Top Companies and their innovative Business and HR practices

- Drop Box provides free Food to its employees and they can choose from the variety of cuisines like Asian, Mediterranean, European, Thai etc. every day
  - Zappos has got rid of Job titles and has a selection process where after the induction if the candidate doesn't want to join than he can leave. In fact the company itself offers \$3000 to the candidate to leave.
  - Apple keeps the job secret as long as possible while hiring the candidates. The candidate has absolutely no idea as to what exact work profile he or she would have to handle.
  - Edward Jones gives work flexibility to the employees through its various schemes
  - CISCO practices the following:
    1. Video interviews in hiring
    2. Innovator awards given to the leaders in innovation from within the company to encourage innovation
    3. CISCO QUAD
    4. PTA
  - Spotify is a small company which spotted gap in the market and exploited through providing paid subscription music service.
  - Pitney Bowes Credit Corporation-redesigned the interior office space to resemble a calm small village. This helped in breaking the communication barriers and thereby increasing the levels of communication
  - Tesla Motor Corporation is the leader in Electric cars. It has a unique system of dealing with its resource requirements for example: It accepts deposits from the customers to make the car ahead of production and delivery.
  - Tesla does not use any advertisements and dealer networks to sell its cars and thereby created a alternate Business Model which is exemplary
  
  - Google :
    - ❖ Practices donation of vacation days by the employees to other employees in case they remain unused.
    - ❖ Use People Analytics to manage its employees
    - ❖ Gives Nap time to employees for relaxation
    - ❖ Google is using its translation platform –Story weaver to support Pratham book publishers to translate books for children in their native mother tongue. Since most of the books in India are written in Hindi or English, this is a great initiative by Google.
  - ❖ Google is doing great work in education through Million Sparks foundation which is doing pioneering work in making quality education accessible to low income students in Public and private schools in India. The Chalk Lit program of Google has really helped Government of Delhi to improve the quality of education.
  
  - CRM Salesforce gives upto 7 days off to volunteer at hospitals, work in a kitchen or build a playground
- 1.5.1 Why Innovation? And Do Innovative companies have good Business performance.
- 1.5.1 A-The innovation brings sound financial performance
1. Google



<http://thebusinessferret.com/google-financial-analysis/>

### 2.CISCO

Networking Giant CISCO is the market leader in the switching segment with more than 60% market share and showed a lot of promise. It is a company who invests a lot in its people.

### 3.Apple

With a market capitalization close to 900 Billion Dollars Apple is set to establish new benchmarks in Business performance. It has reported year on year growth of 39% in India.

With a set of innovative products which keeps on coming from the Apple's stable it will create a new history.

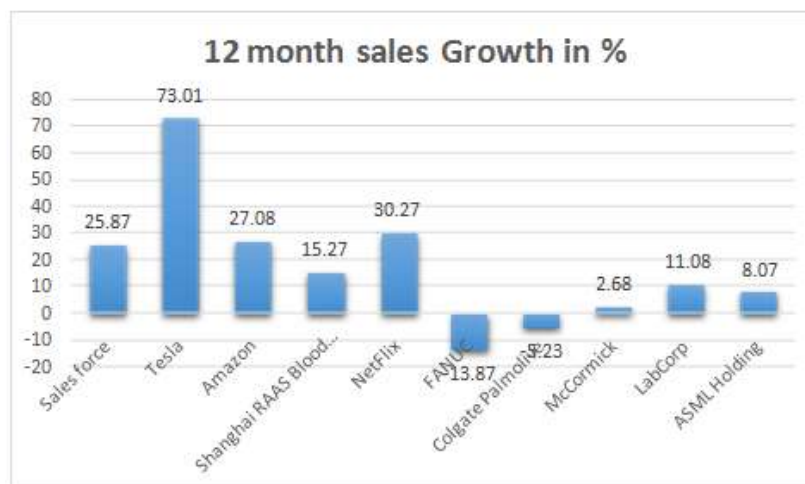
With Apple Watch series 3, Apple TV 4K,

### 1.5.1 B -Innovation brings very high Sales growth Forbes list of World's top 5 most innovative companies 2017

Co. Rank	Name	12 month sales growth
1	Salesforce.com	25.87%
2	Tesla	73.01%
3	Amazon	27.08%
4	Shanghai RAAS Blood products	15.27%
5	NetFlix	30.27%

### Forbes list of Bottom 5 most innovative companies in the List of 100 companies 2017

Co. Rank	Name	12 month sales growth
96	FANUC	-13.87%
97	Colgate Palmolive	-5.23%
98	McCormick	2.68%
99	LabCorp	11.08%
100	ASML Holding	8.07%



**1.5.1 C - Innovative Companies have very high Job satisfaction**

Example 1-Boston Consulting Group

Full time employee has to get 100 hours of training compulsorily every year. It offers extensive training, open door communication policy and creative freedom. So it's no surprise that it has got happy and satisfied employees.

