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APPLICATION OF INNOVATIVE THEORIES
IN TIMELYRAIN PRINTING CORPORATION

Degree Programme in Innovative Business Services

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Abstract

The purpose of this thesis is to unravel the types of innovation. Then these innovative ideas will be applied on marketing and management of TimelyRain Printing Company, a packaging company in Northern China.

In a business context, campaign of innovation can rapidly reflects customer demands and changes in the local market. We have seen innovative ideas overmuch, and if you search "innovative" on the internet, over 436,000,000 results are to be found. The importance of innovation is acknowledged in United States and European countries. It leads to an increase in companies' revenue growth however the value of design in innovation is underestimated internationally, especially in a developing country like China.

Development of the company is undergoing a shift towards innovative business. Following a review of the current understanding of the experience of innovation, the study identifies the key elements of business innovation, including customer value proposition and key resources. (Hill 2008, P9) These elements were not overturned in the thesis, I reviewed the source of those elements and their suitability in Chinese market. It is concluded that the innovation of success stories cannot be copied, instead, the enterprises should have in-depth understanding of the sources of the idea and make changes according to the market environment.

ABBREVIATIONS

TRPC

TIMELYRAIN Printing Corporation

SCM

Supply Chain Management

SCOR

Supply-Chain Operations Reference-model

SME

Small and medium size company

民以食为天

“Food is the basic need of man”, or the prime want

PVDC

Packaged in Vinylidene Chloride Copolymers

SBS

Solid Bleached Sulfate, the highest quality and most expensive paper board substrate, manufactured with pure wood pulp and without fluorescent whitening agent.

SGS

SGS is a private, independent laboratory, which regularly tests compounds/chemicals, food, etc... They make recommendation on whether a certain chemical is safe or may bring about hazard to consumers.

FDA

Firms exporting products from the United States are often asked by foreign customers or foreign governments to supply a "certificate" for products regulated by the Food and Drug Administration (FDA). A certificate is a document prepared by FDA containing information about a product's regulatory or marketing status.

ISEGA

ISEGA is an independent testing institute with the capability for analytical and consulting work in pulp, paper and board, plastics, packaging and consumer goods, colors, lacquers, additives and other chemicals.

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1 INTRODUCTION

The intention of writing this article was from an internship chance in TIMELYRAIN Printing Corporation (TRPC). The goal of the internship was to help the company to develop the innovation capability inside the company.

My main job in this internship was taking turns to each position. During the six months internship, the company standard operations procedure and work instructions had been acquainted. At the same time, I found that some rules and regulations of the company were complicated. In addition, displeasure and slack in work were found through the researches with officers and employees. In addition to internal contradiction, the demand of TRPC's clients, high quality products and stable time of delivery, cannot be matched because of TRPC's stiff supply chain.

With the complicated market environment and imperfect management system. It is difficult to innovate in China's companies. China's enterprises have enjoyed their roles as pure manufacturers. Innovation to the China's manufacturers is merely a luxury. They can invest in in the future but not as essential to their business as is technology or energy right now. (The economist 2012) Innovation is interpreted as adopting experience of innovation (Website of the wikipedia 2011), without considering the background. If the company has fallen into an obsolete development pattern, after that, when the organization of the company is in a steady state, to alter the strategy becomes impossible as everyone who works for the company has his own style to work and that way are always unalterable. Unthinking innovation ideas would make it

difficult to run a company. (Westphal*, Nov 2011)So what we need to prove is whether or not the experience of innovation is applicable in China.

2 SEARCH APPROACH FOR THIS STUDY

The suitable research paradigm for the study, in a certain extent, depends on the nature of the problem and on the context where the study is conducted. The main purpose of this study is to find the solution for the problem stated: "How to apply the innovation ideas inside the case company?"

Even though the positivistic paradigm is more popular in the process of researching the development of the company (Morgan 2007, 55), the selected scientific paradigm for this study is Anti-positivism. It means I used qualitative research as my main research method rather than quantitative research. The details of this research method can be found in appendix 1.

This thesis is carried out in an intricate business network, consisting of unique business background, independent departments cooperating together and customer services. The company is trying to make improvements by adopting innovation ideas in their supply chain. I concentrated on the tasks of management and customer.

The reasons of choosing Anti-positivism as my research approach are that anti-positivism emphasizes that social reality is viewed and interpreted by the individual himself according to the ideological positions he possesses. Therefore,

knowledge is acquired from one's experience rather than imposing from outside (Dash, 2005).

3 PURPOSE OF THE STUDY AND CONCEPTUAL FRAMEWORK

3.1 Objectives of the study

The main objective of the thesis is to unravel the types of innovation, then to adapt these innovative ideas in a packaging company in Northern China. In this thesis, theoretical support and practical case have been used for analyzing if the innovation theories which now widely exists in the USA and Europe can be used in Chinese traditional industry or not. The results of the analysis can lead to very practical recommendations for the case company or for the entire Chinese packaging industry.

Another objective of the thesis is to distinguish the types of innovation, the fields of application and the manifestations in various industries. Therefore, I listed these key questions to help me achieve the objectives of the thesis:

Theoretical part

1. What is innovation?
2. How does the application of innovation reflect in business?

Empirical part

1. How the China's enterprises utilizing existing innovative ideas which were from Europe and the United States? Any successful cases?
2. How should we carry out innovation in marketing process of TRPC?
3. How to realize continuous innovation in TRPC's management?

3.2 Theoretical support

The theoretical support for the thesis is divided into two parts, how to actualize continuous innovation in the company's management; and how to innovate in marketing process.

3.2.1 Continuous innovation

Participatory innovation is the crucial element of the innovation framework. Participatory innovation means that employees must be given new roles as partners in innovation. Employees outside the development departments are a vastly unused resource for innovation. (Harmaakorpi 2009, 31) Usually, employees do only what they have been told to do, leaving their creativity outside the company when they come to work. But each employee should have obligation that how the goods and services can be improved.

The second key factor to achieve continuous innovation is improving the employees' working environment, includes the employee morale and the external environment (Deming 1986, 49–52).

