



Innovative Management Partner [IMP]

# In search of excellence - the path to success

**Univ-Prof. Dr. Kurt Matzler**

Johannes Kepler University Linz/Austria, [kurt.matzler@jku.at](mailto:kurt.matzler@jku.at)  
Innovative Management Partner (IMP), Austria, [www.imp.at](http://www.imp.at)

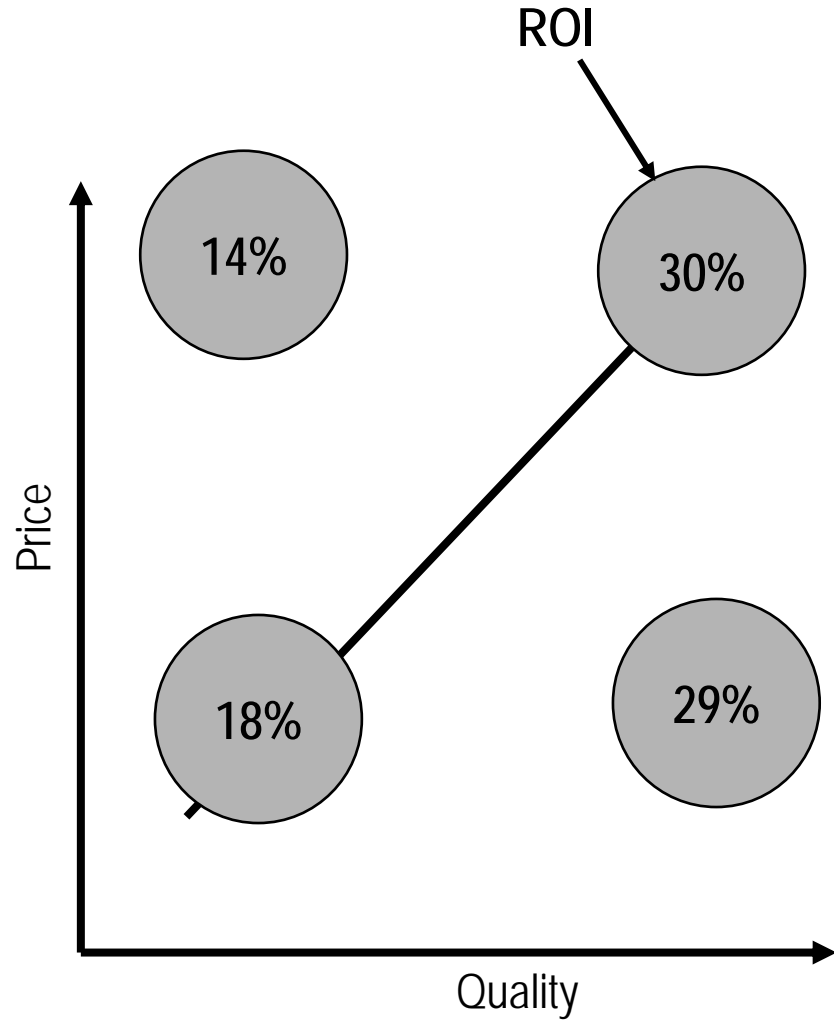
**“It’s going to be brutal. When I said a while back that the 1980s were going to be a white-knuckle decade and the 1990s would be even tougher, I may have understated how hard it’s going to get”**

