Innovation in Times of Crisis: a Diagnostic with the Most Innovative MSE Of Portugal 2011

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Abstract

Aims to identify how an MSE from Portugal are innovating in the midst of economic crisis, the aspects that contribute to innovation management, outlining an overview of the current ability to undertake, identifying Key-factors related to innovation, strategic actions, barriers faced and the benefits gained. The methodology research is characterized as descriptive bibliography and qualitative, performed at MSE most innovative of Portugal, according to network COTEC (2012), in January and February 2012, applied through a closed questionnaire in order to diagnose the innovation management for the way the company uses and practices in today's market. The results found allow innovation management diagnosis and innovative potential of this MSE, being an example for other companies, check the position of managers in relation to innovation, identifying deficiencies in the process and their contributions. Furthermore it provides the company's Innovation Radar, which offers an overview of the innovation practices level in the company.

Keywords: Innovation Management; Strategy; Entrepreneurship; Crisis; Portugal MSE.

1 Introduction

The global crisis presents new phenomena, such as the formation of new markets, converging sectors, new entrants, political instability, internet advances, high competitiveness and greater concern for the environment in companies. However, what can note is that most companies are approaching in their strategies. The market strategies are suffered major changes in the last years and are a natural evolution in an attempt to adapt to the more competitive and demanding market. These facts led Kotler, Kartajaya, Setiawan (2010) emphasize that organizations around the world crossing for a moment of intense and crushing transformations, need to find ways to differentiate themselves.

With the market competition more aggressive than other times, demanding ways of organization and investments to find differentials, innovation is simply inevitable and becomes one of best options for reaching goals, being considered a key success factor promoting better performance and the business survival (RESE & BAIER, 2011).

Thus, this paper aims to demonstrate through a diagnosis, management of innovation in the most innovative in micro and small enterprises (MSE)in Portugal, according to COTEC (2012), checking how innovation occurs in the company, how to innovate in the midst of an economic crisis, how to compete strategically, what obstacles and benefits of innovation. So it becomes essential to make a diagnosis of innovation management, getting through this research a picture of what occurs in this innovative MSE, their experiences can serve as examples and ideas for other companies.

For this, the article was structured so as to expose in the literature review, the main concepts studied in the work, showed and implemented during the search.

2 Literature Review

2.1 The MSE and the crisis in Portugal

The MSEs are widely recognized as the structure of the Portuguese economy, they are primarily responsible for job creation in Portugal. These companies face the daily challenge of an economic crisis, needing to differentiate themselves from their competitors because of changing markets, competitiveness, innovations and maturation of view of consumers are becoming increasingly refined.

Considering these facts related to increasing competition and the pursuit of customer satisfaction, it is necessary to find instruments to differentiate between companies, new strategies, so it is also important to invest in innovation management and its proper use within the organization. It is known that the economic crisis can be a time of threat, but also great opportunities. Dominated by the crisis, many companies choose only to reduce costs and dismiss its employees, forgetting that these difficulties are temporary and that it is also possible to strengthen these circumstances. During a crisis, suppliers, partners and competitors are searching for various solutions. Notice that with the innovation path can become better and above all even more competitive (SCHERER AND CARLOMAGNO, 2009).

The micro, small and medium Portuguese enterprises (MSMEs) are classified according to the Commission Recommendation of the European Communities 2003/361/EC, of 05/ 06/2003, published on 05/ 20/ 2003 (Portugal, 2007) having from 01 /01/05, the classification of MSE, which takes into account the number of employees (effective) - considered the most relevant criterion - or also in revenue, or balance.

Both in Portugal and in Brazil the MSE are majority, generating high levels of employability, taxes and recognition. According to NSI (2008), there are a total of 349,756 micro, small and medium enterprises (SMEs) in Portugal. Since 99.7% of Portuguese companies are represented by MSE. According to the Institute for Support to Small and Medium Enterprises and Innovation - ISSMEI (2012), the MSE form the majority of the enterprise pool, and the economic segments that stand out are the trade, services, distribution and transport.

The MSEs are cooperating for economic growth, creating jobs, enabling the emergence of new businesses and development of the country. Note that there are strong competitive pressures between firms, forcing their managers to adjust their strategies and organizational innovations seek to retain their customers. For Scherer and Carlomagno (2009) to obtain a correct use of innovation management, will benefit the company as a whole, in a systemic manner, increasing its competitiveness, changing ways and results.

2.2 Competitive Strategy

Competitive strategies are included in the planning of successful companies, due to several changes in the market and high competition. The business environment is dynamic and these changes have a huge impact on organizations, affecting the survival of the business to the company's ability to remain competitive (Porter, 2009).