3.2.2 Innovation in business

Innovation is derived from identifying a customer or market need. To achieve innovative, company should have an acute sense for innovation which refers to being aware of what is happening around the company, recognizing trends and being able to quick respond to the market demands (Förster& Kreuz 2007, 61). According to another saying, the dominant values of innovation process are defined as changes in customer demands, boundaries and the ability to react (Denervaud &Chatin 2011, 56).

At the same time, external indicators are also essential to the business innovation, being interpreted as more information can be gained about the innovation process when respondents answering about where their innovations emerge from. There is a strong evidence for the pull effect of the market in the innovation process of the companies. Moreover, "customer secrets" and "customer feedbacks" were put forward (Hine& Carson 2007, 189). It means the company should respond quickly to the market demand and clarify the customer needs.

4 INNOVATION

The word innovation is defined as "the development of new customers value through solutions that meet new needs". (Website of Wikipedia 2012) More effective products, processes, services, technologies or ideas are the examples of innovation.

4.1 Definitions of innovation

In some areas, an innovation can be defined as something new and has been adopted. This clue leads to the confusion of innovation with invention. An invention is a unique or totally new device, method, or process. Some American economists and political scientists, affirmed that innovation played a more important role in economics than did invention (Vernon W,1959).There was evidence also pointed that invention is about thoughts on the draft, while innovation is ideas applied in practice.

The theory for adoption of an innovation, called diffusion of innovations, considers the likelihood that an innovation is adopted. Diffusion of an innovation happens through a five-step process which are knowledge, persuasion, decision, implementation and confirmation (Rogers 1962 , 79).

In the social sciences, innovation is an important topic in the study of economics, environment, entrepreneurship, design, technology, sociology and engineering. In society, innovation make our daily lives more comfortable and convenient (Rawsthorn, 2011). In the organizational context, innovation could link to positive changes in efficiency, productivity, quality, competitiveness, market share. Innovation in organizational context had been summarized as "Innovation is the simple combination of existing techniques carried out in order to improve processes of products that could achieve some advantage for the organization" (Escalfoni & Borges, 2008).

4.2 The application of innovation in business area

The word innovation is defined as" the process by which an idea or invention is converted into a good or service for which people will pay , or something that results from this process"(Website of business dictionary 2012).

Unlike in the other areas, there are many differences between innovation and invention in the business world. (Website of the tutor2u 2012)

- Invention is the expression of new ideas for products or processes
- Innovation is all about the practical application of new inventions into marketable products or services

What we are interested in is how to help company achieve its objectives, such as growth, profitability, increased market share or stability instead of inventing the ideas with no practical use.

Joseph Alois Schumpeter, was an Austrian American economist, one of the most influential economists of the 20th century, said that industries must keep revolutionizing the economic structure from Intra-industry, that is innovation with better or more effective processes and products. He argued that innovation power could lead better results than the invisible hand and price competition (McCraw 2009). These conclusions can fully prove that how is innovation important in business.

5 THE CURRENT SITUATION OF INNOVATION IN CHINA

5.1 Innovation in China

The innovation has existed in China for a long time. Chinese enterprises only copy the educational system but not blazing new trails and a business ethos that focuses more on minor incremental change over big breakthroughs. (Dodson 2011)

A phenomenon of plagiarism is remarkably shown in manufacturers operating near China's coast, no matter domestic or foreign, whom are adept at “process innovation”—improving the way they make things, which means they did not own original innovation ideas. (The Economist, 2012) In China's internet industry, Tencent (a social-networking service) and Alibaba (an e-commerce company) have had a genius for copying Western business models and adapting them to the Chinese market.

However, the copied service cannot be the same as original innovation plan. Changes, usually with innovation accompanied by, should be made on the original ones. For now, most innovations are minor and localization. What we need to doubt is that whether the current existing experience of innovation in western countries can be applied on Chinese traditional industries. Therefore I found an example to testify this point.

5.2 Testification of the innovative ideas in China

In order to testify whether the current existing experience of innovation in United States and European countries can be applied on Chinese traditional industries, I collected a number of news and reports to be capable of finding an example which was Haidilao. (Website of the startingupinchina 2012)

Haidilao is a very popular hotpot restaurant in China. Unique inner fitting up style and considerate service leaves customers with extremely deep impression. Haidilao started in 1994 with 40,000 RMB. And now, it has 56 stores within the country and more than 10,000 staff, Even though they are keeping prices up and an undistinguished taste, there are still numerous eaters waiting for a spot during lunch and supper every day.

What makes Haidilao different is the exceptional service that goes beyond expectation. In China, there is an old saying:“民以食为天” which means food is the basic need of man, or the prime want.” Those captious eaters lead to all kinds of restaurants to emerge in an endless stream. Some restaurants have always been dedicated to weeding stale dishes and bring forth new ones. It looks Haidilao’s innovation direction is wrong. Because Haidilao did not only focus on flavor but service.

However, China’s food and catering market is relatively open and competitive, but it is so large that most restaurants in China, unlike those in Europe and America, can make a profit without paying much attention to their customers’ requirements, and goes out of its way to meet them. Chinese restaurants must try to meet the needs of customers to get the chance of survival. (Wang 2008, 13-14)Unfortunately, most of them failed to catch the point. And the success of Haidilao let a Harvard business case is based upon their story (Harvard business reward 2011). Nevertheless, we have to

check whether they have the items that could fit theoretical support one by one.

5.3 Continuous innovation in Haidilao

In the 10-year rising, Haidilao never outsources any senior position or innovation projects to the third-party (MBA Case Teaching Method 2012). What they have done is to create active working environment for employees and encourage them to innovate based on their own experience. Because no matter how excellent the professional team is, it's the employees who better know the work itself, which prevents the situation of "laymen leading professionals", thus reduces a lot of expenditure, avoids striking their enthusiasm, and makes the innovation itself more workable in practice. Haidilao believes that it is better for the enterprise to develop employees' self-awareness of innovation than to ask the professional team to complete the transformation and upgrading.

Along with the company's growth, continuous innovation was realized through improving employee satisfaction. In many cases, a lot of internal conflicts are invisible. Facing them, Haidilao has done extremely well. Anyone working in Haidilao, including intern has the right to convey the suggestions and ideas to the senior managers personally, while the managers in Haidilao have the right to make a decision without reporting from level to level, largely improving employees' satisfaction. With the improvement of employees' satisfaction, their enthusiasm for work and the customers' satisfaction will naturally be improved. This circuitous tactic seems to be wasteful in time, but in fact, solves the fundamental problem.

