

Operational Innovation: Efforts to Achieve Company Competitive Advantage

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Article Info	ABSTRACT
Corresponding Author: Imam Wibowo E-mail: wibowoimam253@gmail.com	<p>The speed of technological development and dynamic market changes have encouraged companies to continue to innovate to maintain their competitiveness. This research aims to examine the role of operational innovation to achieve a company's competitive advantage in the operational management concept. This research uses a qualitative approach with descriptive methods. The research results show that the implementation of operational innovation by focusing on the introduction of new ideas, integration of solutions with existing processes, and gradual change management has a positive impact on organizational performance. Involving team members in identifying obstacles and finding solutions as well as tracking progress by setting performance benchmarks and KPIs has proven to be effective. By adopting this strategy, organizations can improve operational efficiency, respond quickly to market changes, and create a strong foundation for sustainable growth, making a positive contribution to competitiveness and long-term sustainability.</p> <p>Keywords: Operational Innovation, Competitive Advantage, Change Management, Operational Efficiency</p>

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INTRODUCTION

In this era that continues to develop and is full of challenges, companies strive continuously to find new ways to expand customer reach, increase revenue margins, and perfect their business processes (Fatihudin & Firmansyah, 2019). One of the main strategies that many companies implement is the application of innovative technology. By utilizing the latest technology such as artificial intelligence, data analytics, and cloud-based solutions, companies can increase operational efficiency, speed up response time to market changes, and provide a better customer experience (Athoillah & Putri, 2023). The application of technology also opens up new opportunities to reach wider market segments, both through increased online visibility and through the launch of new products or services that meet growing market demands (Zebua et al., 2023).

Apart from technology, collaboration and strategic partnerships are also key in exploring new ways for business growth (Tunjungsari & Ginting, 2020). Involving external partners, either in the form of alliances with similar companies or through partnerships with innovative startups, can help companies gain access to additional resources, expertise, and markets that they may not have previously reached (Fradinata, 2022). This strategy not only helps companies increase competitiveness, but also opens the door to joint innovation and a deep understanding of customer needs (Pasaribu & Widjaja, 2022).

A deep understanding of market trends and customer needs is the key to success in developing growth strategies (Rahmasari, 2023). Companies that can quickly identify changing trends and adapt their strategies to meet customer needs will have a competitive advantage. Therefore, mastering data analysis and market research is a crucial element in designing new initiatives that can provide added value and strengthen the company's position in a dynamic market (Wono et al, 2023). By combining technology, strategic partnerships, and deep market

understanding, companies can achieve their goals of reaching more customers, increasing revenue margins, and perfecting their business processes (Purnawiranti & Retnani, 2015).

Operational innovation has become a very popular approach among companies seeking to achieve maximum efficiency and improve organizational performance (Lestari, 2019). This approach involves a thorough assessment of the entire business process, from upstream to downstream, with the goal of finding new ways to improve it. Operational innovation is not limited to one particular department or functionality; instead, this approach involves creative and holistic thinking to rebuild processes and systems at every level of the organization (Hammer, 2004).

Company leaders can implement operational innovation to achieve various strategic goals (Oke & Karch, 2012). For example, they can use this approach to launch new product lines that are more efficiently produced, improve customer service with more responsive processes, or even increase marketing efforts by designing more targeted campaigns (Klingenberg et al., 2013). Operational innovation often implies drastic changes or the introduction of new processes that can have a positive impact quickly, rather than making slower, incremental changes (Lee, 2015).

The importance of operational innovation lies in its ability to stimulate significant change, solve fundamental problems, and create added value for the company (Lee & Chan, 2003). With a focus on revolutionizing business processes, operational innovation provides the foundation for sustainable growth and competitive advantage in ever-changing markets. As a dynamic and proactive approach, operational innovation is one of the main keys to responding to business challenges and facing rapid changes in the business environment (Dervitsiotis, 2014).