According to Chiavenato and Sapino (2009) the organizations must conduct their strategies so singular and unique focus and ensuring separation from other companies in terms of excellence, competitiveness, preparing for the future, creating competitive advantages. It depends of the continued evolution of management as well as the competence to market innovative products and services that are accepted by consumers in the midst of such competitiveness.

The development of a strategy, becomes indispensable these days, however there is no path or a generic formula, so each company must find a more appropriate way to develop it (REIS, 2008).

Sanches (2011) highlights that strategy process is considered a dynamic process, from the adaptation to be the key aspect necessary to achieve a competitive advantage in a long-term perspective (Sanchez, 2011, cited in MILES & SNOW, 1978; FLOYD & LANE, 2000; CHILD 1997).

2.3 Innovation Management

According Andreassi (2007) the search for innovation is increasing, because it is required as a differential factor in the supply as a means to find and fill niches not yet on the market, as a way to keep up to date in relation to competition production. Since innovations can be encompassed in three areas: products, processes and organizational (TERRA, 2007).

To start the management of innovation within the organization, first is necessary that the company have the innovative spirit and willing to innovate and then go find the paths that lead to true innovation, within a continuous process. Innovation must occur continuously in business and is not just a sporadic event there are different versions of innovation, describing them as continuous improvement, rupture and disruption (ZOGBI, 2008).

In view of Carlomagno and Scherer (2009, p.22) the context of innovation presents a set of dimensions that must be configured to improve the innovative potential. These dimensions need to be configured according to the strategy and company culture as well as their intentions to innovation.

The tool that helps both the diagnosis of the potential for innovation and design management practices to improve their performance is defined as Innovation Octagon. Structured according to eight dimensions, presents the main points to be managed to increase the productivity of innovation from strategy to the process of transforming ideas into results. They are: Strategy Leadership, Culture, Relationships, Structure, People, Process and Funding. The first step to implement a program of innovation management is a diagnosis of the current situation of the company. The assessment of innovation enables the company to view a chart performance in relation to the eight dimensions of innovation (innovation Octagon), shown in Figure 1 below:

Figure 1: The innovation Octagon Source: The authors. Adapted from Scherer and Carlomagno (2009).

The dimensions of the octagon, when properly managed increases the chances of getting a great return on investment by reducing the unpredictability and increasing the innovative potential of companies.

3 The Most Innovative MSE from Portugal

The object of the research is Derovo company, recognized as the most innovative MSE in Portugal, according to the classification of the Business Association for Innovation COTEC (2012), for having the best strategy for innovation and create differentiated products. It started your activities in 1994, by a group of 70 poultry workers, who viewed an innovative industry in the production of egg product. After some years of activity, already exported to Spain, showing early daring and search for new markets.

With all modernization, the company has other subsidiaries, partnerships and companies with businesses, which creates even more jobs and growth, mainly in Portugal. Currently Derovo has three plants, in Pombal, Madrid and Meire, with capacity to produce 5.8 million eggs per day.

In 2011, it had a turnover of more than 30 million euros and today is part of a larger group with annual sales of 70 million euros and more than 10,000 points of consumption per week in Portugal.

Being an innovative group quickly evolved in their way of marketing the egg and differentiating its product offering. The company's main products are the result of a strong investment in I & D, range from the pasteurized liquid egg (whole egg, white and yolk), the hard-boiled egg, the full protein (drink high in protein), tortillas, omelets, sausage egg and egg spray.

The innovation blends the vision, mission, values and principles of the present well-structured company for all your sectors, who thinks primarily the well being of its employees and customers, thinking of innovation since the beginning of their activities.

The reasons which led the decision to make a diagnosis of this Innovatn Management MSE were for their credibility, experience and prominence in the Portuguese market and the factor to check these dimensions in an innovative company, the most innovative in the country.

4 Methodology

The survey was conducted in Portuguese Derovo company an MSE, and its two managers the research subjects, for managing the company, having a dynamic and systemic organization and market opportunities.

The present work was characterized as to the procedures as a descriptive and quantitative data, were obtained from the diagnostics via e-mail sent to managers of the company and a telephone interview. The objective was to obtain a diagnosis of innovation management in a specific company in order to measure the research variables.

Data collection was performed through a closed questionnaire proposed by Scherer and Carlomagno (2009) by the tool Innovation Octagon in order to diagnose the management of innovation relative to how businesses use and practices in the market.

The Likert scale was used to measure the responses regarding the importance of each statement. Was used an interval scale that ranked the importance of one to definitely false and seven for very true. Each dimension is assessed with three questions, the end result being composed of the average of three responses.

After the analysis of the company, it was possible to know the strategies, their knowledge of innovation management front, serving as a real example for other an MSE from Portugal, it sought to present a diagnosis of innovation management, its management, strategies, concepts and improvements.