Jack Welch



# Hypercompetition

## ■ The Customer-Value Map

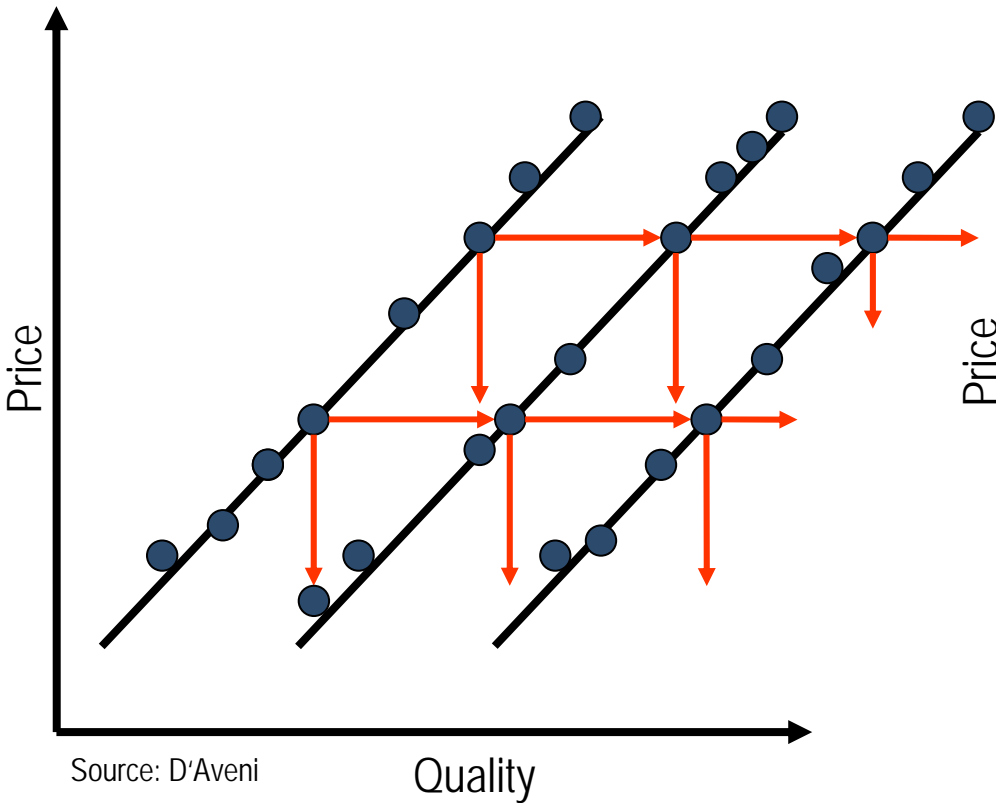


Source: PIMS

# Hypercompetition

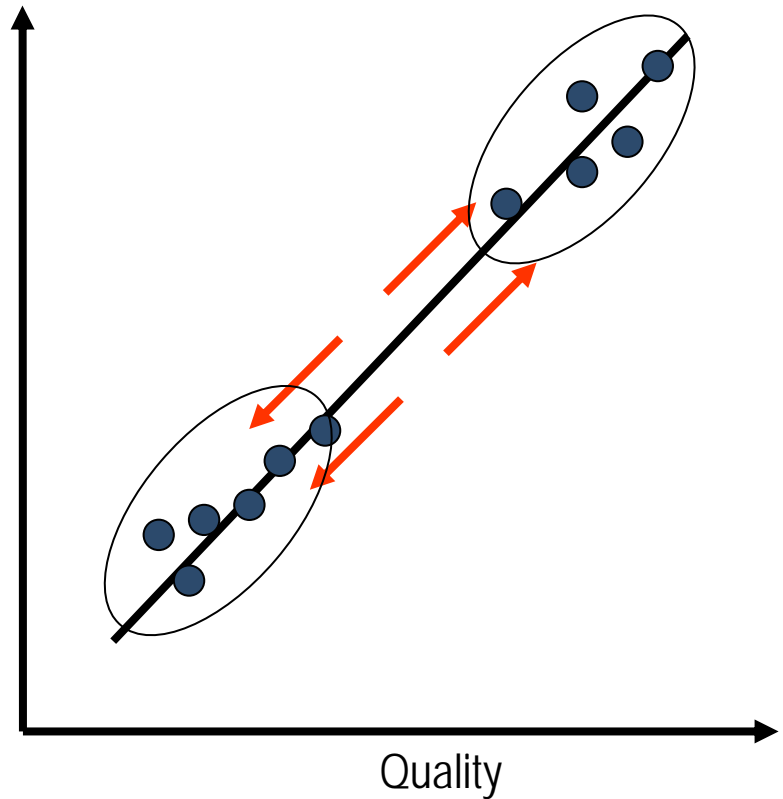
■ Hypercompetition: 2 Trends

1. Customer-Value-Competition: The Move of the Fair-Value-Line



Source: D'Aveni

2. Polarization: Increasing Pressure to Reduce Price or to Differentiate



# Change of Quality and Change of Prices in the last three years

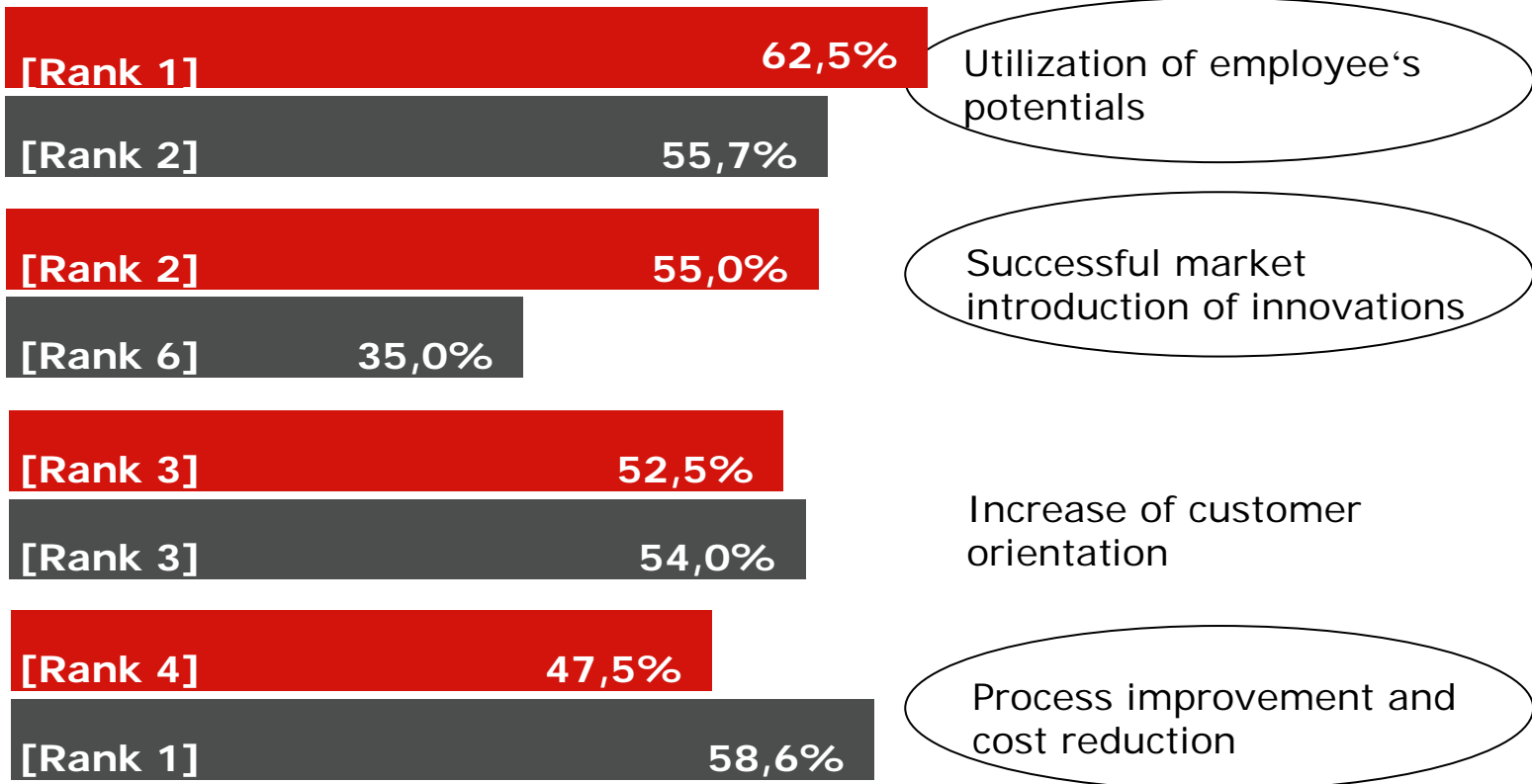
(2004, N=371 Managers, GER, AUT, CH)

