

In Search of Innovation: Exploring the Dynamics of Innovation

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Abstract : HMS Industrial Networks AB has been recognized as one of the most innovative companies in the industrial communication industry worldwide. The creation of their Anybus innovation during the 1990s contributed considerably to the company's success. From inception, HMS's employees were innovating for the purpose of creating new business (the creation phase). After the Anybus innovation, they began the process of internationalization (the commercialization phase), which in turn led them to concentrate on cost reduction, product quality, delivery precision, operational efficiency, and increasing growth (the growth phase). As a result of this transformation, performing new radical innovations have become more complicated. The purpose of our research was to explore the dynamics of innovation at HMS from the aspect of key actors, activities, and events, over the three phases, in order to understand what led to the creation of their Anybus innovation, and why it has become increasingly challenging for HMS to create new radical innovations for the future. Our research methodology was based on a longitudinal, retrospective study from the inception of HMS in 1988 to 2014, a single case study inspired by the grounded theory approach. We conducted 47 interviews and collected 1 024 historical documents for our research. Our analysis has revealed that HMS's success in creating the Anybus, and developing a successful business around the innovation, was based on three main capabilities – cultivating customer relations on different managerial and organizational levels, inspiring business relations, and balancing complementary human assets for the purpose of business creation. The success of HMS has turned the management's attention away from past activities of key actors, of their behavior, and how they influenced and stimulated the creation of radical innovations. Nowadays, they are rhetorically focusing on creativity and innovation. All the while, their real actions put emphasis on growth, cost reduction, product quality, delivery precision, operational efficiency, and moneymaking. In the process of becoming an international company, HMS gradually refocused. In so doing they became profitable and successful, but they also forgot what made them innovative in the first place. Fortunately, HMS's management has come to realize that this is the case and they are now in search of recapturing innovation once again. Our analysis indicates that HMS's management is facing several barriers to innovation related path dependency and other lock-in phenomena. HMS's management has been captured, trapped in their mindset and actions, by the success of the past. But now their future has to be secured, and they have come to realize that moneymaking is not everything. In recent years, HMS's management have begun to search for innovation once more, in order to recapture their past capabilities for creating radical innovations. In order to unlock their managerial perceptions of customer needs and their counter-innovation driven activities and events, to utilize the full potential of their employees and capture the innovation opportunity for the future.

Keywords : barriers to innovation, dynamics of innovation, in search of excellence and innovation, radical innovation

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