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The philosophy of promoting innovation in poultry

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The philosophy of promoting innovation in poultry

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Abstract. Nowadays, there are considerable problems at the poultry industry that impede the development of the industry. In order to increase the competitiveness of business entities, a competent innovation policy is required that would facilitate the withdrawal of enterprises on a new level. However, only a small number of new technologies are being introduced into production. To increase the level of innovation promotion, enterprises need a clear understanding of why certain projects are needed, how effective they are and what results they can achieve. Help is at a new vision and philosophy of innovation for the business entities management.

1. Introduction

Innovative activity is one of the important ways of enterprise development, increasing its competitiveness, including in the poultry industry. To date, there are a large number of new technological solutions that can be embedded in the processes of growing, maintenance and feeding of poultry. However, a small number of new technologies are being introduced in the industry. In part, this can be explained by the economic situation in the sector, but the main reason is the lack of information about the necessity and ways to promote innovation most effectively. Therefore, the topic of this study is relevant.

The purpose of this study is to consider the philosophy of promoting innovation in the industry.

To achieve this goal, the following tasks were set:

- to characterize the philosophy of promoting innovation;
- to describe the main problems that prevent the introduction of innovative products on the market;
- to update the choice of the classification of innovations used in enterprises;
- to describe the basic principles of promoting innovation, which can be focused on business entities;
- to develop a scheme of innovation program that would allow managers to determine the main directions of innovation in enterprises.

The methods used to perform this study are the graphical method, methods for analyzing and synthesizing the available data.



2. Research results

As is known, in the current market conditions, in order to increase the competitiveness of enterprises, their continuous development is required. This development is carried out at all stages of the production process. In order for the company to continue to develop, while maintaining and strengthening its market power, the introduction of innovative technologies is needed. In the poultry industry there are a large number of the latest technological techniques that could contribute to the development of the industry, to bring it to a new level.

The need for innovation in the poultry industry may arise due to high competition and uncertainty in the market, obsolescence of the products of organizations compared to competitors, non-linear market changes that may require a flexible response from the business entity. This requires enterprises to adapt to changing conditions constantly.

According to Tsipes G and Tovb A, 96% of all innovative products and services brought to the market do not fulfill their payback goals [1]. In this case, the main causes of failure are:

- illiterate marketing - 38%;
- low quality of the product - 16%;
- unmeasured costs - 10%;
- competition - 9%;
- incorrectly chosen market entry period - 8%;
- technological and production problems - 6%;
- other problems - 13% [1].

However, in order to carry out innovative activity in business entities most effectively, management must adhere to a certain philosophy of conducting this activity. In our understanding, the philosophy of promoting innovations is a certain point of view for managers of economic entities regarding the policy of introducing certain innovations at the enterprise. The management must understand which principles to adhere to, which innovations and in what quantities are required for the further enterprise development, how effective they are and what results help to achieve.

In order to consider the philosophy of promoting innovation in more detail, it is necessary to identify their main types. There are many opinions on the classification of innovations. Some authors consider innovations in terms of their application [2], some in terms of market share coverage [3], and some in terms of the cyclical development of engineering and technology [4].

Innovations may also be seen as ways to change the way companies operate. From this point of view, one can single out product, technological, marketing and organizational innovations [5].

From our perspective, the most relevant is the classification of the consulting bureau Doblin, which identifies 10 types of innovations that are divided into three blocks [6]. The first “Configuration” block includes innovations that are focused on the internal work of the enterprise and its internal systems. These include:

- profit model - the ways in which enterprises have the opportunity to earn cash. Innovative profit models can change the perceptions of businesses and the industry as a whole, what products are worth producing, what to offer and how to get a higher level of income;
- network - ways of connecting enterprises with other economic entities to create value. Network innovations provide organizations with the opportunity to take advantage of the processes, technologies, offers, channels and brands of other companies — practically any part of the business. At the core of network innovation there is cooperation, both short and long, both between partners and between competitors;
- structural innovations - allow the creation of a comfortable working environment, thereby increasing productivity. These innovations enable the most efficient use of all tangible and intangible assets of the company.