This research aims to investigate the role of operational innovation as an effort to achieve company competitive advantage. By focusing on evaluating and improving business processes, this research aims to identify innovative strategies that can increase efficiency, responsiveness to the market and service quality. The benefits of this research are expected to provide practical guidance for companies in designing and implementing appropriate operational innovations, thereby increasing competitiveness, providing added value for customers, and strengthening the company's position in a competitive market.

METHOD

In this research, the author adopts a qualitative descriptive method to describe, analyze and provide meaning to the phenomenon being investigated. A qualitative approach is used in real life contexts with the aim of in-depth investigation and understanding of phenomena that occur. The main aim of this research is to present a systematic, accurate and factual description of the facts, characteristics and relationships between phenomena that are the focus of the research (Moleong, 2014). Data collection was carried out through library research, using various literary sources such as books, magazines, journals and previous research reports. By utilizing literature, authors attempt to obtain information that is relevant to their research while avoiding duplication of results. In Yulianah's (2022) perspective, library research is considered to provide benefits for researchers in exploring all information and thoughts that are relevant to the scope of the research they are conducting.

RESULTS AND DISCUSSION

Operations managers and business leaders choose to implement operational innovation because of the understanding that this approach not only creates operational efficiencies, but also builds the foundation of a more engaged and responsive company culture. By embedding operational innovation into organizational DNA, companies create an environment where employees feel encouraged to contribute new ideas and look for ways to improve business processes (Saputra et al, 2023). This fosters a spirit of collaboration between teams at all levels, opens up space for the discovery of creative solutions, and empowers employees to participate actively in improving company performance. In addition, operational innovation provides significant financial benefits (Al-Hamad & Vettical, 2009). By introducing new products or

services, companies can expand their customer base, increase revenue, and diversify their business portfolio. In an era of intense competition, operational innovation is also the key to maintaining or creating competitive advantage, ensuring that companies can adapt quickly to market changes and win customer trust through better service and more effective solutions (Ju et al., 2016).

Apart from financial benefits, the positive impact of operational innovation can be felt in increasing operational efficiency, company flexibility, and the ability to take advantage of new opportunities. By embracing a culture of innovation, companies not only increase productivity and service quality, but also encourage the development of products or services that are more relevant to market needs. Operational innovation opens the door to new discoveries and differentiation in challenging markets, creating a solid foundation for sustainable growth (Achmad, 2023). Therefore, operational managers and business leaders who prioritize operational innovation see it not just as a business strategy, but as a critical step to building the company's sustainability, competitiveness and long-term success.

The way operational managers and business leaders integrate operational innovation into their organizations varies depending on the industry they work in, the size of their company, and their strategic goals. However, there are several ways leaders typically introduce and use operational innovation that may be useful to understand. Here are some steps you can take to use operational innovation:

Push big ideas

It is important to remember that every successful innovation essentially starts with a strong idea. Therefore, as a leader or team member in an organization, it is important to place ideas as a top priority. Identifying room for improvement in the company's current processes is a critical first step. For example, there may be a product line that has potential for performance improvements or is looking to increase the return on investment (ROI) from a social media advertising campaign. Focus on identifying these areas as a precursor to operational innovation efforts.

The next step is to get feedback from members. Studying ongoing processes within an organization and gathering perspectives from various team members can provide valuable insights. An actively involved team can provide in-depth understanding of efficiencies and bottlenecks that may occur in daily operations. Thus, team collaboration is key in detailing and understanding certain aspects that can be optimized or changed significantly.

Next, encourage the team to contribute with their own ideas. It's not just about improving existing processes, but also about empowering team members to completely redesign those processes. The higher the quality of the ideas received, the greater the potential for operational innovation success. It is important to create an environment where creativity and innovation are encouraged, so that each team member feels valued and recognized for their contributions.

Next, adopting feedback and ideas from the team becomes a key step in planning change. Deep analysis and strategic planning are required to integrate these ideas into daily operations. Moreover, continuously engage with the team throughout the change process to ensure successful implementation of operational innovations.