5.4 Innovation in Haidilao

Quick responses to the market demand and clarify the customer needs are the key elements of the innovation process. (Förster& Kreuz 2007, 61) Haidilao fulfilled those factors perfectly.

The success of Haidilao results from that Haidilao can responds quickly to the market demand; Chinese traditional catering industry attaches importance to the flavor and place rather than the service (Wang 2009). The service under criticism doesn't reduce the enthusiasm of consumers, but on the contrary, surprisingly changes their consumption psychology which causes that customers are inclined to make Chinese traditional catering industry synonymous with the term of the bad environment and service. After the emergence of Haidilao, it soon fills the vacancies in the catering industry and pushes the middle-end consumption goods, hot pot, toward the high-end market. People don't take "flavor" as the only standard for the choice of restaurants any more, but hope the place is excellent in "flavor" as well as the service; Haidilao's excellent market position wins the early opportunity.

Customers are always very important for the companies in service industry. But it has not been recognized by Chinese service providers. (Liping, Evenett 2010) Only by providing the right things at the right time will satisfy the customers; if you don't know your customers well, then go to investigate. Investigating that who is your customer, who cannot be your customer, and who is the customers not belonging to you.

It's hard to find a restaurant in China carrying a good reputation for outstanding service and traditional culture except Haidilao. As there are a lot of people waiting for a long time to get a seat, Haidilao owns a large waiting room in each restaurant where customers are provided with free fruit, drinks, ice cream, board games, and television. There are plenty of stories about just how great the customer service is at Haidilao.

One story that spread in 2010 was about someone who had dinner at Haidilao but did not have time to finish the fruit dessert. So the customer asked the waitress if he could take the slices of watermelon home. The waitress said the policy at Haidilao didn't allow her to package cut-up fruit to take home. When the customer was leaving the restaurant, the waitress appeared with a whole watermelon and gave it to him to take home. (Kaputa, 2012) Haidilao has set up a rewards system of bonuses for employees who come up with good ideas on how to improve service.

Haidilao was an extremely good example to prove that the innovative ideas from abroad could be altered and applied in traditional Chinese enterprises. (Xiao 2011) Therefore, we could cautiously apply the innovation theories which have adduced by Harmaakorpi, Deming, Förster and Kreuz to the case company, TimelyRain Printing Corporation (TRPC).

6 TIMELYRAIN PRINTING CORPORATION (TRPC)

6.1 Introduction of TRPC

Located in Zhong Bei Industrial Park in Xi Qing District, Tianjin, Tianjin Timely Rain Printing Co. Ltd. specializes in manufacturing various color printing packaging. They owned the advanced color printing equipment in domestic for currently and the professional team and streamlined color printing technology.

The company was founded in 2002 with 20 million RMB (about 2.5 million EURO), mainly for manufacturing facilities, including the lines of 9C intaglio printing,

laminating machine and Bag Maker. All these equipments are auto-controlled by computers. Most of their products are color printing wrapping which is made of polyesters, vacuum-Stewing packaging. Half of their products are exported to American, New Zealand, Japan and Hong Kong.

6.2 Current status of the packaging industry

As the second largest country in packaging industry in the world, a complete system of modern packaging industry has been built in China including packing material, paper, plastic, metal, glass, wood, and ceramic packaging products as well as packaging and printing, machinery, scientific research, education, design and others. In the 42 industrial sectors of the national economy, the packaging industry has advanced to top 14 from bottom 2 in its total output value; its proportion in the gross social product has increased to now 3% from 0.4% in the 1980s, becoming an important industry in the national economy (Packaging and Printing Exhibition Net, 2011).

With the development of the economy, the excessive packaging wastes resources and damages the environment. The problems like the small scale of the enterprises and low technological content of the products have become increasingly prominent (Rolin 2012).

Enterprises in today's packaging industry are mainly small-scaled and low-level redundants in construction with low industrial concentration; the packaging products are less varied in types, low in quality and in technical content; the product mix is unreasonable; the main high-grade packaging equipments and raw materials heavily depend on import. (SEMI Shanghai China Chou 2010) Especially the medium- and

high-end packaging basic materials standing for the leading edge of packing technologies and machinery (food and beverage packaging, plastic film, etc.) are still monopolized by the developed countries like Europe, America and Japan. The China's packaging companies lack the fund input in the research and development of packaging technology as well as the creativity. Packaging waste is low in recycling rates. Figure 1 shows the SWOT analysis of the Chinese packaging industry.

Strengths	Weaknesses
<ul style="list-style-type: none"> ➤ China is the second largest producer of paper packaging in the world, just behind the United States. ➤ China has increased paper-packaging production to cover the needs of the European Union. ➤ There has been a rise in internal demand as well as a sophistication of internal demands (top quality requested). 	<ul style="list-style-type: none"> ➤ Expansion of the environmental care program ➤ Environmental standards are improving in China, and importers run into less and less environmental issues every year. The new machinery produces less pollution and is more efficient, with less material waste and less energy use. ➤ Business in China is placed in small scale, redundancy development, the degree of industrial concentration is low ➤ Less variety of packaging products with low content of technology ➤ Lack of innovative capacity

Opportunities	Threats
<ul style="list-style-type: none"> ➤ Expansion of the range of the packaging industry ➤ While United States and Europe have stopped investing in their packaging factories, China is putting money into its packaging industry. ➤ More and more SBS (Solid Bleached Sulfate) packaging suppliers in China. SBS is the highest quality and most expensive paperboard substrate, which is essential when packaging liquids and frozen foods. It is also used in high-end packaging where the quality of the printed picture is extremely important. China is now able to meet the majority of the world's packaging needs. ➤ Small pack sizes see growing popularity 	<ul style="list-style-type: none"> ➤ The Chinese government is pushing old paper packaging factories that produce a lot of pollution to shut down. ➤ Clouding agent scandal reshapes China's packaging regulatory environment

Figure.1. SWOT analysis of the Chinese packaging industry. (SEMI Shanghai China Chou 2010)

7 INNOVATION IN TRPC

According to the conversation between TRPC's manager and me. TRPC has been committed to the research and production of all kinds of plastic color printing packaging and achieved a certain reputation in the industry, but influenced by world economic crises in 2008, one major customer from New Zealand filed for bankruptcy protection, resulting in the loss of a large number of orders and the tremendous loss of TRPC; when the company's overseas business has just re-entered to the track, the 2011 earthquake in Japan made some Japanese customers suspend the contract, causing the downhill of the company once again.

