

Innovation & Invention

Invention

An invention is something genuinely new – something that has not been done before. It could be a substance, a product, a process etc.

Many of the entrepreneurs who climb the steps leading up to the Dragon's Den believe that not only is their "invention" unique, but that it also has great business potential. Several questions usually follow from the Dragons:

- Is the invention really an original idea?
- Have any already been sold (i.e. is there any evidence of demand?)
- Can it be, or has it been protected by patents to prevent competitors from copying it?

Inventions arise after a period of research – often taking many years. The research process is usually costly, both in terms of cash spent and time taken. So it seems reasonable that a genuine invention should be capable of protection. For an invention, the protection comes from a "**patent**".

A common question asked of applicants on Dragons Den is "have you got patent protection"? However, there are some strict rules that must be applied in order for a patent to be granted. In order for a patent to be granted, the invention must be:

- (1) New
- (2) Be an innovative step (i.e. not obvious to other people with knowledge of the subject)
- (3) Be capable of industrial application (i.e. it can be made and used!)
- (4) Not be excluded (certain types of invention don't count - e.g. scientific theories, artistic creations)

If granted, a patent gives the owner the right to take legal action against others who try to take commercial advantage of the invention without getting the permission of the patent owner. A patent can last for up to 20 years.

A key benefit of a patent is the ability of the patent owner to "licence" the right to use the invention. For example, a patent owner could grant a larger manufacturing business the right to use the idea in a product, in return for a royalty.

Innovation

Inventing something new is one thing. But making it commercially viable is quite another. That is where **innovation** comes in. Innovation is about **putting a new idea or approach into action**.

Innovation is commonly described as '**the commercially successful exploitation of ideas**'.

Successful innovation is mainly about creating or **adding value**. It does so either by:

- Improving existing goods, processes or services (**process innovation**), or by
- Developing goods, processes or services of value that have not existed previously (**product innovation**)

However, both kinds of innovation require a business to:

- Challenge the status quo
- Have a deep understanding of customer needs
- Develop imaginative and novel solutions

Innovation can come in many forms:

- Improving or replacing business processes to increase efficiency and productivity, or to enable the business to extend the range or quality of existing products and/or services
- Developing entirely new and improved products and services - often to meet rapidly changing customer or consumer demands or needs
- Adding value to existing products, services or markets to differentiate the business from its competitors and increase the perceived value to the customers and markets

Whatever form it takes, innovation is a **creative process**. The ideas may come from:

Inside the business – e.g. from employees, in-house designers, sales staff

Outside the business, e.g. suppliers, customers, media reports, market research insights or from contacts at local universities or other research organisations

Successful innovation comes from filtering those ideas, identifying those that the business will focus on and applying resources to exploit them.

- The benefits can be significant, including:
- Improved productivity & reduced costs
- Building a brand
- Establishing an advantage over competitors
- Higher sales and profits