Change of Price	Increased Prices / Lower Quality <b>1,6%</b>	Increased Prices Same Quality <b>4,8%</b>	Increased Prices / Higher Quality <b>14,3%</b>
	Same Prices / Lower Quality <b>1,6%</b>	Same Prices Same Quality <b>8,3%</b>	Same Prices Higher Quality <b>27,0%</b>
	Lower Prices / Lower Quality <b>1,9%</b>	Lower Prices / Same Quality <b>8,3%</b>	Lower Prices / Higher Quality <b>32,4%</b>
	Change of Quality		



# Innovation Champions: Their strategic focus

## Strategic Orientations – Key Challenges

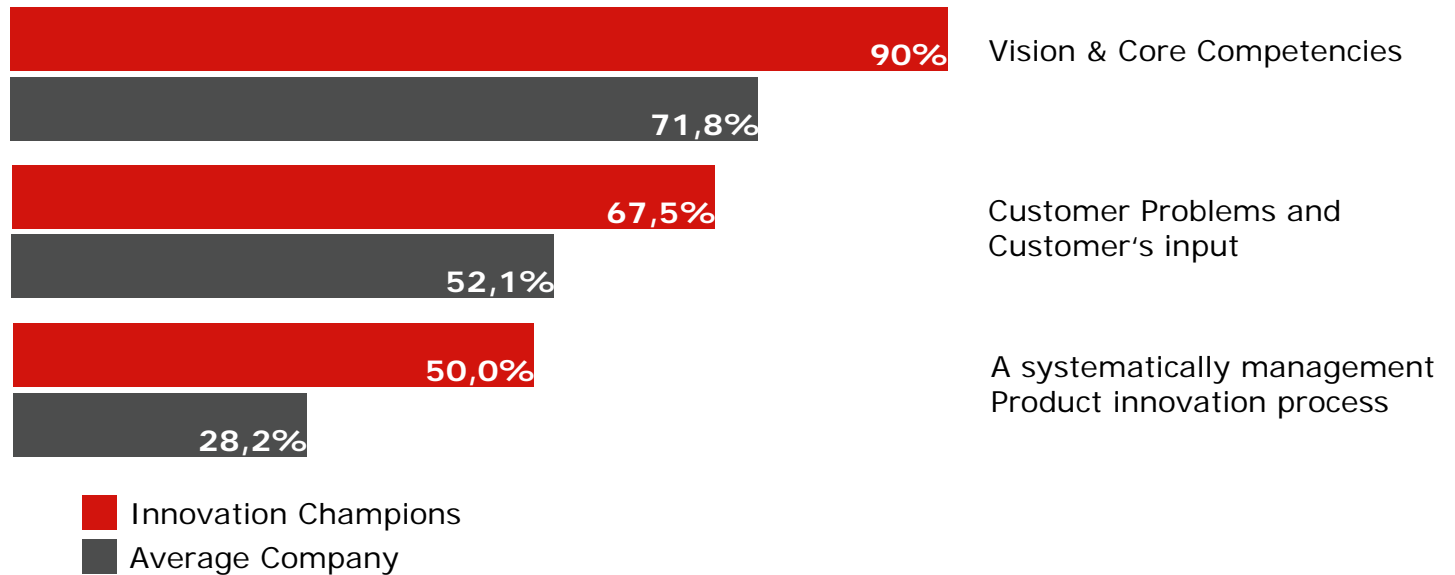


■ Innovation Champions  
■ Average company

Bailom, Matzler 2006

# Innovation Champions: Source of Innovation

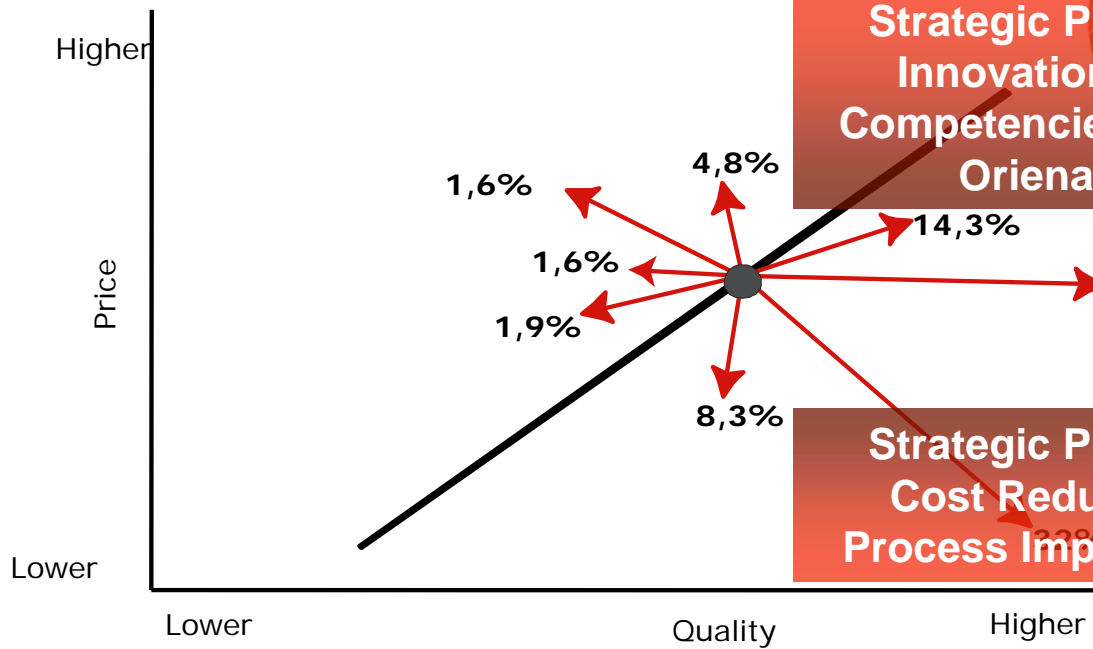
## Source of Innovations



Matzler et al. 2005



# Price and Quality Changes in the last three years



**Strategic Priorities:**  
Innovation, Core Competencies, Market Orientation