According to the business documents of TRPC. In 2007, one customer from Japan has proposed TRPC to replace the existing plastic packaging with the paper packaging it produced, but the company did not have this equipment to produce high-quality paper packaging, so eventually it convinced the customers to use PVDC instead of paper packaging. At that time, the manager of the company has noticed the prospects of paper packaging, but paper packaging production line is costly, so the introduction plan was suspended.

7.1 How to carry out innovation in marketing process of TRPC

Since we figured out two key factors of innovate in marketing process and testified the usability in Chinese market environment, they can be cautiously applied to the case company (Förster& Kreuz 2007, 61).

7.1.1 Quick action to market demands

When I tried to figure out the market demand of Chinese Packaging industry in the near future, the following data shows the considerable growth of Chinese packaging industry in the next 5 years. Tracing back to 2006, the total output value of Chinese packaging industry in 2006 were 40.46 billion Euro. Figure 2 shows that, total demand of paper packaging products was 16 million tons and 4 million tons of plastic packaging products. From 2006 to 2011, the total output value of Chinese packaging industry had arrived in 55.18 billion Euro. (Website of the China report) Maintaining an average annual growth rate of 7%, total demand of paper packaging products was 22 million tons and 6 million tons of plastic packaging products. Based on the above

information, specialists expected that by 2015 total output value of Chinese packaging industry in 2006 will reach 73.58 billion Euro; demand of paper packaging products will be 36 million tons and 9 million tons of plastic packaging products.

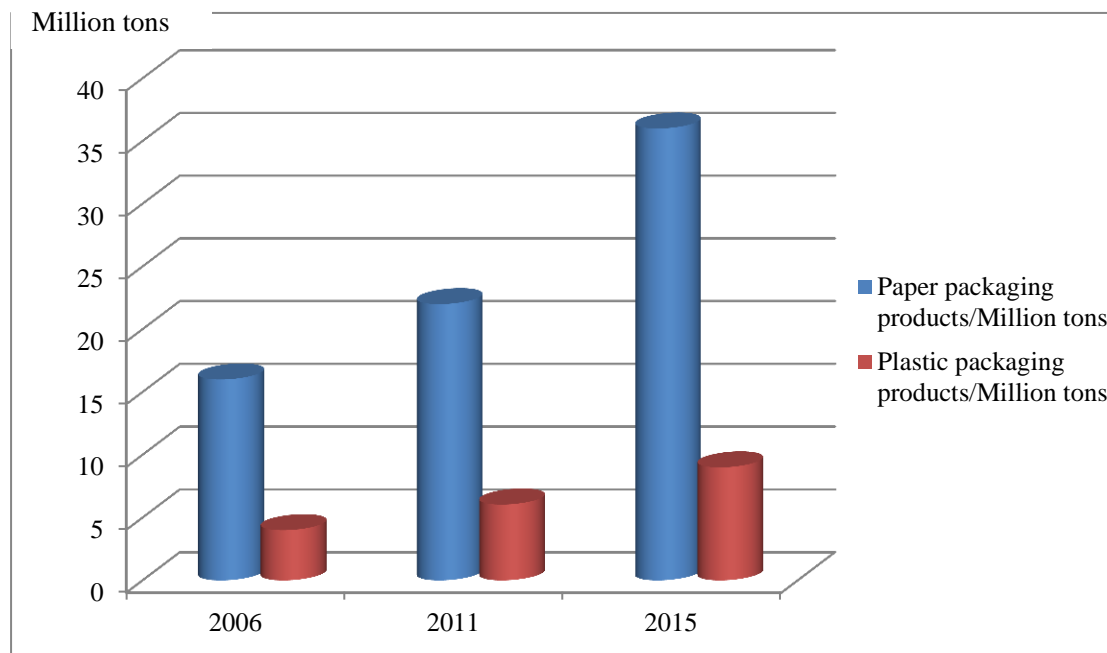


Figure.2. Trends of Chinese packaging industry

Demand of paper packaging is huge according to evidence in the packaging industry, keeping an average annual growth rate of 7%. (Website of the China report) China has become the important exporter of materials in most of the packaging materials market, but it is still a major importer in some high-tech materials field, such as SBS liquid packaging products (Solid Bleached Sulfate, the highest quality and most expensive paper board substrate. manufactured with pure wood pulp and without fluorescent whitening agent).

There is a huge demand of SBS liquid packaging products (Chinese News 2010). However, according to the SWOT analysis Chinese packaging industry (Figure 1), the

enterprises which are able to produce paper packaging cannot fulfill the market demands in a short time. On the basis of the Förster's theory, TRPC should be aware of what is happening around the company, recognizing trends and be able to quick respond to the market demands to achieve innovation (Förster& Kreuz 2007, 61). And paper packaging would the market demand in next few years (Website of the China report). Thus, the recommendation given to the TRPC was paper packaging is an opportunity for TRPC and produce SBS could meet the market demands(Website of the China report).

Unfortunately TRPC did not possess the ability to directly produce SBS, but it can enter into the market from a different aspect. The simple step to produce SBS is to cover the high-quality paperboard with a layer of high- security- level PE film. (Website of business highbeam) Due to the chemical characteristics of PE, SBS needs to be composited and molded in one time by paper mills. This composition makes other companies difficult to break into the market.

TPRC has one advantage unnoticed: TPRC can directly produce PE film need by SBS, and there is a medium-sized paper mill in the nearby city which can produce the needed paperboard. The two companies had once cooperated and the transportation is extremely convenient. Therefore, what TRPC need is a relatively large-width laminator, also called coating machine. The results were found out by asking the company's equipment technologist that the width can be enlarged by modification to meet the requirement of SBS.

