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Since the early 1980's product innovation has become an increasingly important competitive factor for both large and small companies. The boundaries of the product innovation process have been progressively extended in time and space, involving more products within a family and a growing number of actors within and outside the organisations. The complexity of the innovation process, in terms of both the technologies, and the range of people and companies involved, has also increased considerably.

Recent studies have shifted the research focus from management of new product development projects, seen as isolated efforts, to a broader view of product innovation. Evidence is emerging that substantial competitive advantages can be gained by extending innovation efforts through all the product life phases, including those following the product's market launch. By extending this process across simultaneous or sequential cycles of innovation for a series of related products, the concept of Continuous Product Innovation (CPI) has been developed. From a managerial point of view, this entails managing the sharing and transfer of knowledge from one product (or project) to another over time, and involving a larger part of the organisation, both internal and external to the company, in the overall process of knowledge creation, embodiment and reuse. Different conceptual models have recently been proposed identifying general principles and criteria to understand and manage product innovation as a knowledge creating process. Most contributions, however, are still aimed at proposing generic models that do not take into account firms' specific characteristics and are therefore limited in their ability to provide relevant solutions to company-specific problems in improving product innovation processes.

A conceptual model for Continuous Product Innovation had been developed through earlier joint European-Australian research. The variables identified within this CPI model include:

- **Organisational Learning Behaviours** (which, through a process of 'building-in' over time become organisational capabilities). Examples of relevant Behaviours include: Use of strategic goals and objectives to focus product innovation activities; and Individuals share knowledge between different phases of the product innovation process.

- **Levers**, which are specific actions, tools or techniques available to management in developing and consolidating relevant Behaviours. Examples of appropriate Levers include: Product family strategies; Innovation process definition; and Project planning and control tools.

- **Performances**, which are specific measures relating to the outputs of the Product Innovation process as well as the improvements in the process over time. Both the rationale for use and the actual selection of Performance Measures were examined. Specific measures in the areas of Time to Market, Product performance, Impact of a firm's competitiveness, etc. were identified for consideration within the model.

- **Contingencies**, which are factors external to the Product Innovation process but which may have significant impact on the process. Contingencies are factors that influence the choice of mechanisms used to foster certain behaviours in the product innovation processes (for example, size of company, market situation, product and process complexity etc.). Depending upon the nature of the contingency, these may impact primarily at national, industry or firm level.

This paper reports on initial outcomes of research into the application of this model in SMEs. An extensively modified data collection and analysis tool has been used to investigate the above variables in several Australian SMEs. Preliminary trials of the new survey instrument indicate that it is more user-friendly for SMEs than the original version. The interviewees who participated in the trial commented on the importance of product innovation to their organizations, and saw value in the type of analysis embodied in the CIMA model. The focus on existing learning behaviours, and those that should be developed, combined with identification of the levers that could be used to facilitate and support these behaviours, offered relevant feedback to the practitioners.

The types of questions asked allow for a clear evaluation of a firm's performance relative to other SMEs. We believe that the presentation of findings from the interviews in the form of comparative graphs and figures will provide meaningful data to SMEs for the purpose of concentrating their efforts on improving their product innovation process.

Whilst the respondents saw the usefulness in levers to encourage behaviours, the appropriate use of performance measures as motivators of product innovation behaviours was not well developed in either of the firms who participated in the trial of the questionnaire. Rather, they use performance measures to evaluate the success or otherwise of their projects. This is consistent with the traditional approach of using performance measures to monitor and control. In activities such as product innovation, performance measures would be better used as process drivers, that is, as levers to encourage the desired behaviours that add to the product innovation process.