

# **Complete Guide On Using Innovation to Foster Business Growth**



# ABSTRACT

Most companies know they must innovate to keep up with the market's pace of change. With technological advances disrupting all industries, companies must innovate in order to stay relevant and not be left behind.

In fact, innovative companies are rewarded not only for being ready for the future, but also with top talent and increased consumer demand.

# INTRODUCTION

Business innovation is when companies implement new processes, ideas, services, or products with the goal of boosting the bottom line. It could mean launching new and improved products or services (which can lead to higher revenue), making an existing process more efficient, or solving a current business problem (both of which cut down on costs and save time).

## I. What is business innovation and why is it important?

Although the term is often used to describe the latest technology, the true definition of business innovation refers to driving revenue



At WeWork Labs, my team helps companies identify their unique business needs, and then creates custom programming to tap into innovation and deliver on key outcomes.

But what does “business innovation” mean, exactly? And what are some examples of it in practice?

## What is business innovation?

A business focus on brainstorming, design thinking, or the establishment of an innovation lab can drive business innovations. The key element of innovation is that it drives revenue for the company.

## What business innovation is not

Innovation has become such a hot topic that its true meaning is often lost in the noise. While some use it as a catchall buzzword for simply using the latest technology or making change for change's sake, the definition of "innovation" is limited to changes to the core business of an organization that leads to growth.

## Why is business innovation important?

Innovation offers companies four main benefits:

### 1. Getting ahead of potential disruption

When done right, business innovation takes stock of where the market is going due to potential disruptors or changing consumer demands. Businesses use that information to make strategic changes and to entice internal employees to be entrepreneurial.

Those changes can include building a product or service similar to what new startups are making, buying it from others in the industry, or partnering with the upstarts (known as the "buy, build, partner" model).

### 2. Increased efficiency

A lot of business innovation happens by making existing business processes less costly, less time-consuming to complete, and more sustainable. Those changes save time and make it easier for an organization to adapt to industry shifts with agility, which cushions against volatility and risk.

### 3. Talent attraction and retention

More than ever, employees—particularly millennials and Gen Z—want to work for mission-driven, fast-moving companies that they believe have a bright future.

## 4. Brand perception

Consumers are more willing to buy from companies they perceive to be innovative and socially conscious.



### Examples of business innovation across industries

Legacy companies have a lot to gain from being innovative. Here are examples of business innovation undertaken by WeWork members in a host of traditional industries:

#### Legal

The traditional way of doing legal work involves manually sifting through thousands of documents. Now digital tools, such as software from the startup Legal, help lawyers do that more efficiently, so they can focus on higher-value tasks.

#### Transportation

This industry impacts almost everyone and contributes as much as 29 percent to greenhouse-gas emissions. The seriousness of the problem has led to innovative solutions such as electric cars and micromobility solutions such as electric-scooter rental service Bird.

#### Finance

Fintech has transformed the way people handle money. Rather than standing in line to make deposits, open a bank account, or invest, people can now do that securely wherever they are, directly from their smartphones.

## Education

Online classes and educational software companies mean students—whether they be teenagers or mid-career employees looking to transition—can access educational opportunities. A host of startups, including Flatiron School, offer those services.

## Insurance

Digital tools have changed how customers interact with their insurance companies, making it easier to find what they need and file claims. Health-care innovator Oscar Health, for example, has an app with personalized concierge teams to help members find a doctor, navigate costs, and access free, 24/7 telemedicine services.

## Consumer

Supply chains have evolved due to a trend to manufacture more sustainably. In addition, companies now offer more sustainable products in response to consumer trends. Spare Food Co., for example, transforms food waste into new products, and Loomia embeds technology into wearable textiles.

## Types of business innovation

Business innovation can, but doesn't have to, involve the creation of a new product or service. There are many examples of innovation in business, including:

### Product innovation

Creating a completely new product that's adjacent to a business's core offering. Think of Dyson extending into hand dryers or Apple launching the smartphone.