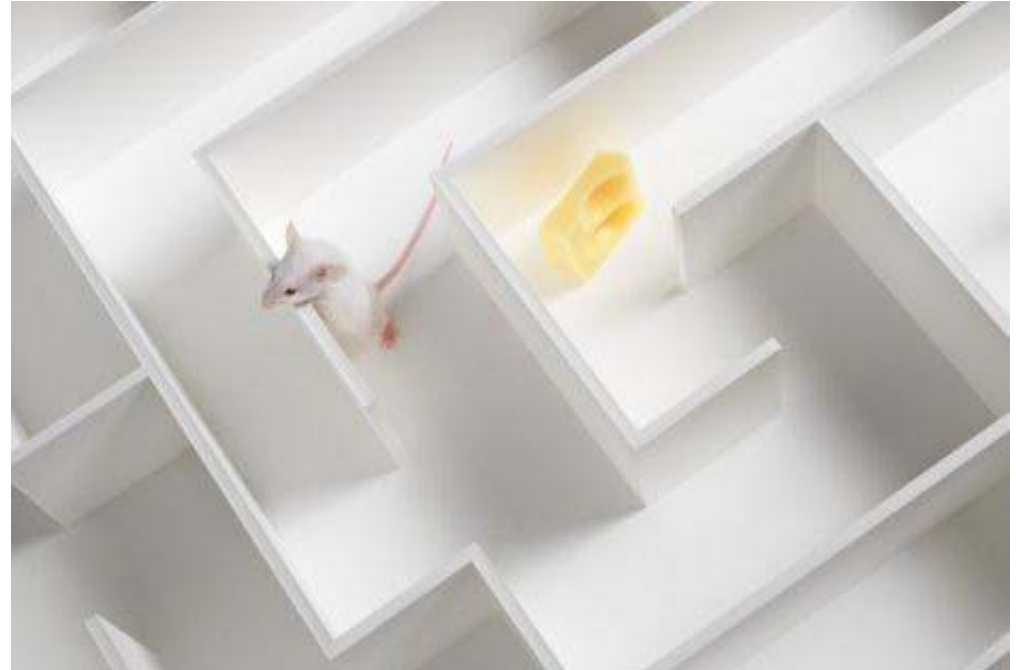
**Strategic Priorities:**  
Cost Reductions, Process Improvement



Quelle: Matzler et al. 2005

# Research Questions

- = **Research questions**
- = **Hypotheses**
- = **Method**



## „The Nature of competitive Advantage“

Core questions:

- Why are some companies even in unattractive industries more successful than others?
- What is the role of
  - = Core Competencies
  - = Market Orientation
  - = Corporate Culture
  - = Market Postition
  - = Top-Management?



# Top Managers from over 700 Strategic Business Units in 10 European Countries

## Sample

### ■ Respondents (714 Top-Managers)

### ■ Countries

- = 37% Germany
- = 29% Austria
- = 10% Switzerland
- = 24% other European Countries

### ■ Firm sizes

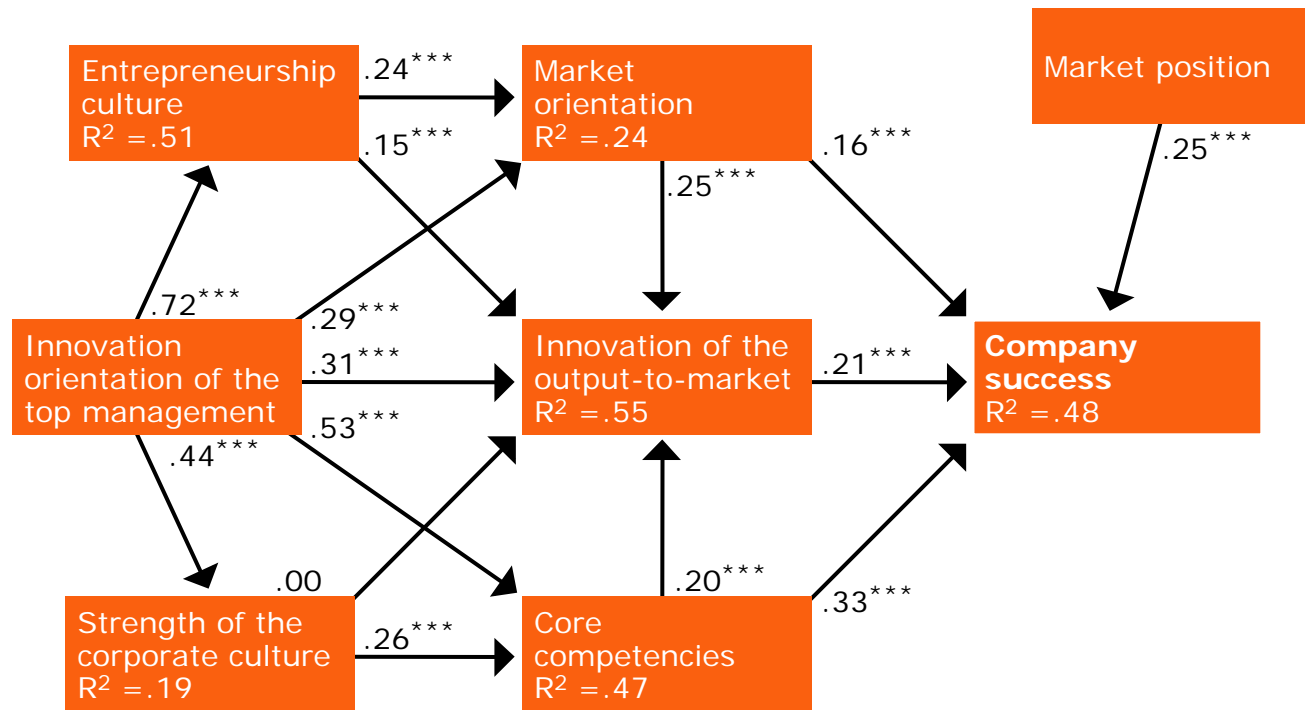
- = 31% up to 100 Employees
- = 31% 101-1000 Employees
- = 38% over 1000 Employees



