

INNOVATION PLANNING

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Abstract: The report examines theoretical assumptions regarding the nature and importance of innovation. Regardless of the diversity we see in terms of defining different types of innovation, we can come to the conclusion that all definitions have one common feature and it relates to focusing on the presence of something new and different. Innovation planning processes are discussed by indicating that they are aimed at defining specific actions so that the objectives set out in the company's innovation strategy can be achieved. The most important functions of planning are to coordinate the efforts of the participants in the innovation process and to link business objectives and opportunities for future development. Emphasis is placed on the importance of innovation for each organization and the necessary investment of efforts for appropriate innovation planning that provides competitive advantages.

Key words: *planning, innovation, innovational activity.*

Introduction

Innovation has always accompanied the development of society, and today, more than ever, it has become an indispensable feature of the economy. The study of innovation as a process, activity or result and the knowledge of its specific parameters are essential for changing company philosophy, for discovering new sources of competitive advantage and for creating an innovation culture.

Organizational and management innovation can be seen in new or already smoothly operating organizational structures of management, a new approach to strategic decision-making, a new system of incentives for taking part in the quality improvement process, new methods for motivating managers and for building company culture, new supply organization, etc. Organizational and management innovation may also include social and environmental innovation which improve the image of the company. According to some authors, the high speed of innovation and increasing requirements in terms of product quality management are leading to an increasing role for project management (Zlateva, 2015).

The main issues addressed in this paper are becoming more and more relevant because of the importance of organizational and management innovation, which should not be underestimated.

First, they improve the adaptability of the company to changes in the business environment: competitive pressure, social requirements and public expectations, etc.

Secondly, they lead to the resolution of certain internal company conflicts related to the relations between owners, managers and employees, the building of an appropriate company culture, the participation of low-level specialists in strategic decision-making, etc.

Thirdly, in a number of cases, the success of product and process innovation depends on the introduction of accompanying organizational and management innovation.

The main purpose of this paper is to identify some of the challenges in the process of innovation planning along the lines of Alcomet PC (Public company).

Therefore, the following tasks have been formulated:

1. To examine the process of identifying innovation needs as the basis for their planning.
2. To analyse an approach to innovation planning.
3. To identify opportunities for the innovation planning process along the lines of Alcomet PC.

Various scientific methods have been used in order to achieve this goal and to solve research problems: theoretical analysis, systematic analysis, document analysis and observation.