### Process innovation

Designing a new way to be more efficient in the core business. Examples of this include Amazon using robots in the warehouse, or Chase Bank implementing mobile check deposit.

### Business model innovation

Introducing a new way of making or saving money, such as Zipcar launching car-sharing subscriptions, or Rent the Runway offering a subscription service for clothing rental.



## Delivery innovation

Implementing a new way of interacting with customers. This happens when a company like Zappos puts customer service first, or Tesla makes it possible to buy cars online.

These types of business innovation enable companies to become more efficient, forward-thinking, and hopefully more profitable. The good news for companies is that there are practical steps to jump-start innovation.

That could involve aspects like updating their office space, or creating forward-thinking and collaborative innovation labs. Or it could be implementing internal innovation programs to tap into the creative energy of their employees, and surface and execute the best ideas. Learn more about how to drive innovation in the workplace.

## **II. Fostering A Culture Of Innovation To Drive Growth**

### But now it's essential

Responding to quickly changing consumer behaviors and market conditions requires fostering a culture of innovation. It's easy to say; after all, realizing that you must innovate is only the first step – the hard part is actually delivering it.

### What Does True Innovation Mean?

In 2020, as the pandemic hit, companies across industries and sectors had little choice but to accelerate innovation or go out of business.

Some companies were prepared by having begun the process of digital transformation and found themselves in a good position to adapt to changing customer needs.

In contrast, others had put off digital transformation instead prioritizing different projects. Suddenly, innovations including curbside pickup, contactless delivery, and e-commerce had to be reprioritized and implemented as a means of survival.

By delivering innovation in the midst of a global pandemic, it was clear that businesses could in many cases, deliver a portfolio of rapid, yet impactful, innovations.

## Examples of Innovation

In response to the pandemic, many companies executed swift pivots or implemented entirely new businesses very successfully.

Brakes, a food distributor, saw its traditional business serving restaurants and institutions rapidly decline almost overnight, so it implemented a direct-to-consumer food delivery business in less than 2 weeks, delivered via an easy to use mobile app.

Casey's General Stores, convenience store that's also known for fantastic pizza and food, saw its fuel – and store – traffic slow substantially, so it quickly created a new mobile app enabling home delivery and curbside pickup to meet customer demand.

They also delivered a loyalty program and tools to help customer recognition to provide personalized offers. Within a short time, the app accounted for over 60% of its sales during the pandemic.

Now that many companies have developed a taste for delivering new innovations at speed, they want more. The pressure from CEOs on the business to constantly innovate is accelerating, creating even more stress on the organization and people. So, how can businesses create a culture of innovation, where innovating comes naturally and all ideas count?

## Four Ways Businesses Can Foster A Culture of Innovation

There are four areas that businesses can focus on to help drive more innovation across their business:

**Creating a healthy, curious, and innovative culture**, without fear of failure – leading their teams to new innovations.



**Leveraging powerful digital tools**, including artificial intelligence, machine learning, IoT sensors, industry-specific solutions and others delivered in the cloud

**Providing access to data insights**, in real time to balance a 360-degree view of the business, consumer behavior, and ever-changing market conditions.

**Nurturing and maintaining a business ecosystem** that leverages and maximizes symbiotic relationships between human skills and the power of AI.

## Diverse Teams Bring Diverse Ideas

Research has shown again and again that diverse teams tend to rank among the highest-performing teams and deliver innovations at a higher level, especially when they are fostered within a culture where it is safe to experiment and fail.

Build the team you need to drive and accelerate innovation by seeking out people who do things differently and who value and respect the strength in diverse backgrounds, perspectives, and ideas.

According to McKinsey, “When employees feel comfortable asking for help, sharing suggestions informally, or challenging the status quo without fear of negative social consequences, organizations are more likely to innovate quickly, unlock the benefits of diversity, and adapt well to change – all capabilities that have only grown in importance during the COVID-19 crisis.”

Trust, diversity, and inclusion are essential to fostering a culture of innovation. Failure of some kind is likely even when you’re not innovating, but failure is inevitable when you’re doing what hasn’t yet been done.

