



Value Creation:  
The Competitive Edge

## The Innovation Audit

Any organization that seeks to be innovative must think where to start:  
How to tackle the most crucial challenges to execute the strategy effectively.

Or how to **bridge the strategic structural holes** that prevent innovation across the organization.

The secret is to influence the most fundamental barriers to be innovative.  
The tool is **The Innovative Audit** that will shed light on the most effective actions to be taken.

The way we recommend is to ask three questions in sequence:  
WHY, HOW, and WHAT.

### WHY

What are the reasons to be an innovative firm?

Two possible answers:

1. To gain a **competitive advantage** among your peers.
2. To cope with the **ongoing uncertainty** of our time (pandemic, environmental disasters, and others).

### Competitive advantage

#### 1. The current situation - Operational Strategies



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- a. The environment
  - i. Geopolitics factors
  - ii. Socioeconomic factors
  - iii. Regulation policy aspects
  - iv. The current eco-system
    - Markets
    - sales strategy
    - Distribution channels
- b. The current Business models
  - i. Economics
    1. Profitability structure
    2. Cash flow structure
  - ii. Operation
    - Logistics – the chain of supply and demand
    - Inventory policy
    - Manufacturing – the policy of make or buy
- c. Decision-making processes across the relevant sectors within the organization
- d. Summary:
  - i. The innovation gaps

## 2. The future situation – Growth Strategies

- a. Environment



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- i. Geopolitics factors
  - ii. Socioeconomic factors
  - iii. Regulation policy aspects
  - iv. The desired eco-system
  - v. New markets
- b. The desired business models
    - i. Business development
    - ii. New technologies
    - iii. New engineering
  - c. Decision-making processes across the relevant sectors within the organization
  - d. Summary:
    - i. The innovation gaps

### **To cope with the ongoing uncertainty of our time**

(Pandemic, environmental disasters, and others)

1. Human capital aspects
2. Social capital aspects



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### HOW

- ✓ Based on the above, what are the most critical bottlenecks to make the right decision on time?
- ✓ What are the ways to free these bottlenecks?

### WHAT

Roadmap:

Refurbish the decision-making processes to be aligned with the innovative spirit.