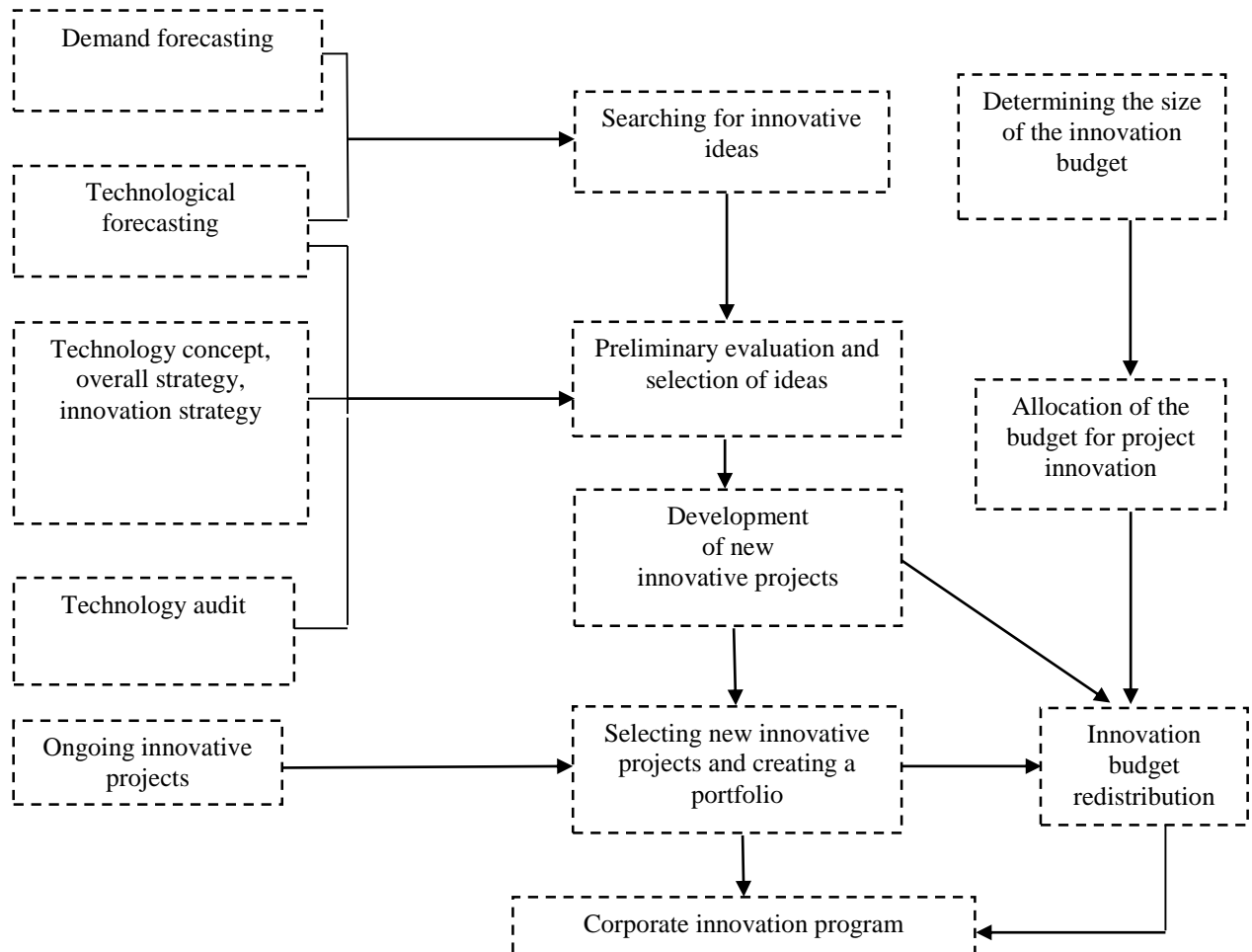
1. Identifying innovation needs in an organization as the basis for their planning

Innovation is a complex concept which cannot be defined unambiguously and fully in order to meet the requirements of various practical situations. However, there are a few ways in which a satisfactory conception of its nature can be formed.

To begin with, the most typical characteristic of innovation is that it is associated with something new: a new idea (invention). Another point is that on the basis of innovation, targeted action is being taken to bring about real changes in what is being offered (products and services) and in the way it is produced, distributed and marketed. Thirdly, we have to point out the actual positive evaluation of the new change and the relevant product by consumers (or the market). Furthermore, the essence of innovation cannot be understood unless it is considered as a process involving logically distinct but linked phases and operations. Last but not least, one should be able to determine the tangible or intangible outcomes of the development of the new idea (invention) (Chobanova, 2007).

Regardless of the diversity we see in terms of defining different types of innovation, we can come to the conclusion that all definitions have one common feature and it relates to focusing on the presence of something new and different (Zlateva, 2019).

Innovation planning is aimed at defining specific actions so that the objectives set out in the company's innovation strategy can be achieved.



Source: Innovation: European, national and regional policies (2008).

Fig. 1. Process for innovation planning in a company

The most important functions of planning are to coordinate the efforts of the participants in the innovation process and to relate business objectives and opportunities for future development.