7.1.2 Digging out the customers' secrets

Another key factor of innovate in TRPC is knowing your customers. (Hine& Carson 2007, 189) So I started with checking the connection between TRPC and TRPC's customers. During the few months I had worked in TRPC, a great deal of confusing orders have been seen, because there are only two people who deal with the orders. The sales man get the orders, but those two people follow them. So there is a phenomenon that a good deal has been identified by both sides. However since the two people cannot lead, track and coordinates customer changes process, and ensures timely completion, many potential customers of TRPC were lost.

So the recommendation is that the salesman follow up the orders which they complete, and then those two people do the reminding work and analyze the customer information from salesman report. I did the "reminding job" for 6 weeks. A real case operated by me is specified below which shows how I helped TRPC to meet customer needs.

According to TRPC's records. In the first half of 2012, one customer from Hong Kong did not renewal the contract. No one has taken notice of it as they didn't offer large order. However after that, the printing production annual report was checked again. Then I found there was a demand change from big bag packaging to pouch packaging, that seems cannot make any sense before some investigations were made.

There was a growing popularity of small packaging size (Website of euro monitor, Aug 2012). Small pack size benefits from further segmentation of both products and distribution channels. Nowadays, in China, especially in urban areas, consumer

behavior shows a trend of diversification in choice, specification, price and packaging.

Small packs were favored in some categories, such as baby food and beverages, where maintaining product freshness is of particular importance. As a result, small pack sizes became increasingly popular at the expense of bulk packaging. Furthermore, over the review period, Chinese consumers ate on-the-go more frequently, due to busier lifestyles. (Website of euro monitor, Aug 2012) Consumers increasingly demanded small and convenient-to-carry food and beverage products, which contributed to the growing usage of small packs. Furthermore, companies developed small packs to better fit fast turnover distribution channels, such as convenience stores. At the end of the review period, small packs were a common sight on retail shelves and at checkout counters in China.

Because customers did not express their needs and there was nobody did the follow-up survey, "customer feedbacks" have not been found out. Keeping contact with customers, asking for their opinions are particularly important in this part of the innovation. (Hine& Carson 2007, 189) And finally, the suggestion for the company was to restart the business negotiations, with an emphasis on high-quality small and high security packaging.

7.2 To realize continuous innovation in TRPC's management

By the theory have been proved above which is employees must be given new roles as partners in innovation (Harmaakorpi 2009, 31). We can see that "employees participate in innovation" and "improve working environment" could lead to realizing continuous innovation in TRPC. Questionnaire was used as an instrument to collect

employee satisfaction data in this thesis. To find out the most important issues employees are facing is whether TRPC employees aligned with the organization's strategy and objectives. The questionnaire was designed in Chinese for the use of data collection in TRPC (see Appendix 2) but it was translated literally into English version (see Appendix 3) for the purpose of this thesis.

7.2.1 Survey

Because of questionnaire survey was not the main method of investigation in this thesis, I only focused on employees working environment related issues here. Other research questions aimed at helping the managers of TRPC understand more about staffs. They are not closely allied to the findings of thesis. The rest of questions proved that the problems excited in the management of TRPC.

At present, 154 employees are working in TRPC, comprise of operatives operating workers, salesman, manager, cleaner and documents members. The human resource had been outsourced. There were 107 employees answered the survey which is acceptable and sufficient to provide data collection and analysis with powerful support. The main difference was reflected in following aspects: performance evaluation, relationship with other workmates, job prospects and the future of the company.

The reasons I chose questionnaires as research method because of the responses are gathered in a standardized way, so questionnaires are more objective. And it is the fastest way to collect information, even though you need some time to design the suitable questions to avoid interviewees bored. However there are also several disadvantages exist, such as lack of contingency, a main one. When design questions

you may not find the main source of the problem, and participants might misinterpret so they may not provide the answers you want. Respondents may answer superficially especially when the questionnaire takes a long time to complete.

In the question 9, there were four options available to respondents, for which they think that the most important thing they are looking for except salaries, including opportunity to improve, good working environment, harmonious interpersonal relationships and job satisfaction.

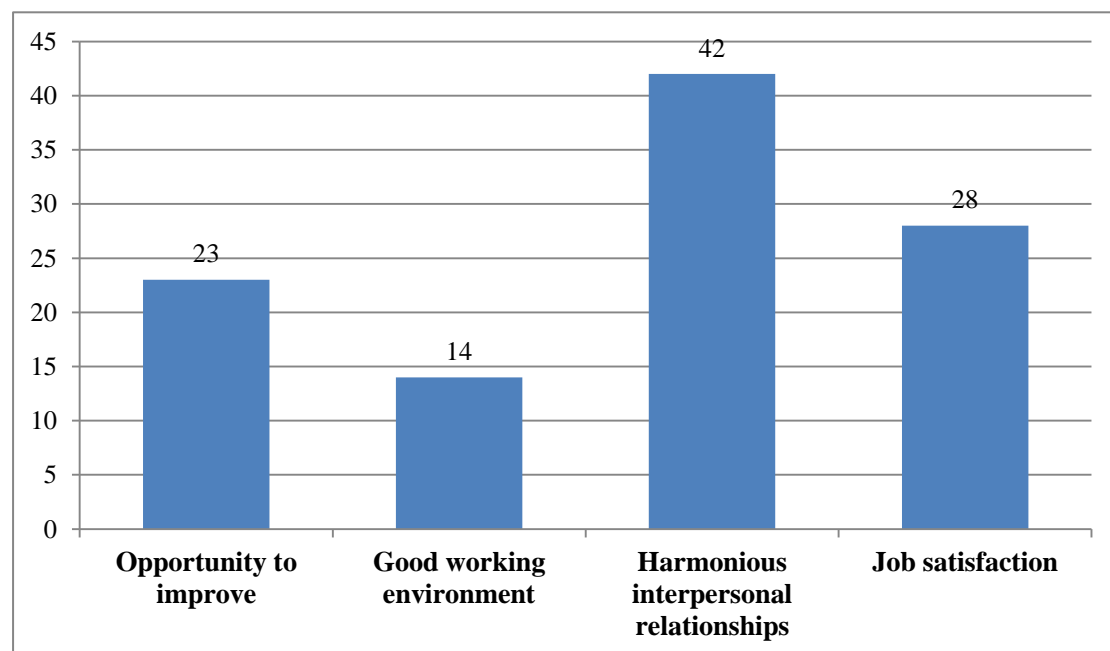


Figure.3. The most important thing employees are looking for except salaries

The graph above presents the data relates to employees' job expectation. 13 percent of respondents thought that good working environment was the most important thing expect salaries, whereas 22 percent of respondents chose opportunity and 22 percent with job satisfaction as the thing they were looking for. And there are 39 percent of respondents argued that harmonious interpersonal relationships is the most thing they were looking for.

