

Resources to Support Co-op Innovation



Dr. Chris Peterson

Nowlin Chair of Consumer-Responsive Agriculture
Michigan State University

© Dr. H. Christopher Peterson, Michigan State University, 2004

Issues

- The Need for Innovation
- External Resources to Support Innovation
- Internal Resources to Support Innovation



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University



The Need to Innovate

- When should a firm innovate as strategy?
 - When “creative destruction” opens the door.
 - When a firm is competitively “disadvantaged.”
 - When the “local” environment is supportive of innovation
 - When the firm has developed the dynamic capacity to learn.



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University



The Need to Innovate

- What do you innovate?
 - Products & services
 - Processes & technology
 - Capabilities/competencies
 - Supply chains
 - Markets



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University

External Resources

- Business/Management Books (a sample):
 - Senge, “The Fifth Discipline,” Currency/Doubleday, 1990
 - McGrath & MacMillan, “The Entrepreneurial Mindset,” HBS Press, 2000.
 - Godet, “Creating Futures,” Economica, 2001.
 - Christensen & Raynor, “The Innovator’s Solution,” HBS Press, 2003.



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University

Product Innovation

Customer Attitude	Attribute of Product, Relative to Competition		
	Basic	Discriminator	Energizer
Positive	Nonnegotiable <i>Performs at least as well</i>	Differentiator <i>Performs better where it counts</i>	Exciter <i>Performs much better</i>
Negative	Tolerable <i>Performs no worse</i>	Dissatisfier <i>Performs below competition</i>	Enrager <i>Must be changed at any cost</i>
Neutral	So What? <i>Does not effect buy decision</i>	Parallel <i>Only indirectly influences buy</i>	

Source: McGrath & MacMillan



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University



External Resources

■ General Access to Innovation

- Land Grant and Other Universities
 - Intellectual property offices
 - Faculty connections
- R&D Firms
- Government Agencies
 - USDA
 - Commerce
- Consultants



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University



External Resources

■ Innovation or Cooperative Specific

- 10 Agricultural Innovation Centers
 - www.aec.msu.edu/product/ (links to centers)
 - www.agmrc.org
- University-based Cooperative Centers
 - www.wisc.edu/uwcc (links to coops)
- Cooperative Development Centers
 - www.ncba.coop (CooperationWorks! members)
- Trade Associations: NCBA and NCFC
- Member faculty of NCR-194



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University



Internal Resources: A Checklist

- When was the last time your cooperative implemented an innovative idea?
- Do you innovate?
 - Do you merely copy?
 - Do you merely react when the situation forces you to innovate?
 - Do you proactively seek innovation?



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University



Internal Resources: A Checklist

- Do your decision processes bias your cooperative against innovation?
 - Obsession against risk vs. risk management
 - Preoccupation with hard assets vs. balance across all areas of investment
 - Single point planning vs. true scenarios
 - Conservatism first vs. openness to change



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University



Internal Resources: A Checklist

- What level of resources go to R&D?
 - New Products and Services
 - New Production, Information, and Management Processes
 - New Markets
 - New Supply Chain Relationships
- Who is responsible for R&D?
- What are the rewards for innovation?



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University



Conclusions

- Innovation is essential in today's world
- External resources exist to assist.
- Internal resources have no substitute.
- Is your cooperative innovating enough?



Nowlin Chair of Consumer-Responsive Agriculture • Michigan State University