Lastly, stay open to the evolution and development of ideas. Operational innovation is not an endpoint, but rather an ongoing journey. Continuously look for opportunities to improve processes, explore new ideas, and adapt innovation strategies according to market needs and dynamics. By making ideas a priority and actively engaging teams, organizations can create a culture of sustainable innovation, ensure competitive advantage, and achieve long-term success.

Get inspired by innovators outside the industry

Taking inspiration from innovators outside the industry is a strategic move that can open the door to fresh and revolutionary ideas. Looking at the successes and best practices of organizations operating in different sectors can provide new insights into how to approach business challenges. Innovators outside the industry often apply creative, out-of-the-box approaches to managing their operations, which can provide inspiration for companies to create positive change. For example, manufacturing companies can learn from technology companies

about how to adopt process automation or implement smart technologies to increase production efficiency.

Contacting leaders in the network who work in different industries is also a valuable resource. Collaboration with leaders across industries can open the door to the exchange of ideas and best practices that can be implemented in one's own organization. The exchange of information with those who are not direct competitors can create an environment where innovation and collaboration can thrive. Leaders from different industries may have unique perspectives that can inspire new ideas for running a business or optimizing operational processes.

By expanding the scope of research and observations beyond their own industry, companies can tap into a wealth of diverse knowledge and experience. It can help companies to be better prepared for market changes, design more effective operational strategies, and even create innovative solutions that pave the way for competitive advantage. Through this approach, organizations can build a solid innovation foundation and remain relevant in the face of an ever-changing business environment.

Identify and overcome existing obstacles

A focus on sharing solutions, rather than making assumptions, has a positive impact on creating a work environment that is progressive and full of critical thinkers. By promoting a culture of sharing solutions, every team member feels encouraged to express their ideas openly, creating strong collaboration in facing challenges. These critical thinkers bring positive energy and a passion for innovation, as they actively seek opportunities to solve problems and improve organizational performance. Through this approach, erroneous assumptions can be minimized, and teams can build more effective and innovative solutions together.

The importance of identifying existing barriers or thought processes cannot be overstated. Before you can implement innovative change, it is important to understand the elements that may be holding your organization back. This can include barriers such as a lack of up-to-date research on market trends or more complex challenges such as the need to acquire additional resources to support the sales team. By identifying these barriers, organizations can design specific strategies and appropriate solutions. Furthermore, a deep understanding of these barriers can also help teams to come together to find creative and effective solutions, thereby increasing the likelihood of success in implementing truly innovative change.

After identifying potential barriers to implementing innovative change, the next step is to look for opportunities to overcome them. Collaboration with team members is key in generating creative ideas to overcome these obstacles. Start by hosting a brainstorming session or discussion forum where each team member can share their views and ideas. Including everyone in the process not only provides diverse perspectives, but also creates a sense of shared ownership of the proposed solution. This collaboration creates positive energy in the team, strengthens a sense of shared responsibility, and encourages the formation of a work culture that is open to innovation.

Once the ideas are gathered, the next process is to select the solution that has the best chance of success. Teams can use certain criteria to evaluate and compare these ideas, such as potential positive impact, implementability, and consistency with company goals. Bringing team members together in the evaluation and solution selection stages provides a greater sense of ownership of the end result. It can also change the team's mindset, demonstrating that developing ideas that are different from the status quo is an advantage and that each contribution has the potential to overcome existing obstacles. In this way, this process not only creates stronger solutions, but also creates a work culture that supports innovation and positive change.

Reimagine the existing process

While operational innovation often brings the concept of introducing new systems and workflows, it is important to pay attention to the integration of ideas with processes that have been proven effective within the organization. Looking at areas that are already performing well but can still be improved with minor adjustments can be an effective strategy. Identify processes

that have produced positive results, but may still have room for increased efficiency or creativity. Thus, the changes implemented will not only improve performance, but can also have a greater impact on all organizational operations.