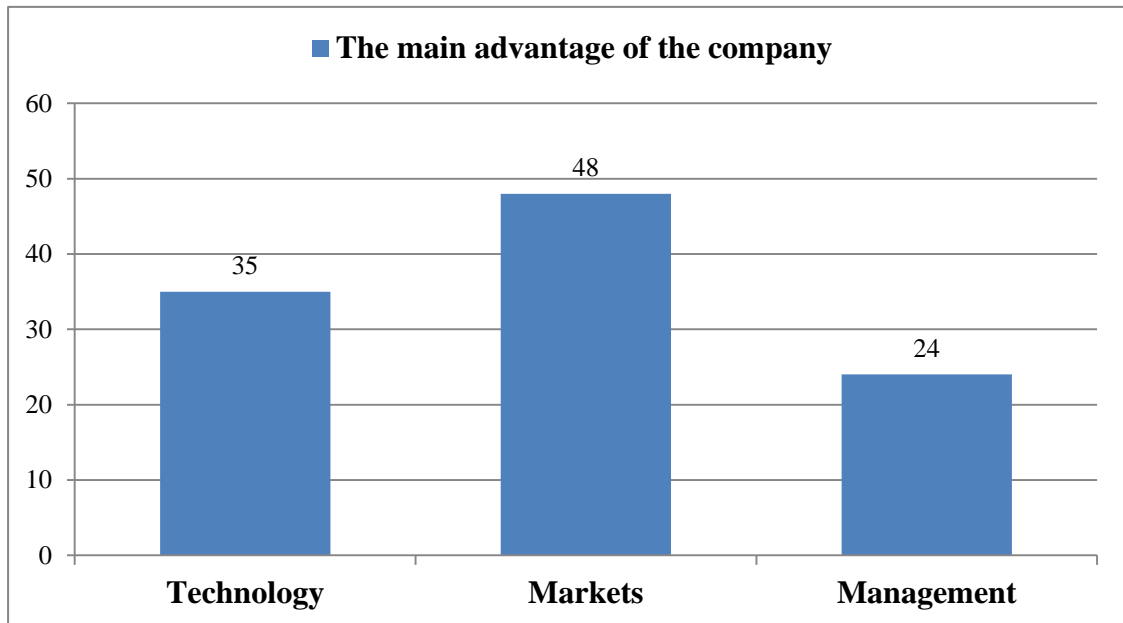


Figure.4. The main advantage of the company.

The purpose of question 6 was to demonstrate the main advantage of TRPC by asking TRPC's employees which is the main advantage of the company. Almost half of respondents thought markets are the biggest advantage of the company, followed by 33 percent of respondents on technology and 22 percent of respondents on management.

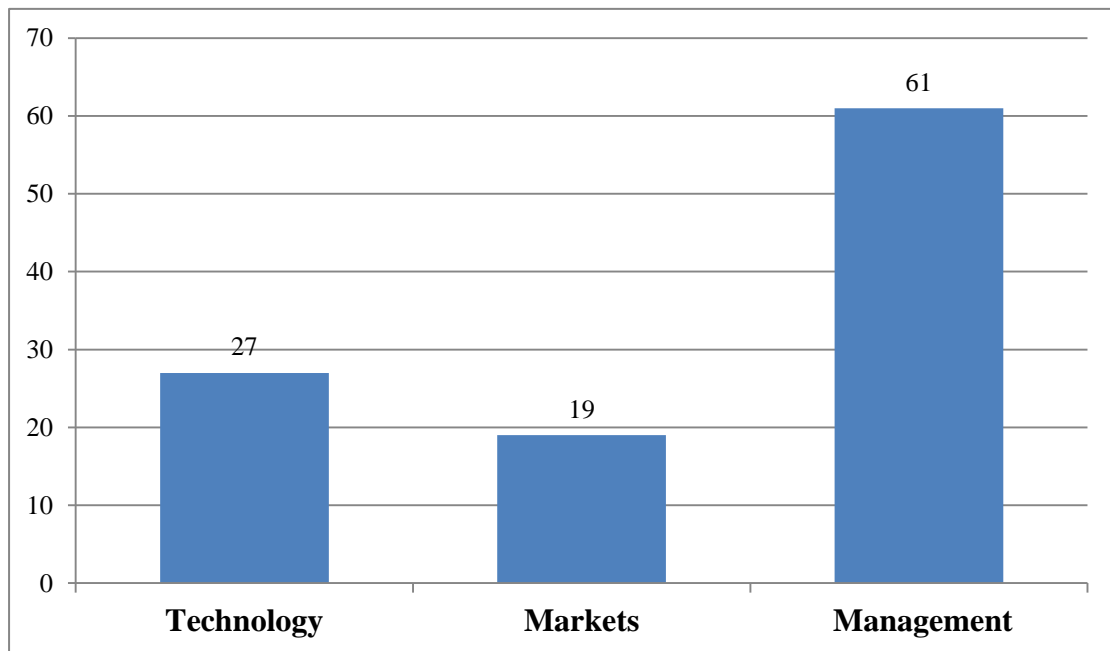


Figure.5. The main problem of the company.

Question seven was designed to figure out the main problem of the company. There were only three options that attempted to get to know employees' real ideas. The results of this question, coupled with those of question 9 were able to point out a very explicit status of working environment.

It includes three options which were technology, markets, management and brief description.

60 percent of respondents claimed that the management is the main problem of the company, and then; 25 percent of them chose technology; only 18 percent of respondents thought the markets is the main problem in TRPC.

Both question seven and question nine were able to provide reliable data that can be interpreted to unveil the truth, which is management, of the main problem that TRPC was facing due to figure 5 showed that more than half of the respondents directly indicated management is the main problem in the company. And the employees reflects management issues through “brief description”.

