

## **SOME REMARKS ON THE ROLE OF TF IN CORPORATE PLANNING <sup>1</sup>**

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- \* Differences in experience and feeling about the usefulness of TF in industrial operations may be related to the different strategies of innovation, which are explicitly or implicitly adopted in different companies.
- \* Taking into consideration the several stages of the innovation processes, one can, oversimplifying, say that there are three main types of strategy of innovation;
  - application to the company products and fabrication processes of innovation which has already reached the stage of large industrial adoption or proliferation in other companies,
  - transformation of innovations which have been demonstrated on laboratory or full scale outside the company,
  - generation of innovation inside the company.
- \* Within a company the three types of innovation strategy might be coexistent in relationship to different product lines. The dynamics of company development will tend to shift the strategy of innovation from the application type to the transformation and generation type, along with company growth and the acquisition of substantial market shares in their lines of products. This evolution has been noticed at a national industrial level in Japan.
- \* The company planning process and consequently the role of TF, will be different according to the innovation strategy. To put the discussion into proper perspective, let us say, that a given time will show activities generating resources, and activities allocating such resources. The planning process is the main decision tool in allocating of resources.
- \* In the case of a company with an innovation strategy of the “application” type, the plan will be mainly operational and tactical. In fact in this case the available resources will be invested, as far as the production operation is concerned, in items of known technology and innovation as required will be bought from outside. A "strategic plan" might in some cases be performed along with the operational plan. In this case, though, the strategic plan will serve mainly as "a design making aid" to the operational plan, the latter being the only one to deal with resource allocation.

TF will be of use in this case mainly to perform studies to investigate possible future dangers to the company operation resulting from new technologies. This type of exercise will be mainly of academic interest, since the company will have no other choice but to buy available technology.

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<sup>1</sup> Report of Chairman of working group “TF and Corporate planning” at the EIRMA Conference “**Technological Forecasting and long range planning**, Stuttgart 23-27 May 1972

- \* In the case of a company with an innovation strategy of the "transformation" type, strategic planning performs the much more important role of determining the allocation of a part of the available resources. It might happen that even in this case there is no formalised distinction between operational and strategic planning. It seems in any case advisable to distinguish between the resources allocated for operational purposes and the resources allocated to "prove" that the required innovations can be transformed from the laboratory stage to industrial use. In this case the allocation of resources for R & D is a typical outcome of strategic planning. The role of TF in this case is more immediate and less academic, since decisions can be made and should be made on alternative lines of actions involving the development of technology.
- \* In the case of a company with the capability to sustain a substantial internal generation of innovation, the role of strategic planning and specifically R & D planning, is becoming increasingly important. In the former case of a company having to "transform" innovation, the ideas are already there, already proven on a certain scale, and the role of planning is mainly to select amongst them. In the case of generating new innovative ideas, the role of planning is not only to select, but also to promote, and here TF plays a very important role.
- \* In planning one should be concerned both to have more project proposals than can be tackled with available resources and also to ensure that these proposals encompass all areas of interest for the long-term growth of the company.