Navigating the high-pressure testing ground of responding to a pandemic, we have seen what is possible. Just imagine what incredible impact this can have when focused more directly on urgent issues such as sustainability, with compelling business, climate, and human cases for accelerating our efforts.

## **III. 13 Secrets for Growing Your Business Quickly**

There's no surefire formula for instant success, but you can boost your business's growth with these tips from startup founders.

When you first launch your business, your main goal is to establish your brand and start growing. Unfortunately, this doesn’t happen overnight. Growth is an ongoing



process that requires hard work, patience and dedication. There's no special step or secret way to surpass other businesses in the industry or achieve immediate success.

There are, however, proven ways to reach growth milestones that can catapult a business to success. We asked small business leaders to share their tips for accelerating growth.

## 1.Hire the right people.

Before you can even think about your company's growth trajectory, you need to have a solid staff to help you achieve your goals.

"Hiring the absolute best people you can is a surefire way to ensure fast growth," said Christian Lannig, CEO and co-founder of business software provider Tradeshift. "It's all about having the right team."



With hardworking employees dedicated to your company's success, your business will be better equipped for continued growth. In addition, delegating tasks to focus on important work will free up your time and energy, allowing you to perform at your best and cultivate a collaborative work culture.

## 2. Focus on established revenue sources.

Rather than trying to acquire new customers, direct your attention to the core customers you already have, suggested Bill Reilly, a Wisconsin-based auto repair entrepreneur. You can do this by implementing a referral or customer loyalty program or trying out marketing strategies based on previous purchasing behaviors to encourage repeat business, he said.

This focus on your established market is especially important if you're trying to get funding.

“In the past, we would highlight our business goal to become a franchise, which didn’t resonate with banks,” Reilly said. “We learned to emphasize that there is a large market for what we do. This would pique a banker’s interest, because they care about the return on investment more than your business aspirations.”

**Tip:** Maximize your current customer base by implementing a customer loyalty program or trying out marketing strategies based on customers’ purchase histories.

### 3. Reduce your risks.

Risk is an inevitable part of starting and growing a business. It’s impossible to control everything, but there are many ways to limit internal and external threats to your company and its growth. One important resource to help you accomplish this is your business insurance provider.

“Small businesses need to manage their growth to avert disruptions that can bring business to a grinding halt,” said Mike DeHetre, vice president of product development at Travelers.



For example, “the theft of employee data, customer records, and product designs can destroy a small business, generating significant costs and eroding customer confidence and loyalty. Not every business owner’s policy covers data breaches or other cyber losses. Small businesses should be prepared by seeking insurance products that help them recover, including those that cover the cost of remediation and lawsuits.”

As your small business grows, you may add space or equipment, create new products or services, or increase your operating and distribution footprint, so DeHetre recommends periodically reviewing your policy to ensure you have the right coverage.

“It’s easy to forget this step amid rapid expansion, but you don’t want to find out that you’ve outgrown your coverage just when you need it the most,” he said.

#### 4. Be adaptable

One trait that many successful startups have in common is the ability to switch directions quickly in response to changes in the market. Lanng said that an agile approach to development, both in your product and your company, will help you grow more quickly.

“By allowing yourself to adapt and change quickly, you’re able to test different approaches to business and find out what works best,” Lanng told Business News Daily. “It allows you to fail, pick yourself back up and keep going.”

Chris Cornell, founder and CEO of Manhead Merchandise, said his company has found adaptability to be key in expanding its client base beyond its initial focus on music merchandise.



“Look to current pop culture trends for an opportunity to become part of the movement when it makes sense,” he said. “In an era of internet fame, we looked to expand our horizons beyond the music industry. We partnered with ‘The King of Pop Culture’ and Insta-famous pup, Doug the Pug, to release his new gear. Recognizing the reach and popularity of Doug, we were able to take his merchandise to the next level, extending our business model beyond bands.”

#### 5. Focus on your customer experience.

Customers’ perceptions can make or break your business. Deliver quality experiences and products, and they’ll quickly sing your praises on social media;

mess it up, and they'll tell the world even faster. Fast growth depends on making your current and potential customers happy with their experience.