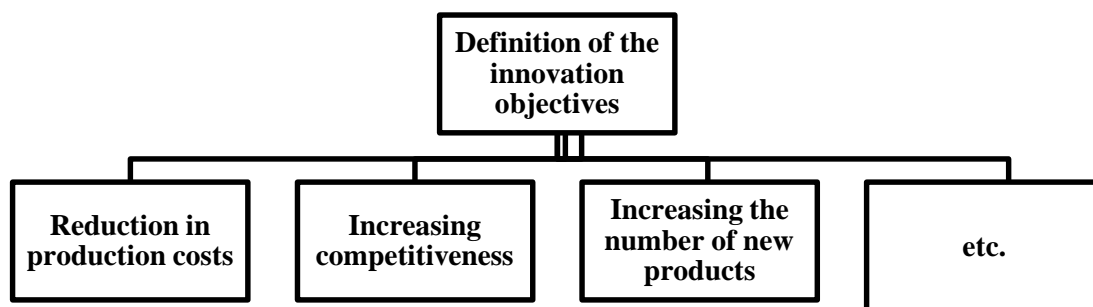
On the one hand, opportunities are determined by the dynamics of the company's external environment - the expected favourable opportunities and threats; on the other hand, the available resources and innovative capacity of this company. The logic of innovation planning for companies is presented briefly in Fig. 1.

The development of the company's innovation plan shall identify the activities that must be carried out in order to achieve the objectives of the innovation strategy, as well as their distribution over time and the resources needed to achieve the objective. The planning horizon varies for different types of business and depends on the time required for research and implementation, as well as on the development and introduction of new products and technologies.

Planning is iterative and it allows decisions taken once to be reviewed and, if necessary, changed. The innovation plan of a company shall be developed in close liaison with other functional areas such as marketing, investment, production, staff policy. The innovation process requires great intellectual capacity. The introduction of new technologies and products requires staff members with specific knowledge and skills. It is often necessary to improve the skills of the available staff and to recruit additional staff (Panteleeva, 2013).

Planning requires a clear definition of the innovation objectives. They shall be measurable, linked to the overall corporate strategy, and shall contain guidelines for the participants in the innovation process. Such objectives may be:

- increasing competitiveness and conquering new markets through development of new products or improvement of existing ones;
- reduction in production costs by introducing new technologies;
- increasing the number of new products to be placed on the market, etc.



Source: Created by the author.