After identifying areas that have potential for improvement, the next step is to integrate new ideas cohesively with existing systems. This approach helps in establishing continuity between innovation and proven practices. By implementing new ideas without breaking or replacing processes that have been proven effective, team members will more easily adapt to change. In addition, this step also makes it easier to measure the impact of changes on overall organizational performance. By paying attention to and respecting existing systems, operational innovation can be an evolutionary step that maximizes the potential for change without creating excessive resistance within the team. As a result, integrating ideas with processes that have proven effective can be the key to long-term operational innovation success.

A concrete example in the context of operational innovation is the implementation of a new software program within a team. As an alternative to replacing an existing program, a wiser move is to introduce a new program alongside the program currently used by the team. With this approach, teams have the opportunity to gradually understand and learn new features of the software without disrupting their productivity. Additionally, introducing a new program at the same time as an existing program allows teams to integrate the change into the workflow they are accustomed to, reducing the potential friction and inconvenience that may arise from a major change.

By adopting this method, teams can take more efficient and more focused steps in mastering and implementing new software programs in their daily work routine. This gradual change also allows the team to provide direct input and feedback, so changes can be tailored to their needs and preferences. Simultaneous integration of new software with existing ones creates smoother transitions and aligns teams' understanding of how the software can improve their work processes. Thus, this approach not only facilitates better adoption of innovations, but also minimizes the negative impact on team productivity and effectiveness.

Track progress achieved

Tracking progress is a crucial step in ensuring the effectiveness of changes implemented in an organization. To achieve this, it is important to establish benchmarks and key performance indicators (KPIs) associated with each integrated change. For example, if the change involves the implementation of a new software program, KPIs could include the time required to train the team, the software adoption rate, or expected efficiency improvements. By setting clear KPIs, organizations can measure the impact of change in a more measurable and objective way.

Next, it's important to regularly review these metrics and KPIs, whether on a monthly, quarterly, or annual basis. This review helps understand the extent to which the changes are having a positive impact or whether any adjustments are needed to improve effectiveness. Periodic measurement also allows organizations to identify trends and patterns in progress, as well as understand how long it will take to see real results from certain changes. With consistent monitoring, organizations can quickly respond to problems or opportunities that arise during change implementation, ensuring that the steps taken are in line with company goals and provide the desired added value. Thus, regularly tracking progress is a critical component of successful change management.

For example, in the context of a new marketing strategy, as technology advances and access to real-time data, we may be able to evaluate its effectiveness within a few weeks. However, when it comes to launching a new product line, the time required to assess the success of the business can take several months. Careful evaluation allows us to see how the market and consumers respond to the new product, whether it achieves the expected sales targets, and whether it has a positive impact on the brand image. Therefore, understanding that each change or innovation has a different timeframe for generating value is critical.

Next, after gathering insights from the evaluation, it is important to share that information with the rest of the team. Open and ongoing communication with the team enables effective collaboration in understanding the impact of changes and finding ways to continuously optimize

processes and performance. Based on the evaluation results, the team can jointly evaluate whether the strategy needs to be adjusted, whether there are opportunities for further development, or whether corrective action is needed. Thus, sharing insights and continuously optimizing based on the information obtained is an important step in ensuring that each implemented change brings sustainable added value to the organization.

CONCLUSION

Operational innovation management is an essential approach in maintaining the resilience and competitiveness of an organization amidst an ever-changing business environment. A focus on introducing new ideas, integrating solutions with existing processes, and incremental changes helps create a positive and adaptive work environment. Responding to change by identifying and overcoming obstacles, and involving teams in the search for solutions, allows organizations to respond quickly to market dynamics. Steps such as setting performance benchmarks and key performance indicators (KPIs), as well as regularly tracking progress, help organizations measure the impact of each adopted change. Thus, the entire operational innovation process requires a combination of identifying innovative opportunities, minimizing obstacles, and managing change effectively. Implementing this strategy not only improves operational efficiency, but also builds the foundation for sustainable growth and competitive advantage in the long term. In this way, operational innovation management is the key to achieving organizational success and sustainability in a dynamic business era.

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