For example, if a batch of goods is returned because of the quality problem and the relevant responsible personnel cannot be traced; the responsibility is shirked and the important problem is evaded. The existing conflicts among staff can be easily found out. But when they are asked whether they have a reason that impacts on their work, they will give the negative answer, which makes the managers very distressful. But when I talked with them about the work as intern, some problems invisible will come out.

One of the reasons is that a driver of the company is the general manager’s relative. Many employees feel dissatisfied because of his laxation and managers nepotism. When the manager was asked of the case, he said he had no knowledge of it and was extremely surprised. He soon was punished by the company.

7.2.2 Inspiring employees

In order to let employees participate in innovation processes, incentive is indispensable, which makes employees become more self-motivated. (Deming 1986, 49–52) Thus, I designed an incentive plan to achieve self-motivated on employees.

Since the period of time, the employees are not so active at work, let alone innovation or the most importance of the company's interest. The fact is most of the workers in the production line are slack; although they seem to be busy, what they have done are repetitive and useless; they will work hard only when the supervisor visits; sometimes even if they know the operation may cause quality problems, they never care; the loss caused by human error reaches about 300,000 to 500,000 annually. The driver sleeps in the office in work time, or deliberately delays to work, staying out of work late and even no return. The facts have been learned although the company implements the performance policy; it didn't work well because of policy loopholes or infeasibility: there is no big difference in bonus when they work hard or loaf on the work. Thus, the incentive suggestion is the implementation of the policy "ten Yuan a day". Eight Yuan equals to 1 Euro approximately.

The so-called "ten Yuan a day" policy is that everyone will be added 10 Yuan to his or her wage with safety production in a day in unit of each department and the extra money will be accumulated with unit of 100 Yuan, but the record will be cleared when there is an error. Workers in the same department will be divided into teams in accordance with shifts; once one member in the team makes an error, the entire team will be cleared in bonus. All the bonuses are on a monthly basis, not accumulative. In this way, if the 54 workers on the production line don't make any mistake during a whole year, the extra bonus will be $194,400 = 12 * (54 * 300)$, which is much smaller than the original annual loss of 300,000 to 500,000 (according to the company records); This method can ensure the daily implementation of the incentive policy and everyone will feel the reward is not too far away them; additionally, it has reduced the company's loss and enhanced its brand image.

194,400 Yuan=12 Month * (54 Workers * 30Day/Month*10Yuan/Day)



300,000 Yuan ~ 500,000 Yuan original annual loss

7.3 Feedbacks from TRPC

Two recommendations have been given to TRPC according to the theoretical support, which were producing SBS through transformation of enterprise equipment and an incentive plan “ten Yuan a day”.

TRPC accepted those suggestions and applied them immediately. The application process was smooth without objections. The company promised that they will send me the application results after they collect feedbacks.

8 APPLICATION RESULTS

In this chapter, the main findings of this study are presented, and the theoretical contributions and practical implications of the thesis are assessed. Furthermore, the reliability and validity of the study are evaluated. Feedbacks of most of my recommendations are from company and the recommendations' usability had been proved.

8.1 Application results

In this chapter, the application results will be displayed. Those results are all from case company after the innovative ideas were applied.

- After managers were told the idea to buy a large-width laminator, they hardly agree with that and stated that buying a new machine means huge investments and financial risks. But after they saw the huge potential market in SBS, a positive answer was given from company's equipment technologists. They said the width can be enlarged by modification to meet the requirement of SBS. Furthermore, TRPC reached a preliminary cooperation intention with the neighborhood paper mills. The production plan is now on their agenda.
- According to the company's feedback, the policy "ten Yuan a day" has been carried out since October, 2012. The employees felt the novelty and they were encouraged as they were able to see the awards and penalties. But sometimes statistical errors happened. Managers said there would be someone put in charge of the work.
- With my suggestion, TRPC made a call to the customer from Hong Kong to talk about pouch packaging project. Although the Hong Kong side presented the interest in corporation, the plan still miscarried because they signed 2 years contract with another company. Even though TRPC failed the plan, my ideas reminded them to let pouch packaging become a new trend of business.
- The survey in the company is the "Big thing" since I came to TRPC. They never fill out a questionnaire before. They felt much better as they found a way to express their plight. The situation is reversed after the lazy driver left. Moreover,

finally the manager finds a suitable way to figure out the source of internal conflict and give them a chance to fix it in time. Furthermore, the most effective way to keep staff's loyalty is to give them a sense of ownership of the TRPC's direction such as getting employees involved in important company's meetings, and asking for feedbacks on strategies. Spending some time on employees could resolve the conflicts before problem intensify.

8.2 Conclusions

The thesis concentrated on the field of the meanings of innovation in business area and how to achieve innovation in TRPC by applied innovation theories which have adduced by Harmaakorpi, Deming, Förster and Kreuz.

There is a significant demand on innovation, both from the manufacturing, leadership or SCM perspective. Thousands of reports have been issued in the past several years however the selection of the correct and suitable innovation ideas has become a new challenge. (Zhu 2004, P265–P289) Some companies have started to adopt elements of innovation, but not in a systematic way. In addition, the focus has typically been on theoretical level rather than on reality.

To achieve the innovation in business there must be something better than just a good logical way of doing business. It must be modified to meet particular customer needs. It must also be replicated in certain respects. There are no companies are able to fully replicate the success of others. Each successful case does not provide specific innovative strategies or measures to achieve success, but the way to draw conclusions. Blind application of innovation strategy will backfire. For example, TRPC did not

take outsourcing service in order to achieve the production needs like other printing companies, because of outsourcing service is able to offer flexibility and scalability. However, it requires selection of business partners carefully and good organizational management from both sides. By the theoretical support, practice testing and feedbacks, we may safely draw the conclusion that the existing innovative ideas are applicable to the case company TRPC and to a part of Chinese traditional industries under improvements.