## = Structural Equation Modelling with PLS



## Basic model - sustainable success factors



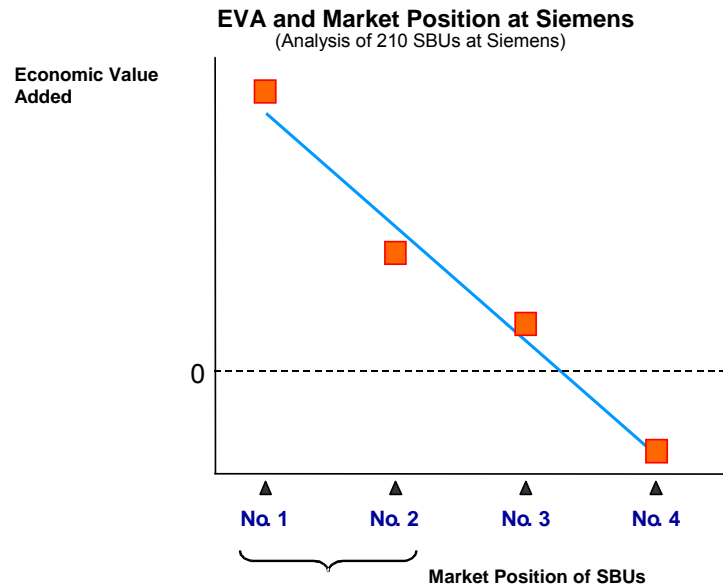
\*\*\*  $p < .001$  significance level

- Key finding # 1:
- **Uniqueness is more important than market position!**



# The Role of Market Position

- „#1 or #2: Fix, Sell, or Close“ (Jack Welch, GE 1981)



Source: Mirow, 2003

- **Our Study shows: Uniqueness is more important than Market Position!**



- Key finding # 2:
- Core competencies drive strategies!



# I/O Model of Above-Average Returns

- Core competencies are resources, capabilities etc. that are
  - = Valuable in the market
  - = Rare
  - = Difficult to imitate
  - = Non substitutable and
  - = Transferable to different markets



## Market-based View: Success depends on industry characteristics

1. Industry analysis

2. Selection of attractive industries

3. Strategy formulation based on industry characteristics

4. Strategy implementation and acquisition of resources

## Resource-based View: Success depends on firm characteristics

1. Analysis of core competencies

2. Selection of industries where core competencies can be exploited

3. Formulation of strategies based on core competencies

4. Strategy implementation

- Key finding # 3:
- Market orientation drives innovation success, core competencies and corporate success
  - = Top-performer use the concept of open innovation and
  - = Integrate lead users



## ■ Top Companies

- = Use the concept of Open innovation
- = Integrate Lead Users



# Open Innovation at Eli Lilly

Datei Bearbeiten Ansicht Favoriten Extras ?

zurück Suchen Favoriten

Adresse <http://www.innocentive.com/>



- About Us
- InnoCentive Challenges
- Using the Website
- My InnoCentive
- Seeker Companies
- News & Press

[For Scientists](#) | [Management](#) | [Careers](#) | [Contact](#) | [Language](#)

## welcome

InnoCentive® is an exciting web-based community matching top scientists to relevant R&D challenges facing leading companies from around the globe. We provide a powerful online forum enabling major companies to reward scientific innovation through financial incentives.

### SEEKERS

*I have a problem...*

Around the world, uniquely prepared minds are waiting to solve your toughest scientific problems.  
[Learn More](#)

### SOLVERS

*I have a solution...*

World class companies are offering financial awards for solutions to their scientific challenges.  
[Learn More](#)



## I Found The Answer

InnoCentive matches top scientists to relevant research and development challenges facing leading companies around the globe, for rewards up to \$100,000 USD.

[Find relevant Challenges now.](#)

## FEATURED InnoCentive Challenges



INNOCENTIVE 3884194  
HIGH TEMPERATURE POLYMERIZATION INITIATOR  
DEADLINE: OCT 10, 2009  
\$20,000 USD



INNOCENTIVE 5910546  
CELLULOSE FROM ANIMAL SOURCES  
DEADLINE: OCT 09, 2009  
\$15,000 USD

[View More Challenges:](#)

- chemistry
- biology

## My InnoCentive

TRACK AND MANAGE YOUR ACCOUNT

User Name Password

Please Remember My Sign-In Name

[sign in](#) Forgot your password or username?

### Innovation Ideas

Find Innovation Deals And Information Fast And Easy!