Fig. 2. Innovation objectives

2. Analytical part

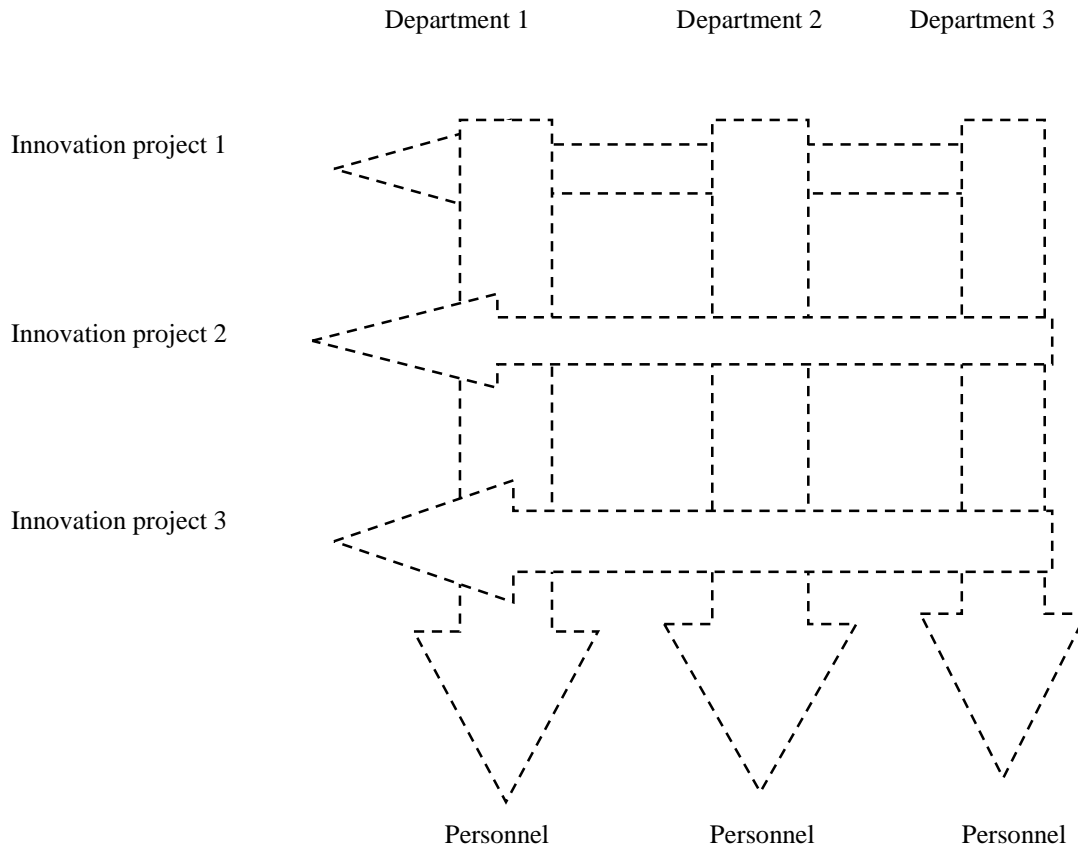
2.1. An approach to innovation planning

Innovation planning drives your strategic business objectives into strategic operational and execution plans in your organization. The adequate and timely response to the dynamic changes that the external and internal environment pose to the implementation of innovation requires a consistent usage of an approach that combines technology, production and consumption.

Scientific literature (Kalaydzhieva, 2016) also presents a few approaches to innovation decision-making, such as brainstorming, focus group discussions, the morphological method, etc. Without underestimating the possibilities presented by these and other methods, we believe, that there are four approaches which can be applied with some modifications. They are particularly suitable for taking innovation-related decisions, for organization of the innovation process depending on the specifics and scale of the innovation, as well as on the management and organisational structure of the

enterprise. In addition, it is possible to create your own approach that can be a combination of elements of each of these four approaches.

The matrix functional approach is an example. It can be seen as a combination of the design matrix and the functional approach. It may not have a specialised unit/department dealing with the generation of ideas and the implementation of innovative projects. This particular approach requires good functional relationships between individual entities of the enterprise, while new ideas may occur spontaneously or be the result of a personal/group initiative of employees from one or more departments.



Source: Dimitrov (2006), p. 40.

Fig. 3. A matrix functional approach for organizing innovation activities

Undoubtedly, vertical and horizontal subordination should be created as well in order that respective teams are formed and members of different units/departments become involved in the implementation of one or more innovation projects. The lack of a specialised innovation, research and development centre suggests that this approach should be used for small, secondary innovations, which may be a new combination of these innovations that are already well-known in the market or even in the company itself.

The advantage of this approach is that there is no funding for each separate specialised unit, while the disadvantage is that the staff must, as a matter of priority, fulfil their current obligations and, at the same time, fulfil additional obligations related to innovation projects. In this case, it is important for the organisation to have good traditions and effective practices for organising such an activity.

2.2. Opportunities for planning innovations following the example of alcomet ad

Many Bulgarian companies are characterised by a low level of innovation activities. They also introduce new processes and products with a low level of novelty. In this case, the level needs to

become relatively higher through planning, aimed at attracting additional funds, technical cooperation and developing of its potential.

Bulgarian companies are still struggling to create innovations, but the competitive environment requires their forecasting and planning.

Alcomet PC is the largest Bulgarian producer of aluminium rolled and extruded products. Nowadays Alcomet ranks among the top 100 Bulgarian companies in terms of income and growth. It is also among the top 100 biggest employers in Bulgaria. Alcomet PC is certified to ISO 9001:2015, ISO 14001:2015, BS OHSAS 18001:2007, EN 15088:2005 and 333/2011/EC and bears a quality mark for anodized products in accordance with the Qualanod specification.

The company continually invests in new technologies and improves existing capacities so that they meet the high demands of its customers and expand its market positions.

