Chapter 16
Discontinuous Innovation in Supply Relationship Management: Two Cases and a Future Research Direction

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ABSTRACT

Innovation may be divided into two types: incremental and discontinuous (Tidd et al. 2009). The first of these refers to ‘doing what is already done but better.’ The latter may come through the emergence of a new technology, a completely new market or a new business model and refers to decision making under uncertainty. The focus of this chapter is the implementation of discontinuous innovation (DI) in supply chain relationships. The authors review two research-led projects: the development and implementation of the SCRIA (Supply Chain Relationship in Aerospace) Relationship Evaluation Tool (RET) and the development of the concept of Value-Transparency (V-T). Both projects originated in the authors’ academic research in the early 1990s and were aimed at subsequent implementation in the context of supply chain relationships. One was successfully implemented; the other was not. The authors introduce future research exploring some supply relationship context-specific barriers and enablers in the implementation of radical concepts or DI through case based research method.

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INTRODUCTION

Tidd and Bessant (2009) provide a useful differentiation between incremental and discontinuous innovation (DI). The former refers to doing what is already done but better. The latter may come through the emergence of a new technology, a completely new market or a new business model and refers to decision making under uncertainty. An example of this is contained in the well known case of the Lockheed Martin ‘Skunk works’ (Rich and Janos, 1996). The implementation of discontinuous innovation (DI) is the focus of this paper.

We review two research-led projects: the SCRIA (Supply Chain Relationship in Aerospace) Relationship Evaluation Tool (RET) and Value-Transparency (V-T) to illustrate the development of the two radical ideas and why they are radical. Both projects originated in academic research in the early 1990s and were aimed at subsequent implementation in the context of supply chain relationships.

First we shall provide some background for this research. This will be followed by reviewing literature on motivation, barriers and enablers for the implementation of discontinuous innovation. Then we shall use SCRIA-RET and V-T as two case examples, exploring the evolution of the two radical ideas. Finally we shall arrive at a further research direction.

BACKGROUND: MOTIVATIONS, BARRIERS AND ENABLERS TO IMPLEMENTING DISCONTINUOUS INNOVATION

In this section, we set out to discuss organisations’ motivations in implementing DI and then move on to barriers and enablers to such implementation.

Motivation to Implement DI: The Organisation and Its Environment

Business organisations have often been be characterised as open, adaptive systems. This perspective originates in the ‘organism’ metaphor in organisational theory. Morgan and Smircich (1980) observe that the way organisational phenomena change over time is related to their organisational context: clearly this context must be included in our search for barriers and enablers to implementation of DI. Barriers and enablers are contextual variables that may affect the connection between organisation for implementation of DI and its success.

The organism metaphor is underpinned by contingency theory and new institutional theory. Galbraith (1973) notes two underlying assumptions of contingency theory. First, there is no one best way to organise and, second, ways of organising are not necessarily equally effective. Scott (1981) observes that ‘the best way to organise depends on the nature of the environment to which the organisation relates.’ Pfeffer (1997) adds that organisations having a structure more closely fitting the requirements of the context will be more effective than those which do not.

As long ago as 1967, Lawrence and Lorsch noted that organisations tend to develop separate specialist departments to address environmental factors (e.g. responding to or creating DI) but that forming these departments may itself create coordination problems. How well organisations can differentiate themselves, by organising to respond to the environment while integrating specialised departments into collective action, appears to be critical to their success.

Scott (1995) indicates that, in order to survive, organisations must conform to prevailing environmental norms. DiMaggio and Powell (1983) conclude that institutional isomorphism, both
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