

# Preface

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Innovation is a key driver for economic and social development and a critical element in the future success of industry. As a process within organisations, innovation is about new products or processes leading to the enhancement of value for customers and shareholders. Innovation requires change, both to the customer and the supplier, as well as to the firm that drives the initiative. Such change can be incremental in nature or highly radical and disruptive. Due to the potentially disruptive nature of innovation it is an activity containing inherent risk, with uncertainty over future technical, commercial and financial returns to the initial investment. An important consideration in the decision whether to invest in future innovations is therefore the trade-off between risk and return. For small firms (e.g. those with less than 250 employees), the ability to assess risk and evaluate potential returns is frequently difficult. Successful diffusion of an innovation frequently involves consideration of a range of variables associated with market forces, including the relative power of competitors, suppliers and customers and regulatory agencies. For most small firms, the evaluation of these many factors remains complex and difficult. Small firms also have to operate within the context of their industries and their national economies. While some small firms comply with what has been described as the Silicon Valley business model, with high technology products and venture capital financing, the majority are more conventional with low- to mid-technology innovations and funding from retained profits and bank borrowings. This book is an exploration of the way in which small firms approach the management of innovation and the challenges faced in the commercialisation of new products or processes. Using a common survey instrument and case study discussion protocol, data was collected from a range of small firms across Europe, North America, Australia and New Zealand. Each chapter is a different perspective on the same innovation process with attention given to the way in which the influences of nationality, geographic location, industry and type of innovation impact on the commercialisation process.

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