- process or technological innovations - new approaches that can provide competitive advantages for a long time.

The “Provision” block includes product performance innovations, involving both completely new products and updates and expansion of existing product lines, as well as product system innovations based on how individual products and services are connected or combined to create reliable and scalable system.

The third block “Experience” includes service innovations (improved service and after-sales customer support), a channel (ways of presenting offers), a brand (helping a consumer to learn, remember and choose the desired product) and interaction with customers (receiving feedback).

Thus, based on this classification, it can be concluded that the main goal of new technologies is to meet customer needs by providing new products or improving existing products while obtaining the maximum possible profit.

From our point of view, Doblin singles out in his classification, the fundamental principle of any innovation philosophy - the principle of customer orientation. Business entities should maintain a philosophy of innovation choice by a consumer, i.e. all production processes should be aimed at shaping consumer demand for the product through proving the new product value usefulness. To do this, it is required to cause a chain reaction through well-considered projects, starting with small and simple decisions, which allow, by a slight and low-cost improvement, to proceed to a further total optimization.

The management of business entities should have strategic and managerial skills to coordinate the activities of the enterprise so that each of the blocks of the operating cycle is customer-oriented (figure 1).

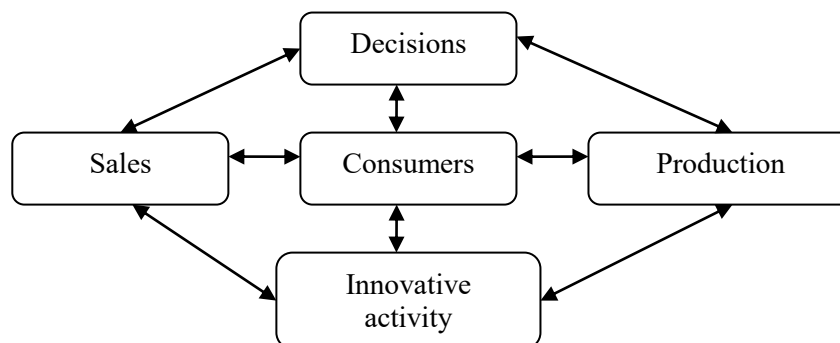


Figure 1. Customer-oriented operating cycle.

All decisions taken should be based on an understanding of what is required by the consumer and in what ways this can be achieved. So, the “Sales” block is the closest to the client and can cooperate to receiving feedback from consumers, which can be used for further analysis and decision making. The decisions made, in turn, influence both the further production and the innovation policy pursued by the company, as well as the further sales of a given product.

Based on this figure, it is also obvious that the level of production influences the innovation activity of economic entities, by determining the needs of the production process for a particular improvement, the level of sales, which allows to evaluate the ability of an enterprise to introduce new techniques and technologies, as well as consumers by identifying the need for a new or improved product.

It is also known that managers of economic entities can be focused on:

- long-term development - the ongoing policy at the enterprise is aimed at developing mutually beneficial cooperation with other business entities, with innovative activities focused on internal improvements to ensure flexible adaptation to market conditions;

- short-term development - aimed at the rapid accomplishment of business tasks with great concern for maximizing competitiveness. Innovation activity is characterized by clearly focused rational goals that should be focused on external ones;
- phased development - focus on tight control of internal processes. Innovation activity is aimed at improving standards, structures within the enterprise;
- breakthrough - the most creative approach is practiced, new products and markets are created, irrespective of the risk involved [6].

In addition to the general philosophy of promoting innovation, there is also a private one, which is applied on the basis of selected principles, as well as calculated performance indicators. To do this, the enterprise needs to create an innovative program that will be applied on the basis of the business goals (figure 2).

