

## Abstract

With the rapid environment changing, SMEs need to develop new methods to the strategy and process of their innovation that will give them every opportunity to achieve its full potential and sustained in the uncertainty economic conditions. This case study aims to explore practicing and managing innovation in a traditional family business of bamboo crafts in Kyoto, Japan. The first is to review the significant role of innovation toward product development particularly in SMEs. And second is to find some lessons from the process of implementation of innovation with a case study of Yokoyama Bamboo in Kyoto, Japan. As a result, this research found that small traditional business in the case is aware of the need of the innovation to attract new market and keep innovative to its traditional products.

*Keywords: innovation, managing innovation, family business, bamboo crafts*