



**UNIVERSITI KUALA LUMPUR**  
**Malaysia France Institute**

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**FINAL EXAMINATION**  
**JANUARY 2011 SESSION**

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**SUBJECT CODE** : WBB 10202  
**SUBJECT TITLE** : INNOVATION MANAGEMENT  
**LEVEL** : BACHELOR  
**TIME / DURATION** : 12.30pm – 2.30pm  
( 2 HOURS )  
**DATE** : 10 MAY 2011

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**INSTRUCTIONS TO CANDIDATES**

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1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. Please write your answers on the answer booklet provided.
4. Answer should be written in blue or black ink except for sketching, graphic and illustration.
5. This question paper consists of TWO (2) sections. Section A and B. Answer all questions in Section A. For Section B, answer TWO (2) questions only.
6. Answer all questions in English.

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THERE ARE 3 PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

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**SECTION A (Total: 40 marks)****INSTRUCTION: Answer ALL questions.****Please use the answer sheet provided.****Question 1**

Discuss the differences between top-down innovation and bottom-up innovation.

(10 marks)

**Question 2**

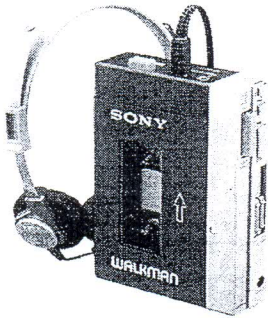
- a) Define 'objective' and list the characteristics of a good objective.  
(4 marks)
- b) Briefly explain any **TWO (2)** defensive strategies. Provide **ONE (1)** example for each strategy.  
(6 marks)

**Question 3**

- a) Draw a diagram to illustrate the steps of innovation process.  
(4 marks)
- b) Describe any **THREE (3)** functions of prototypes.  
(6 marks)

**Question 4**

- a) Explain the importance of financial resources to an organization.  
(4 marks)
- b) Briefly explain the **TWO (2)** main problems in managing people.  
(6 marks)

**SECTION B (Total: 40 marks)****INSTRUCTION: Answer only TWO questions.****Please use the answer sheet provided.****Question 1**

The first Walkman was based on technology that had failed testing, and a concept that the sales staff, the marketing department, and the media had already rejected. Still, the founder and the co-chairman, driven by their perception of growing market needs, ignored the critics and drove the product to launch.

In the late 70s, Sony Electronics engineers had developed The Pressman, a tape-machine prototype that failed in testing. The idea was that the device could be used by journalists to record interviews, but the team at Sony found that the speaker sound quality wasn't good enough for transcription. Thus discouraged, the engineers scrapped plans and relegated the prototype to playing music in their office. One day the engineers received a request from their company founder, Masaru Ibuka, who wanted something portable to listen to music on long flights as he grew the business internationally. The research team added headphones to the device and gave it to him to use.

At the time, such a device was highly unusual because it did not have a record button and it used headphones – a technology that most people considered inferior.

Impressed with the way it worked, Ibuka showed the device to his colleague Akio Morita and wondered if it could be used by young people to walk around and listen to music. Akio Morita found it impressive and began to carry it on his flights as well, but when he talked to his sales and marketing teams, they were very hesitant about the idea: for a start, they couldn't understand why anyone would want to walk around wearing (what they considered) inferior quality headphones. Retailers were also hesitant about a product with no record button.

Akio and Masaru, however, were convinced that they had stumbled upon their next Good Idea. Instead of turning to market research, Akio turned to product design to communicate and test several variations of the idea. He got researchers and engineers to collaborate with sales and create a product they thought they could sell to young people. He set the price for his new device on his perceptions of the market, not how much it cost him to make. Then he showed the products to a select group of informed experts and watched what they did with it.

Based on the case study:

- a) Explain **THREE (3)** sources of innovation based on the principles outline by Peter Drucker.

(15 marks)

- b) Elaborate **TWO (2)** success factors of Sony Walkman.

(5 marks)

### Question 2

Discuss the **FIVE (5)** classifications of new products.

(20 marks)

### Question 3

Pricing plays an important role in the organisation. To survive in today's highly competitive marketplace, companies need pricing objectives that are specific, attainable and measurable.

- a) Why is pricing so important to a company?

(5 marks)

- b) List and explain the **THREE (3)** pricing objectives.

(15 marks)

END OF QUESTION