Example 2-Linked IN

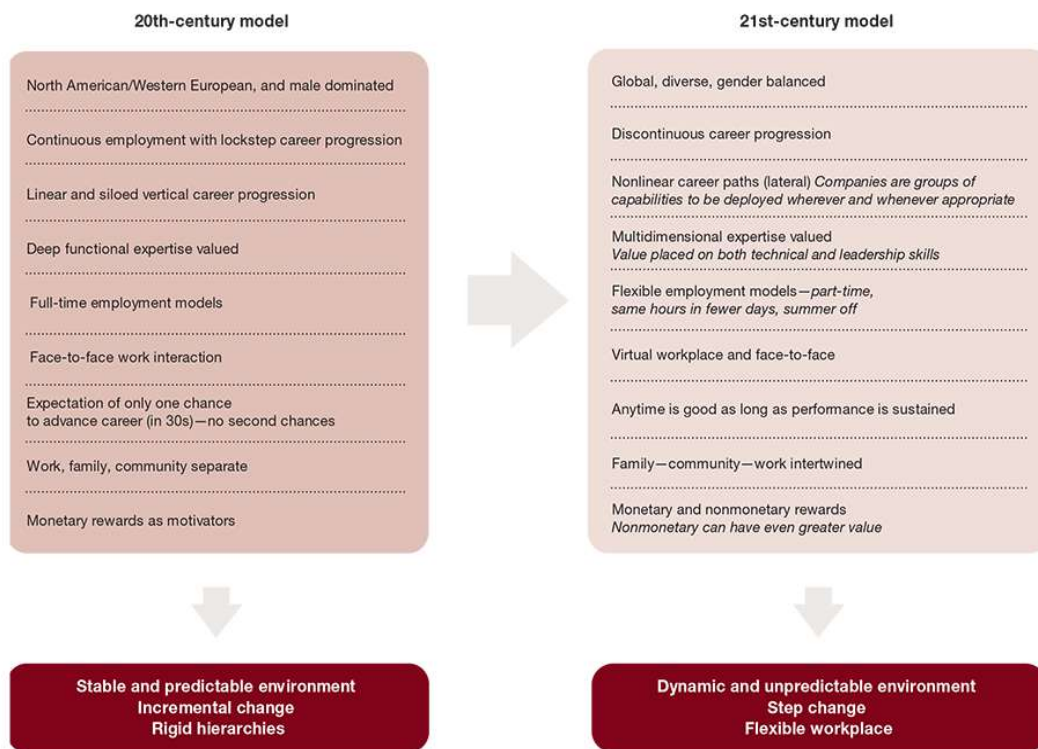
With Employee turnover less than 8% and promotion rate over 17% Linked In is a company to reckon with. Its innovative HR practices like All Employees party with live music and night club atmosphere rewards employees for their hard work. Once a month the company holds In day when the employee set aside regular work to explore new ideas.

**1.5.5.-Innovation in Talent Management**

*Exhibit 3*

**The talent model paradigm shift**

**Transitioning from the 20th-century to the 21st-century model**



Source: Strategy& analysis

**A. Talent Acquisition**

Mobile Recruitment Strategy of Pepsico

The company started its Mobile recruitment in 2010 starting with a simple mobile app called Possibilities in U.S.A.It was connected to HR Mailers and had 24/7 response system.It facilitated on demand recruitment at the convenience of the candidate and eased the load on website for hiring people.

Recruiting through Social Media Support

People are now increasingly using Linked In and Facebook to understand the profile of the candidates before they are considered for the job.This reduces lot of valuable time of Hiring team in screening the candidates

**B.Talent Development**

Innovation in Talent Development

- Johnson and Johnson's initiative to understand critical capabilities and gain competitive advantage through its career development program called "crossing the finish line"
- Novartis's initiative to track high potential employees through its "Outcomes optimization system"
- PWC allows employees to continue their side projects along with the full time employment in the company
- Netflix is known for its innovative business model. They hire right people with the right skills for the Job and if the skills are not matching than the people are removed from the positions. If the people are not fit in their current role than they are shifted to some other role or they will be let go with a generous severance package.
- Also Netflix has no formal employee review process. The performance is reviewed through a daily dialogue between the manager and the subordinate.
- Zappos has come with a new innovation in organization design in 2013 when they completely eliminated hierarchies. The new structure is known as "Holacracy". It is a workplace where each individual employee has an equal voice. Rules are clearly set and expectations are well defined. Teams are empowered to decide how and when they would complete the work.

#### 1.5.5.1 Innovation in other HR practices

- Chicago based Laselle networks consider HR as their Business partner. The idea is Happy people have Happy clients. There is a sub section of HR department called Human Concierge department which provides assistance to new hires like finding quality day care and parental care, searching for an apartment and even getting a divorce.
- West Monroe partners engages its employees through 1+1+1 program in which company gives back 1% of employees time as Volunteer hours, 1% of their talent to do Pro Bono work for non-profits and 1% for profits.
- South west airlines have started their own TV show-Airline to promote their brand.
- Booz Allen Hamilton have the following HR programs
  - A. Come Back Kids program-for corporate alumni
  - B. Career Mobility team for redeployment
  - C. Employee Referral program

#### 1.5.6-How to become more Innovative?

##### Steps

1. Identify your Innovation category
2. Focus on a project
3. Be Concise, yet descriptive
4. Share your completed work
5. Choose your strategic weapon
6. Take care of the time
7. Consider the impact and innovation
8. Connect the dots
9. Frame your story in a larger context
10. Less is more

## VI. Conclusion

Almost all of us agree that Innovation would definitely provide the following benefits in the long run

- Increased Sales
- Increased Profitability
- Increased Profits
- Increased Customer satisfaction
- Better Employee satisfaction

Innovation has always been and will be a very popular concept. The companies like Facebook, Uber, and Amazon show that a small idea and a clear goal can make a huge difference. In Business more than money it is the clarity of thought which is required. If you have a idea which can be converted into a valuable product than you can always find a way to sell it. Innovation in Product is not enough, you should be able to promote and sell the product through innovative tools.

Innovation is applicable at all levels-Production, Marketing, Sales and after sales services, Business Models e.t.c. Companies like Tesla have increased our belief in the power of innovation.

In the words of Peter Drucker:



“There are only two things in a Business that make money-Innovation and Marketing, everything else is a cost”.

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