"Compared with large companies, small businesses are nimble and often better able to see, anticipate, and respond to their customers' needs," DeHetre said. "The most successful small businesses exploit this advantage by bringing new and innovative products and services to market more quickly and developing and nurturing long-term customer relationships."

Dennis Tanjeloff, president and CEO of Astro Gallery of Gems, agreed. He said listening to your customers and giving them what they want is of utmost importance

"Diversify your offerings so you can best cater to the customers' changing tastes," Tanjeloff said. "Remember, you are here to serve the customer – it's why you are open for business."

While engaging with your audience is crucial, personalizing the experience can boost and strengthen that relationship.

"At Manhead, we come up with unique creative designs, customized storefronts, and pop-up shops personalized for each band [we work with] to help them engage with fans in a new way," Cornell said.

**Key takeaway:** Small businesses can quickly adapt and respond to customers' needs. This agility can give them an advantage over larger businesses.

## 6. Invest in yourself

In the early stages of your business, you'll likely see a very lean profit margin (or no profit at all), so any money you do make should go directly to helping you grow.

"A startup's ability to invest in itself [helps] accelerate growth," Lanng said. "In those early years, it's critical to make sure that you're redirecting any revenues back into the company. It's vital to invest early and heavily in order to grow quickly."



While it might be tempting to pocket all your profits, it's better to invest in your business's growth so you can reap bigger benefits later. Determine which parts of your business need more attention: For example, do you need to hire more workers, expand your marketing efforts, or secure additional funding? When you find a crucial area that needs improvement, give that area your financial support.

## 7. Always think ahead.

While agility is an important quality for a startup, you can't fly by the seat of your pants when you're running a business. Planning your next step – in anticipation of all possible scenarios – is the best way to stay grounded and secure as your business evolves.

Thinking ahead is broad advice, but it can be as simple as reviewing all ongoing contracts, like comparing rates with the best credit card processors and seeing if you can negotiate a better deal.

## 8. Boost your customer service

Another great method of growing your business is to focus on providing superior customer service. When you exceed customers' expectations, they are likely to tell their friends, family and followers about your business.

When you go the extra mile, such as by offering discounts if a customer has a poor experience or following up to ensure a client was satisfied with your product or service, you establish a reputation for great customer service.

## 9. Focus on social media

Another method to grow your business is to create profiles on all of the major social media platforms (Instagram, Facebook, Twitter, etc.). An active profile allows you to better market your business and interact with far more potential customers.

When your business has an account that you update regularly on the major platforms, consumers can find your business more easily and are more likely to share your business with their friends. You'll also create a more engaging experience for your audience, helping them feel more connected to your brand and cultivating trust.

## 10. Attend networking events

Networking events allow you to connect with like-minded individuals, many of whom have unique perspectives and insights that can help you grow your business. The connections and relationships that come from attending networking events can be beneficial for years to come.

## 11. Practice corporate social responsibility

Consumers want to buy from businesses passionate about causes that help make the world a better place. Whether you donate to cancer research or support a nonprofit such as a homeless shelter, look for ways to contribute meaningfully to the causes you support and share that with your customers.

You could publicly express your support to underserved communities, donate to various organizations, offer your time to fundraisers, and offer sustainable products to help the environment. There are many ways to be socially responsible as a business; find a few that work for you.

## 12. Host local events

While attending events is a great way to grow your network, hosting your own events within your community is even more beneficial – whether it's running a fundraiser, offering exclusive deals on a holiday, or sponsoring a local sports team. Creating a unique experience for your customers will foster more personal relationships with them.

If you host events in your area, you'll increase brand awareness and show your community that you are invested in their wellbeing. When you are committed to them, they'll feel more loyalty to your business.



### 13. Research your competitors

While this might not elicit immediate growth, researching your competitors is one of the most important first steps in launching your business. Ask yourself who your competitors are, what they're doing (that you're not doing) that works for them, and how you can differentiate your business from theirs.