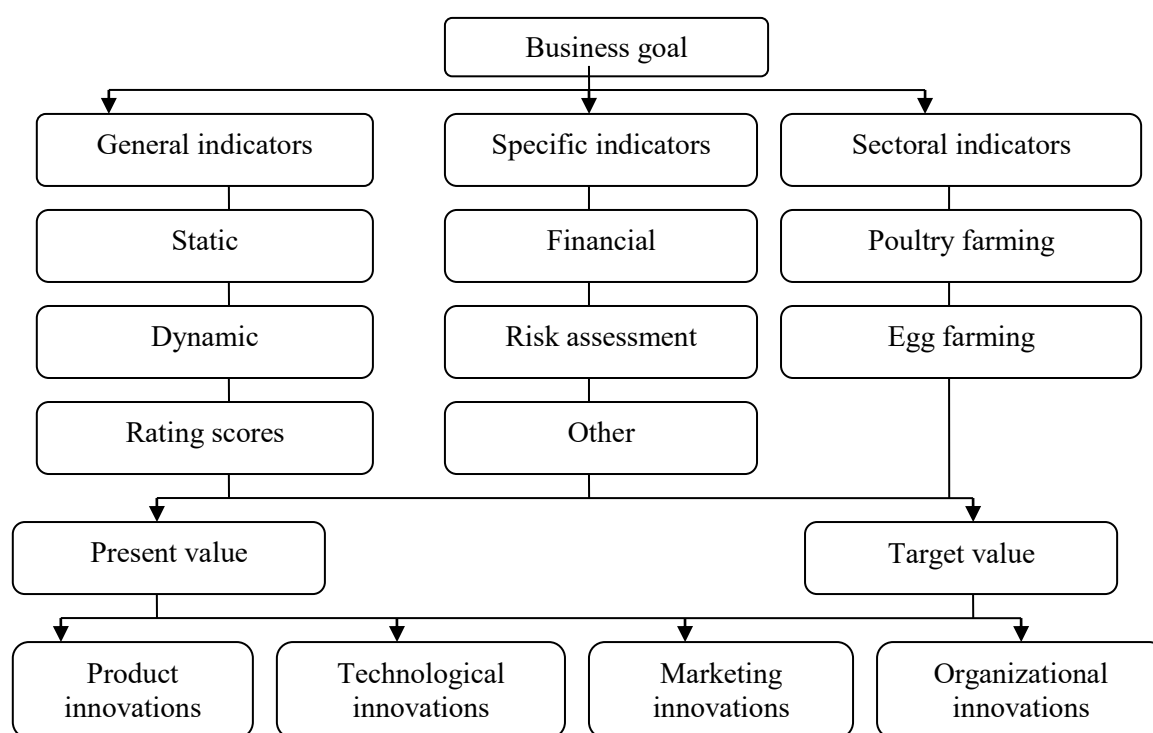


Figure 2. The generating scheme of an innovative program for the entity.

These indicators were subdivided into several groups — general (static and dynamic indicators, rating scores), private (financial indicators, risk assessment indicators and other indicators) and sectoral indicators (used to assess performance separately in meat and egg poultry production). After the calculation of these indicators, it is required to determine how much the present value of these indicators differs from the target. Based on this, it is necessary to decide what type of innovation is needed to achieve the target value of the indicators. If the achievement of goals requires the introduction of several types of innovations, then to what proportions innovative projects will receive funding. Only after carrying out this analysis, the business entities management can assess their ability to conduct innovation policy, to what extent the implementation of a project is necessary, and what effect the introduction of these technologies may have.

3. Conclusion

Today there are a lot of problems that prevent the promotion of innovative products, for instance marketing policy mistakes at the enterprise, low quality [7], wrong time of market entry, a large number of unmeasured costs and others.

As a result of the study, it was found that the philosophy of promoting innovation will help, if not completely eliminate these problems, then at least change the position of enterprises in relation to the innovative policy. The philosophy of innovation is, in fact, the vision of the management of economic entities regarding what goals need to be achieved, what innovations will help these goals to be achieved, what principles will help in the implementation of innovative activities and what effect will be reached.

It was identified that the promotion philosophy can be general, describing the basic principles of enterprise activity, and specific, allowing to take a certain position regarding an innovation project. Only the synthesis of general and specific philosophy will contribute to the achievement of more effective introduction of innovations in production processes, in the poultry industry - in the processes of poultry growing, keeping and feeding, and therefore - the development of enterprises and strengthening their position in the market.

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