### Leaders in Innovation

Proven 927% ROI- Free Research Explore Imaginab's Idea Central

### Strategic Planning Expert

Forecasting, Strategy, Vision Experienced, Reliable, Reputable

### IP & Licensing Resources

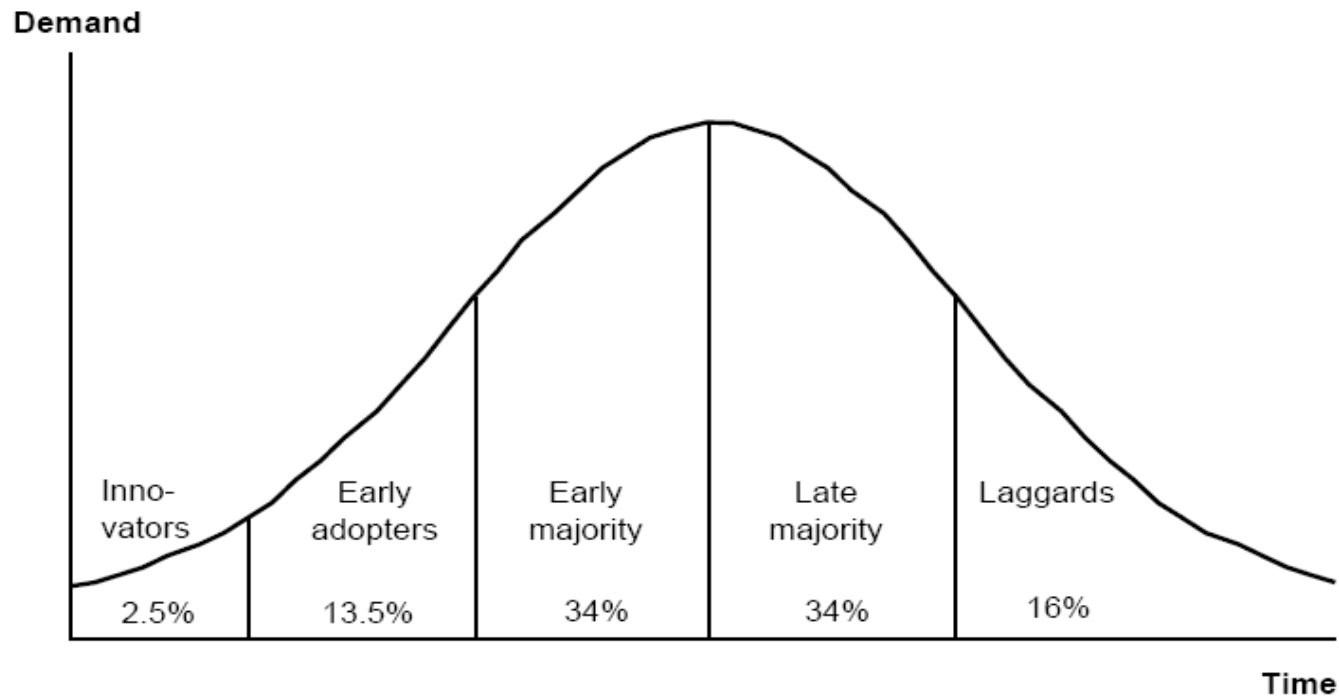
Wiley's IP Publication Center Trademarks, Patents, and Licensing

Ads by Google

[Advertise on this site](#)