The answers to these questions will help you form a more productive business strategy, defining the areas of your business that require more attention to flourish.

## **IV. Buying an Existing Business Versus Starting a Business**



The decision whether to buy an existing business or start a new one hinges on both personal and financial issues. Start-ups almost always encounter stumbling blocks that slow down the company's progress and even put its future in jeopardy, creating a great deal of stress for the management team.

But starting a company and seeing it grow can be incredibly exciting. Obtaining financing to purchase an existing business that has assets and cash flow is often easier than securing capital for a start-up venture.

### Risk Factors

Starting a business is inherently risky, and many start-up companies fail. Venture capital firms, highly skilled in selecting investments and building companies, expect that out of ten companies in which they invest, at least two will fail and several others will have mediocre financial results.



A start-up entrepreneur deals with many unknowns, such as whether customers will be motivated to buy the company's products and services, and whether the company can operate efficiently enough to generate a profit. An existing business already has customers and a reputation in the marketplace; the challenge is in building upon what already has been accomplished.

## Valuation Issues

With a start-up, you create value in the business with every good decision you make. When you purchase a business, you are paying for value that has already been created. How much you are willing to pay depends on your evaluation of the company's potential for the future, as well as what it has earned in the past.

It is common for the buyer to pay the seller over a period of time; if you significantly overpay for the business, it can mean you will not have the cash available to make the investments you have planned for building and improving the company--or even be able to afford to pay yourself the compensation you'd envisioned.

## Concealed Problems

When purchasing a business, during the due diligence phase the buyer and his legal representative review the financial statements of the business and attempt to establish a value for the company. Financial statements do not tell the whole story.

The company may show significant receivables on the balance sheet, but the question is whether these can actually be collected and turned into cash. Difficulties may lurk on the horizon that have not yet shown up in the financial statements, such as new competitors on the verge of entering the market.

## Management Challenges

When you start a company, you assemble the management team, selecting the best people you can find--and those who can work well with you and as a team. When you buy a business, you inherit the people already in place.

It takes time to weed out the poor performers; a long-time employee may resent the new owner because he thought he would be given the chance to be CEO someday. In an existing company, policies, procedures and a corporate culture are already in place. The new owner may encounter resistance to change.

## Rewards

When you buy a business, the financial rewards begin right after the transaction closes because the company is already generating cash flow and hopefully is profitable. Start-up companies usually go through a painful period where they lose money.

The entrepreneur must be patient and not expect financial success too soon. The satisfaction that comes from starting a company and making a success of it is enormous; you realize you have created something--on your own and against significant odds.

## **V. How to Buy A Business With Strong Growth Potential?**

Business acquisition is a proven growth path that takes individuals closer to their entrepreneurial goals. It is a highly beneficial but complex task that involves a lot of effort, time and evaluation. For a successful acquisition, the buyer needs to identify a venture that is faring well and is not on the verge of bankruptcy.

Reviving a failing business is an uphill task that needs a lot more funding in addition to the initial investment. Thus, aspiring entrepreneurs looking for a business for sale in Perth must focus on acquiring an entity that showcases a strong growth potential. It ensures that you will be able to generate a stable income from the business and maintain a consistent return on investment.

It is way cheaper than launching a start-up and eliminates the effort that goes into setting up the venture. However, it is imperative to find an opportunity that promises high growth in the future because many sellers can hide the weaknesses of the business during its sale. Thus, here is how you can identify the best deals in the market.

### 1. Measuring Performance



It is vital to understand that every business goes through its fair share of ups and downs. While some periods generate exceptional sales, others lead to a rough patch that drains the reserves. So, it is significant to look at the performance of the business for a long time to evaluate its financial stability. Looking at the financials for the last quarter or financial year is not enough. It must have stood the test of time and have the proof on paper.

The seller could have inflated the profits or acquired funds to showcase a positive bottom line. However, the real picture may be different. Thus, the buyer needs to look at the historical financial data and check for losses, debts, liabilities and everything related to business capital.