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APPENDIX

1. Research paradigms and research methods

Research paradigms	Research approach	Research methods	Examples
Positivism	Quantitative	Surveys: longitudinal, cross-sectional, correlational; experimental, and quasi-experimental and ex-post facto research	<ul style="list-style-type: none"> - Relationship between employees' motivation and their performance - Attitude and relative reactions of consumers under promotions in supermarket - Mathematical model of rural endowment insurance
Anti-positivism	Qualitative	Biographical; Phenomenological; Ethnographical; case study	<ul style="list-style-type: none"> - A study of autobiography of a great statesman. - A study of dropout among the female students - A case study of an open distance learning Institution in a country.
Critical theory	Critical and action-oriented	Ideology critique; action research	<ul style="list-style-type: none"> - A study of development of education during the British rule in India - Absenteism among standard five students of a primary school

2. Employee satisfaction survey

员工满意度调查表

填写日期： 年 月 日

第一部分（行政人事管理部分）

1、你认为公司的招聘程序是否公正合理？

A、合理 B、一般 C、不合理 D、很不合理，需改进的方面：

2、你认为员工的绩效考评应该从以下几个方面考核（可多选），

A、任务完成情况 B、工作过程 C、工作态度 D、其他：

3、在绩效考评中，你认为 2 题选项中哪项应为主要考核内容：

4 你认为公司应该依据下述哪些标准发放薪酬（可多选）：

A、绩效考评结果 B、学历 C、在公司服务年限 D、其他：

5 你认为与公司签哪种劳动合同更为合适？

A、1 年 B、2 年 C、3 年

6、你认为公司目前的福利政策（节日礼品、生日礼物、健康体检、带薪假期、社会养老/失业保险）是否完善，若不完善，还需进行哪方面的改善。

A、是 B、否，改善：

7、你认为自己最需要哪些培训？

8、你认为在公司工作有没有发展前途？

A、有 B、说不准 C、没有

9、除薪酬外，你最看重：

A、提高自己能力的机会 B、好的工作环境 C、和谐的人际关系 D、工作的成就感

10、你认为目前最大的问题是：

A、没有提高自己能力的机会 B、工作环境较差 C、人际关系不太和谐
D、工作没有的成就感

11、你认为目前的工作：

A、很合适，并且有信心、有能力作好

B、是我喜欢的工作，但自己的能力有所欠缺

C、不是我理想的工作，但我能够作好

D、不太适合，希望换一个岗位

第二部分（员工个人）

1、你认为公司目前的工作环境

A、很好 B、较好 C、一般 D、较差 E、很差 如果选 D 或 E，你希望哪方面有所改进：

2、现在工作时间的安排是否合理

A、很合理 B、较合理 C、一般 D、较不合理 E、很不合理 如果选 D 或 E，你希望哪方面有所改进：

3、你认为工作的挑战性如何

A、很有挑战性 B、较有挑战性 C、一般 D、较无挑战性 E、无挑战性

如果选 D 或 E，你希望哪方面有所改进：

4、你对目前的待遇是否满意

A、很满意 B、较满意 C、一般 D、较不满意 E、不满意

如果选 D 或 E，你希望哪方面有所改进：

5、你与同事的工作关系是否融洽

A、很融洽 B、较融洽 C、一般 D、较不融洽 E、很不融洽

如果选 D 或 E，你希望哪方面有所改进

6、你与其他部门的合作是否融洽

A、很融洽 B、较融洽 C、一般 D、较不融洽 E、很不融洽

如果选 D 或 E，你希望哪方面有所改进：

7、你认为公司的主要优势是什么

A、技术 B、市场 C、管理

请简述理由

8、你认为公司的主要问题是什么

A、技术 B、市场 C、管理

请简述理由：

9、你对公司的其他建议（请概述）：

Employee satisfaction survey

Date: Year Month Day

First Section (The Chief Personnel Management section)

1. How do you think the company's recruitment process, are they fair and reasonable?

A Reasonable B、 Ordinary C、 Unreasonable D、 extremely Unreasonable

2. Which of the following aspects do you think are the factors of staff performance appraisal assessment (Multiple choices)

A、 The situation of task completion B, The working process C, The working attitude D, others

3. In the assessment of staff performance appraisal, which of the choices in question 2 should be the main examination contents?

4. What is your opinion about salary should be based on which of the following standard? (Multiple choices)

A 、 Performance B, qualifications C , Length of service D, Others

5. Which kind of contract is suitable for you?

A、 1 Year B、 2 Year C、 3 Year

6. How do you find the company current welfare policy? (Gift、 Physical examination、 Paid vacation Social pension / unemployment insurance) Is it good or not? If not, how to improve it?

A、 Yes B、 No, Improvement:

7. Which is your most needed training project?

8 How do you think if you have the development prospect?

A、 Yes B、 Hard to say C、 No

9. In addition to salaries, What is the most important thing you are looking for:

A Opportunity to improve B, Good working environment C, Harmonious interpersonal relationships D, Job satisfaction

10. The biggest problem you face in the company is:

A There is no opportunity to improve B, Bad working environment C, Disharmony interpersonal relationships D, No job satisfaction

11. How do you think the current position:

A、 Appropriate , and I have confidence and ability to make it

B、 My favorite position

C、 Not my ideal job

D、 Less suitable

Second section (Individual)

1. How about current working conditions

A、 Very good B、 Good C、 Ordinary D、 Poor E、 Very bad If you choose D or E, which parts should be improved.

2. Whether a working time arrangements reasonable

A、 Very reasonable B、 reasonable C、 Ordinary D、 Unreasonable E、
If you choose D or E, which parts should be improved.

3. Can you feel the challenge of the work ?

A、 Very challenging B、 Challenging C、 Ordinary D、 Less challenging
E、 No challenging If you choose D or E, which parts should be improved.

4. Are you satisfied with the current treatment?

A、 Very satisfy B、 satisfy C、 Ordinary D、 Less satisfy E、 Not satisfy

If you choose D or E, which parts should be improved.

5. Do you have harmonious cooperation with other colleagues?

A、 Very harmonious. B、 Harmonious C、 Ordinary D、 Less
harmonious E Not harmonious If you choose D or E, which parts should be

improved.

6. Do you have harmonious cooperation with other departments?

A、 Very harmonious. B、 Harmonious C、 Ordinary D、 Less harmonious E Not harmonious If you choose D or E, which parts should be improved.

7. The main advantage of the company is

A, Technology B, Markets C, Management

Brief description

8. The main problem of the company is

A, Technology B, Markets C, Management

Brief description

9. Other recommendations (Overview)