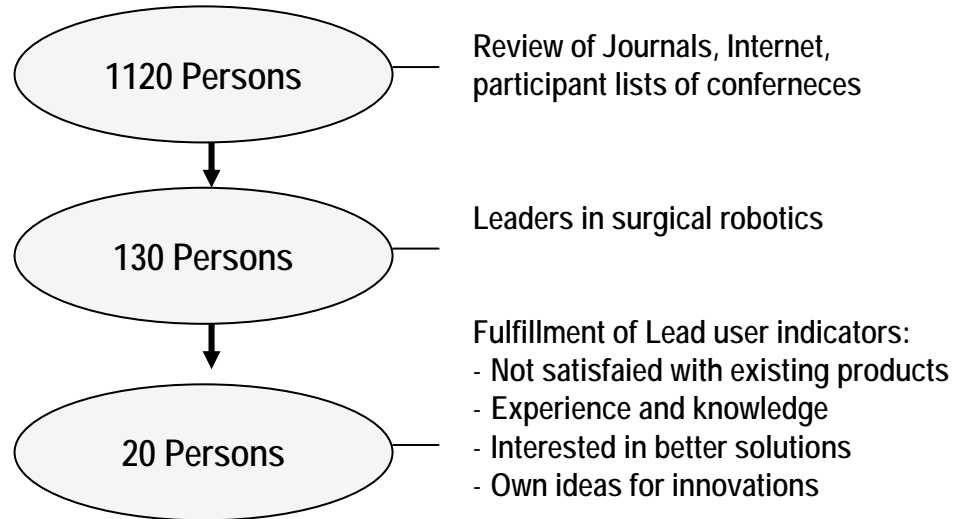


## ■ Rogers' Innovation Diffusion Model



# Lead User Innovation at Johnson & Johnson Medical/Germany

## Identification of Lead-Users



## Workshop

## Result: Innovation

New foil to cover surgical roboters

Solution to prevent the dispersion of dust and water particles during surgery

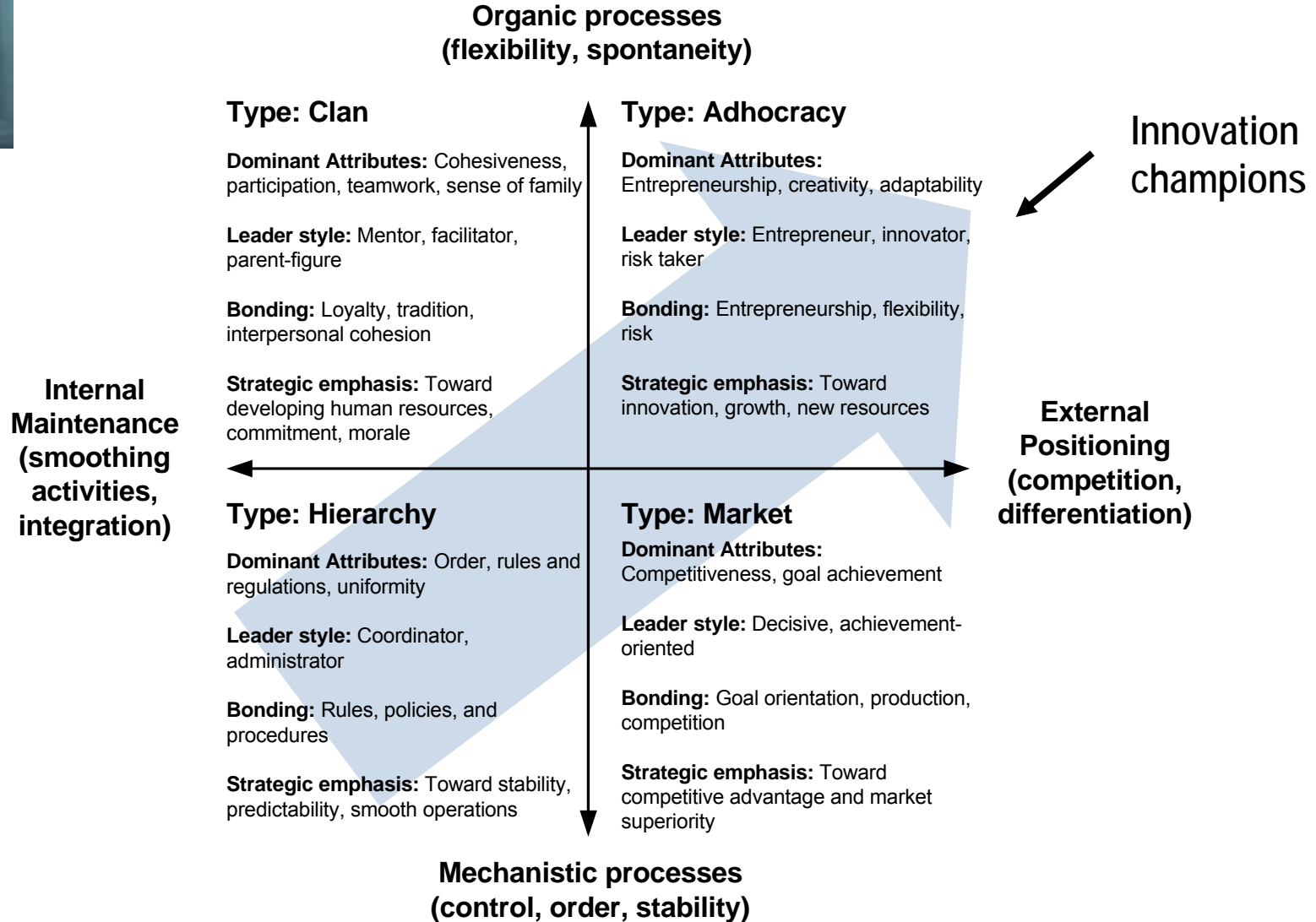
New system to stabilize hip during surgery



- Key finding # 4:
- Top performing companies have an entrepreneurship-culture



# Entrepreneurship-Cultur





- Key finding # 5:
- Top performing companies have leaders not managers!

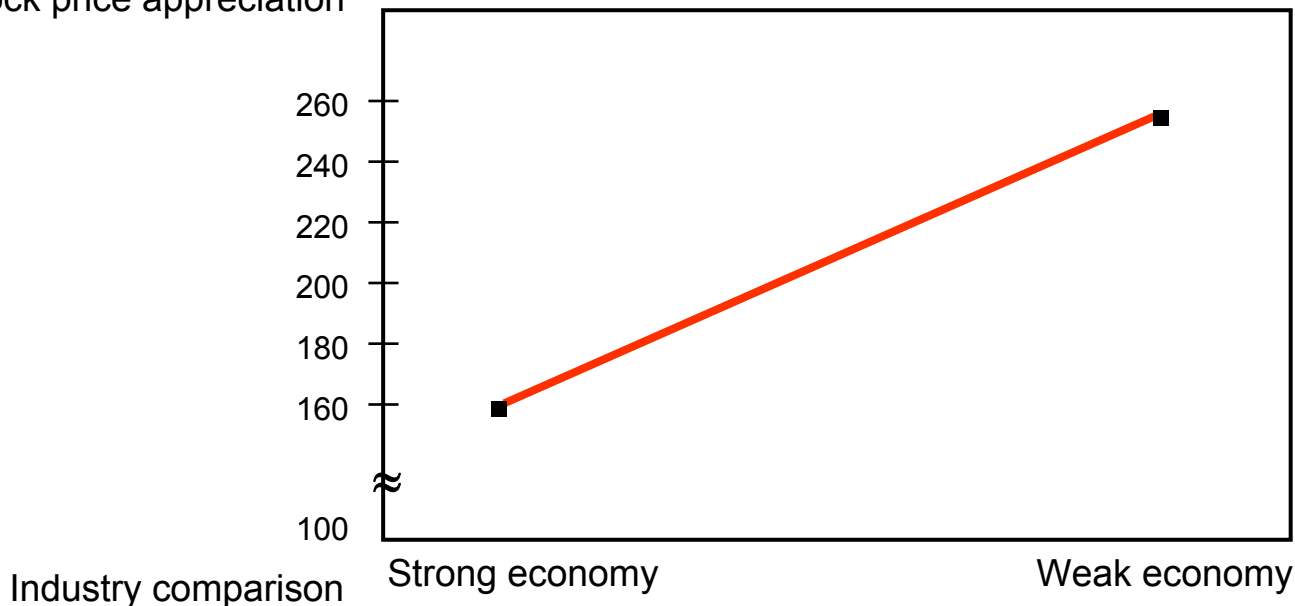


# The Impact of Leadership and Economic Conditions on Stock Price Appreciation

(Adapted from: Flynn/Staw, 2004)

- The empirical evidence:
1. Investors are more attracted to companies headed by charismatic leaders than to comparable companies
  2. Leadership is more important when the economic circumstances are difficult and when the company's business prospects are problematic.