5 Results

During the study, it was possible to access the company history, resulting in a greater understanding and knowledge of the systems and processes used. With the model questionnaire proposed by the tool Innovation Octagon, one can obtain an analysis of the company image and market positioning. The results based on these diagnostic tools provide the innovation management of an MSE. The questionnaire was the assessment innovation, with leading questions divided into eight dimensions.

- Leadership

Leadership is one of the is one of the key success factors that the company owns, a really strong differential, as all become leaders within the company, everyone needs to give ideas, suggest changes,

explain your skills, trying every day to innovate in some way . There is a lot of dedication and unity for the same purpose, since its inception has been, everything depends on the overall result.

The leaders have given their strategies, followed by its employees, always aiming to reach greater profitability in their process of innovation management, which is regularly assessed in connection with the company's strategic planning. Free access to leadership is a cultural factor in the company, regardless of rank, and all employees and not only leaders have the responsibility for the actions and getting creative new ideas. The company has an innovative vision, thus obtaining greater speed, quality and profitability.

- Strategy

Innovation initiatives are always aligned with the company's strategy, which since the beginning of its activities already anticipated the future, growing through innovation, seeking the benefits of technology to create differentiated products to market.

The company articulates its strategy for sustainable growth, taking advance the potential that already exists in the company, even with the expansion will not lose its essence, maintaining the dissemination of values and goals intact.

There is a strategic concern with innovation, creating and directing new kinds of food products that are innovative, seeking to consolidate and gain new market niches, which can be used with easiness and satisfaction.

- Relationship

The communication in the company is easy to access, which benefits innovation; employees can exchange information in various ways at any time.

The Human Resources sector, follows the reviews from customers, suppliers and even competitors, as they are valid to generate and refine new ideas. There is one specialized sector in innovation for tracking new market trends, technologies, customer satisfaction.

Thus, the company seeks partnerships for research and technological development, commitment in cooperation with universities, which allows a real exchange that, generates great and beneficial results, a search of internal and external innovations, a greater knowledge to the company's employees, new ideas, projects and building products.

There is an integration of disabled people, the training and integration of newly trained young people, where many end up staying in the company.

- Culture

The network has an entrepreneurial culture, and its main features the pioneering, customer focus, speed and make it happen through innovation. The constant quest for top management involves employees in an environment with mechanisms and practices developed within the company, to enhance and stimulate the team to seek self-development. The company supports, shares information, power of action and rewards for their work, so that creativity and innovation will happen in a natural way. The departments share the concern of continuous improvement; we seek to achieve greater efficiency and effectiveness in group work, in all cases.

Social responsibility is part of the conduct of the company, the offering of food to institutions in financial support to the firefighters of Pombal, the PAECE (Parents Association for Early Childhood Educators), home CERCI, integration and support for special people, projects sustainability.

- People

The company highly values creativity and encourages its employees to innovate, so that they understand the importance of their work and how they can make a difference in the organization, showing the real need for innovation and its many benefits.

The leaders are in constant training to know and be able to pass on techniques and innovative actions for employees, managing innovation for the company, being a kind of trainers in essential practices to the perpetuation of culture and the achievement of innovation within the company. The team consists of more than 180 employees, it has a high diversity of knowledge, values, career interests and well specified, making the relationship in the workplace much more transparent.

- Structure

The company has a democratic, participatory and bold management, where all activities emphasize innovation, with a specific sector of creation, widely distributed in the creative ideas of all employees in addition to the charge.

- Process

At the company relationships are transparent, strengthening people's participation in all processes, and communication is developed in all directions. In this environment, developers gain more space and end contributing to the company's success, especially regarding the amount of new ideas. These ideas are passed on to leaders who, together with the department responsible for making an assessment related to the company's strategy. The ideas that will benefit the company are selected, whether or improvements that actually generates results for innovative processes and products.

- Funding

There is a specific budget to be allocated to innovation projects, and always tries to encourage the creation. The company invests in innovation and sustainable growth, and currently already exports to ten countries. The multiple segments in which it develops, the company demanded a strong financial partner, which now provides suitable solutions for different needs, support for investment, exports, money supply and negotiations in general.

At the end of the study, it was possible to get the Radar Innovation Network, which shows the eight dimensions, analyzed through the Octagon and the tabulation of responses from questionnaires answered by their managers, where it can be made a diagnosis of management of innovation an MSE most innovative of Portugal, by analysis of the eight dimensions proposed by the tool.