They must hire an accountant to assess the financial health of the business and verify the cause of losses in the past. If the low-income periods are justified and are a result of common market challenges, you need not worry and can make an informed decision.

## 2. Look for Reputed Ventures

Shortlist businesses in Perth that are renowned and have a solid customer base to ensure that you do not make a bad investment. The company does not need nationwide popularity. However, it should have a long list of loyal customers who consistently order from it. The brand should be well-known in the region and instantly recognised by the target audience.

A smart investment strategy suggests opting for high-quality and resilient entities that are long established and are preferred by the customers. The COVID-19 pandemic has been a challenging period for all businesses and those which managed to survive the tough times are the ones that will be able to withstand the phases of struggle in the future.

## 3. Check the Growth Factors

The first growth factor to examine is the location of the business. It must be positioned in a region that is primed for development, which includes infrastructure improvement, rise in population and growth of the economy. The second factor is the credibility enjoyed by the business among the target buyers and the relationship they share with each other.

Other factors to consider are the list of suppliers, lease agreement, pricing of the products, marketing strategy, sales history, tax submissions, etc. Also, evaluate the skillset of the staff members and the business licenses and permits. If all the aspects of the entity appear promising and can be developed further, you can invest in the company.

#### 4. Evaluate the Assets



The buyer must identify the tangible and intangible assets of the company that add to the value to its operations. These include its market share, furniture, equipment, property, vehicle, copyrights, trademarks, employment agreements, etc. The accountant will help you in analysing the value of these tangible and intangible assets after depreciation.

Equipped with the right knowledge about the stock and the assets, you can decide the feasibility of the venture and its right value. Also, determine the investment needed for scaling up the entity in future. If the available assets allow you to expand, you can enjoy strong growth.

However, if you need to add a lot of equipment, staff, stock and office space to make it grow, you must rethink the deal.

#### 5. Do Not Go Overboard

In their quest to find a high performing company, many entrepreneurs end up purchasing a big organisation that does not need scaling up. It is a smart decision to identify a flourishing business and invest in it.

However, you need to make sure that you have enough funds to buy it and keep it running. Although a thriving business will have enough reserves and working capital, you will have to be prepared for the challenges.

Sometimes, a change in management can lead to unprecedented trials, such as a high attrition rate or moving away of customers because of uncertainty about consistency and quality.

Thus, you need to have a contingency plan ready to weather the storm because a big business will have bigger issues. Also, you will be in debt because of the hefty price tag so make sure that you discuss the budget with a financial planner and accountant to make the best choice.

## 6. Look At Long Term

When you begin the due diligence process, you must analyse the relevance of the products and services offered by the business in the long run. Assess if the target audience would still be interested in buying this product after ten years. For example, if the business is dependent on a specific technology, it can become redundant when there is an innovation in the industry.

It happened to Nokia, which was the market leader in the mobile phone segment across the world. So, identify a business in Perth that will offer good value for years to come. It should not become obsolete due to technological changes and must have the flexibility to transform and deliver according to the changing customer needs.

## 7. Pay Attention to Work Culture



Business acquisition means that you will be stepping into the shoes of another leader, who may have left a strong impact on the venture. It can be difficult to meet the expectations of the employees and suppliers instantly. You will have to understand their policies, procedures, hierarchy, and work culture thoroughly before starting the operations. Thus, it is better to look at this part of the business before the acquisition to determine whether you can fit into the environment or not.

If you feel that the work culture is too rigid or will take a lot of time to change according to your preferences, you may let it go. You will have to work in tandem with the team members but if they seem unwilling to give up their comfort zone and aim for new objectives, you will have a tough time convincing them. It is better to target a company that shares the same values and principles as you to make a smooth transition.

Buying a business for sale in Australia requires careful and systematic research to understand the prospects of the opportunity. It is vital to check the growth potential of the company before investing in it to ensure seamless functioning and success in the future.

## CONCLUSION

Innovation has always been a way for a company to differentiate its offerings from the competition by seeing and doing things differently. It used to be good enough to innovate once in a while and every so often, a company would come up with something new.

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