Stock price appreciation

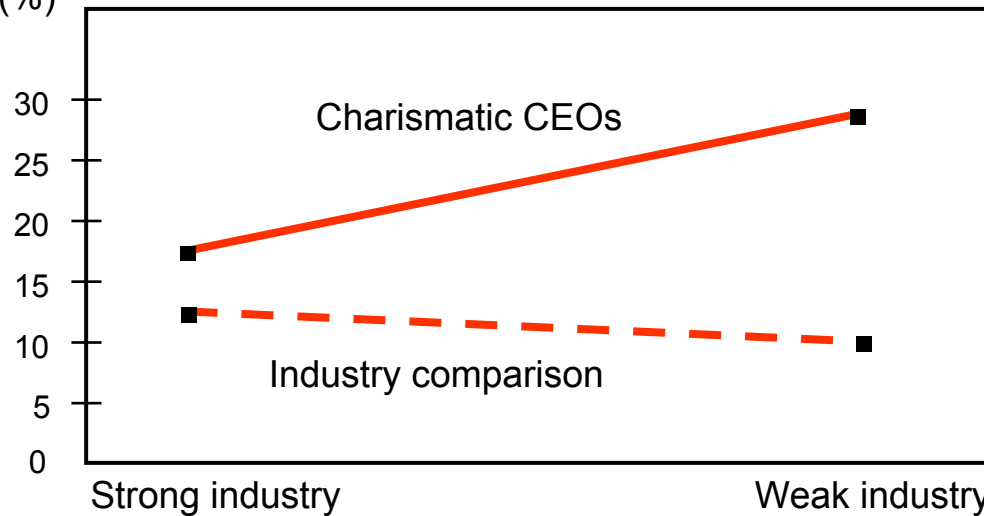


# The Impact of Charismatic Leadership and Industry Strength on Stock Price Appreciation

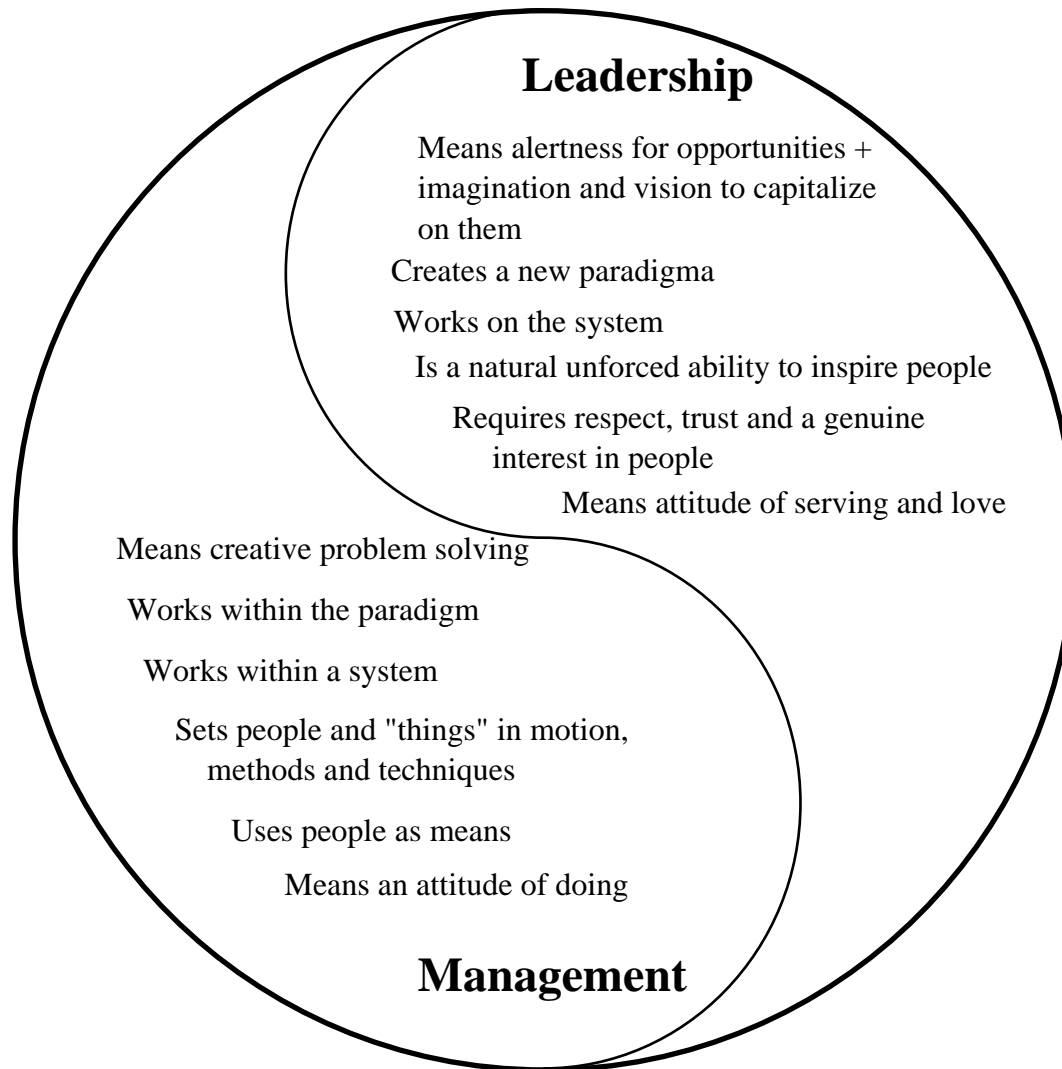
(Adapted from: Flynn/Staw, 2004)

- The empirical evidence:
1. The more difficult the industry-specific conditions, the more important is leadership
  2. Charismatic leaders outperform comparable companies more in periods with difficult industry-specific conditions

Stock price appreciation (%)



# Leadership versus Management



Source: Hinterhuber 2003

- **1. Uniqueness is more important than market position!**
- **2. Core competencies drive strategies!**
- **3. Market orientation drives innovation success, core competencies and corporate success**
  - = **Top-performer use the concept of open innovation and**
  - = **Integrate lead users**
- **4. Top performing companies have an entrepreneurship-culture**
- **5. Top performing companies have leaders not managers!**