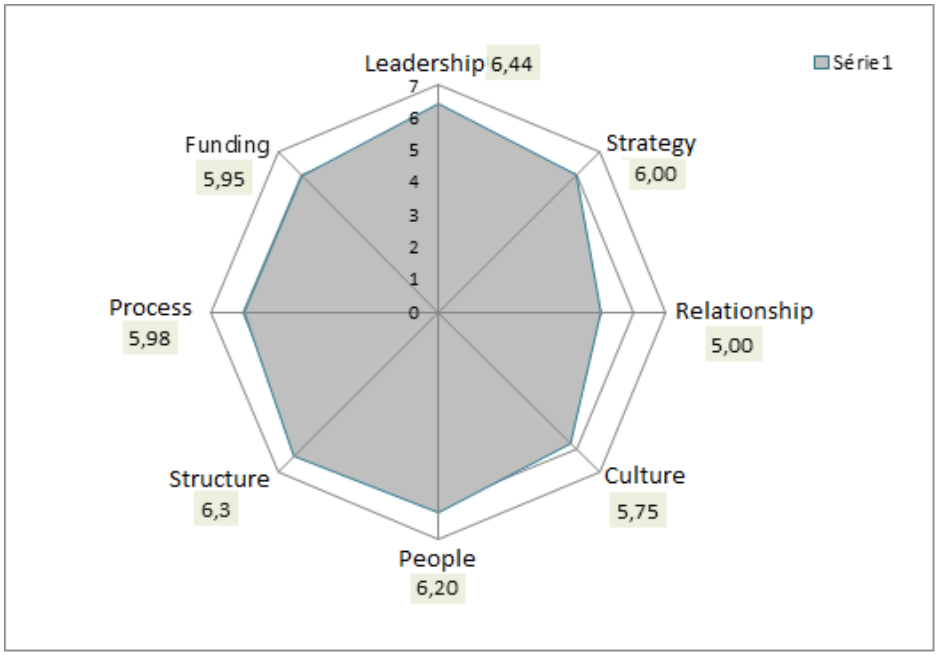

Figure 2: Radar Innovation Management Network (2011). Source: Author (2011).

It is observed that linking the eight dimensions analyzed, the three that stand out statistically in relation to the percentage (with a maximum of seven and at least one) are leading with 6.44, 6.30, and structure with those with 6.20. After this process is possible to obtain a confirmation that the company's growth and its innovation, based on its strong structure, being this fact related to his leadership and focused directly on the competence and work of people, or all employees differentiated form this team.

6 Conclusions

After examination and obtaining a diagnosis, it can be concluded that the management of innovation is present in the company's strategy and that all employees are mobilizing to get a better understanding of how to innovate and to continue growing through it.

For the company, the main benefits obtained through the management of innovation were able to innovate with a single raw material - egg, thereby growing, internationalization, diversification and generate a strong human resources policy.

Regarding the obstacles faced were mainly in relation to the government the insecurity of some laws and directives, such as the 2012 animal welfare that will force the farmers to modify the level of animal conditioning as well as the great bureaucracy and delay approval of project financing.

But the company faces everything with vigor, looking for quick solutions, doing projects and checking which niche market aims to achieve, how will solve problems into opportunities. To solve the problem of the directive of 2012 the company will create a unit of large highly sophisticated view of the environmental point of view, were able to produce 800 thousand eggs and fully in the standards.

At the level that the company is generating more jobs every day, growing in numbers of factories and revenue, it is noted that managers face the crisis of a different way, and above all optimistic and innovative. In the opinion of one of the managers Derovo company (2012), the company will continue investing very much, struggling to be always ahead and channel synergies. There are many innovations that are being tested varieties of new products in development, all from the egg. The company's proposal is that the egg reaches the final consumer without the shell, but in different ways, and ready for use, creating greater convenience, speed and security for customers.

The export has always been the company's plans since the beginning of its activities in 1996 when it began to do business with the Iberian market, gaining confidence of the industrial market was expanding, winning innovation and profitability. For 2012, Asia, the Middle East and Europe are the targets of trading company but also countries which are in full growth and development.

The SME Derovo company, with companies in Portugal and Spain, aims to achieve not only the industrial market, but want to innovate going in search of a new market, taking also differentiated its products to retailers allowing them to reach the final consumers in supermarkets and sectors in the food branch.

Be the most innovative MSE from Portugal, according to CEO Amandio Santos means recognition of the work of all employees, a greater motivation to continue innovating and surprising the various consumer markets (DEROVO 2012).

A great ally of the innovations of Derovo company are the universities, which collaborate with their searches for innovative process, such as the project developed with the University of Minho a prototype of a fried egg pasteurized, which need only be heated in microwave to be consumed (UMINHO, 2010 2010).

Though, it is clear that the adoption of practices and actions aimed at implementing strategies through the management of innovation in MSE Derovo company can be seen in addition to its numerous benefits as a way to competitive advantage and could be an example for other MSEs.

It can be said that the objectives of this study were achieved, and could answer all questions related to the research problem, overcoming the difficulties of distance to do a search on a company located in

Portugal, where the researcher is in Brazil. Through the collaboration of the company and also from technological advances such as Internet access, e-mails, phone and skype this study can be accomplished successfully.

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