The company's next investment project is expected to be completed in 2019 and it will double its capacity and expand its production capacity by an additional 13000 m². Roller production envisages the commissioning of a new generation of cold rolling mill with a maximum belt width of 2200mm, a continuous casting line and an equipment for thermal and additional processing.

In the field of extrusion, the new 25 MN HybrEx® press will allow Alcomet to produce profiles with a circumference of up to 310 mm and a wall thickness up to 0.8 mm.

By investing in advanced manufacturing technologies, the company aims to enter new markets with higher added value, such as construction and architecture, automotive and packaging.

Continuous investment in advanced technologies and equipment ensures product improvement and sustainable development of the company. In the process of technological renewal and modernisation of production, the main priority is environmental protection through the effective utilization of natural resources.

The technical and technological solutions which are being introduced take into account the best available techniques and ensure a high level of water purification and purification of the emissions emitted into the atmosphere as well.

Innovation success doesn't just happen on its own. In Alcomet PC's practice the matrix functional approach to innovation planning is used. It requires good functional relationships between individual business units of the company.

On the one hand, the organisation of the innovation process should simultaneously ensure the sustainability and flexibility of the business and on the other hand, it should take into account the level of complexity and mobility of the environment, in which the company operates. In this regard, Alcomet PC also adapts its organisational management structure to meet the requirements of both the routine production process, and the need to develop and implement new ideas and related changes.

In reality, there is no single and generally accepted scheme for building an organisational structure that will serve the innovation process. Each company builds its own unique structure, considering the established tradition, a certain amount of research activities, the specifications of the products that are being produced and the already built innovation capabilities.

In modern conditions, structures that provide the opportunity for rapid adaptation to the changing environment are being developed and implemented. Companies which have introduced and are using such an approach, have the ability to respond in time to changes in the environment. They themselves change and adapt to the modified conditions. This type of organisational structures is usually called adaptive or organic. A stable environment does not often require innovation. A rapidly changing environment means that new products are frequently introduced to the market and technologies are being comprehensively improved. This requires the organisational structure to ensure adaptability to changes in the environment and the ability to quickly replace products, improve and change technologies.

It can be said that institutional support is also essential for the stimulation of innovation activity (Zlateva, 2019). Such institutional support can be obtained by companies in the form of export incentives, introduction of tax incentives in favour of development activities, provision of information and training programs, etc., which will lead to new opportunities for innovation planning.

It is planning that shows an enterprise's attitude towards innovation. Continuous Innovation Process can greatly improve odds of innovation success.

The aim of the longer-term innovation planning process is to set priorities and budgets that drive the company to realize its goals, from year to year. It is best practice to connect the annual innovation product planning system to a related, shorter-term management system that handles the day-to-day decisions around portfolio of product innovation.

Winning companies take control of their future by creating a tight link between their innovation direction, planning process, product concepts, and budgets. What is at stake is the future of company's growth from innovation product introductions. For Companies, when operating in a highly competitive environment, getting innovation portfolio management right is not optional – it's essential.

Conclusions

In recent years, numerous economic studies have focused on innovation because they are seen as one of the long-term development factors (Sirashki, Kalaydzhieva, et al. 2018, 2016).

1. Innovation success does not take place on its own, it takes purposeful execution of an innovation process – which requires Planning, Preparation, and Organization.
2. It should be noted that innovation plays an important role in maintaining a high level of adaptability to dynamic changes in the highly competitive environment and in building a competitive economy.
3. Innovation planning is facing another challenge – to integrate in itself many aspects related to strategy and people management.
4. The complexity of innovation and its various aspects determine some of the difficulties in planning it.
5. It should be noted that the development of any innovation system depends on society's overall potential and the effectiveness of interaction between its various components. They are as follows: the potential of natural resources, the production potential, the scientific, demographic and foreign economic potential.
6. Ultimately, the various characteristics of this potential determine the range of opportunities for making innovations in the sector that are aimed at its development.

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