

Entrepreneurship management Lecture 2

What Is An Innovation?

What is Innovation?

- Newness & Adding Value
 - Functional Value: Technology-Driven
 - Symbolic Value (Meaning): Design-Driven
- Degree of Newness:
 - Radical Innovation
 - Incremental Innovation

Table 1
Incremental improvement versus radical innovation

Characteristics	Incremental Improvement	Radical Innovation
1. Approach	Collectivism, group efforts, system approach	Rugged individualism, individual ideas and efforts
2. Advantage	Works well in slow-growth areas	Better suited to fast-growth areas
3. Change	Gradual and constant	Abrupt and volatile
4. Effect	Long-term and long-lasting	Short-term but dramatic
5. Effort orientation	People	Technology
6. Evaluation criteria	Process and efforts for better results	Results for profits
7. Involvement	Everybody	Select few "champions"
8. Mode	Maintenance and Improvement	Scrap and rebuild
9. Pace	Small steps	Big steps
10. Practical requirement	Requires little investment but great effort to maintain it	Requires large investment but little effort to maintain it
11. Spark	Conventional know-how and state of the art	Technological breakthroughs, new inventions, new theories
12. Time frame	Continuous and non-radical	Intermittent and non-incremental

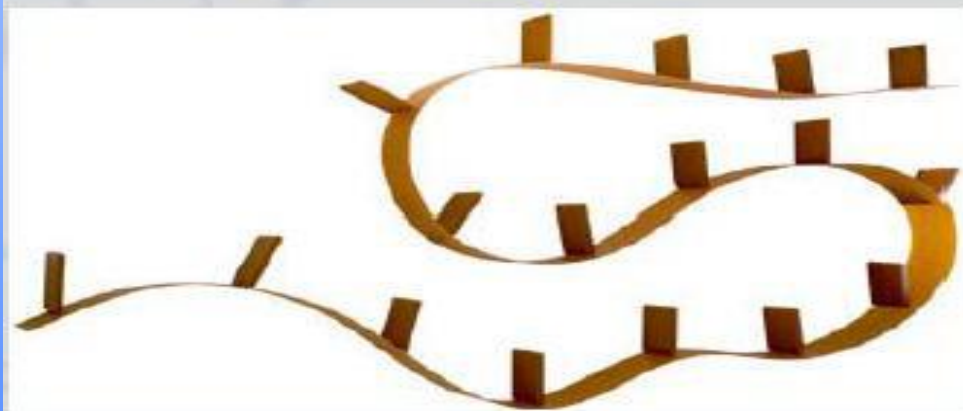
Source: Based on Imai (1991, p. 24)

What is A New Innovation?

- What do you define as **new**?
- Can mean different things to different people
- New to the world (10%)
- New to the firms (20%)
- Additions to existing products/process (26%)
- Improvement and revisions to existing products/process (26%)
- Repositioning (with different purposes) (7%)
 - New to the market (geography + segments)
 - New to the season
- Cost reduction (11%)

(See; Booz, Allen & Hamilton, 1982; Griffin, 1997)

New Meaning, New Concept.... (1)



Kartell

Bookworm
design Ron Arad

New Meaning, New Concept... (2)



Juicy Salif, Alessi
Philippe Starck 1990

Creative New meaning with New Innovation



Revolutionise Existing Concepts

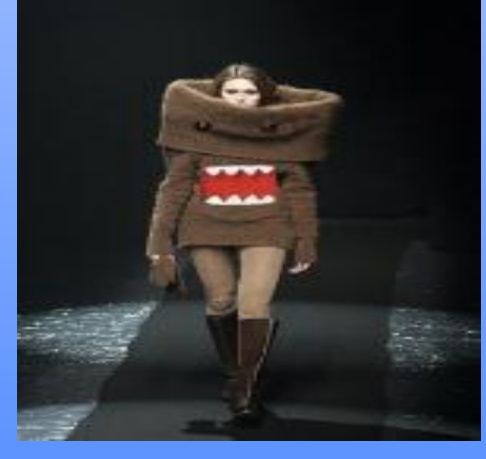


Not all Innovations are Successful...



Innovation = Invention + Commercialization

Neither are All Fashion Trends



What is Entrepreneurship?

“Entrepreneurship is the identification, evaluation, and exploitation of opportunities”
(Shane, 2011, p. 143).

Historic Evolution on Entrepreneurship

- Entrepreneurial strategies are not a twentieth-century phenomenon.
 - The word *entrepreneur* originates from a 13th century French verb, *entreprendre*, meaning “to do something” or ‘to undertake’ (Sobel, 2011, p. 2).
- Marco Polo established trade routes to the Far East, he demonstrated risk-taking behaviour we associate with entrepreneurship today (Osborne, 1995, p. 4). The ‘fit’ between his skills and the environmental opportunity is a perfect illustration of a true entrepreneurial strategy, and in particular is more relevant to our understanding of entrepreneurship, with its increasing global scope (Ibid, p. 4).

Marco Polo's Trade Routes...



What Does it Mean Today?

- Dictionary definition
 - The owner or manager of a business enterprise who, by risk and initiative, attempts to make profits
- Popular view:
 - ‘Arthur Daly’, ‘Del Boy’
- Original derivation:
 - ‘entreprendre’ (French): *to undertake*

Definitions of Entrepreneurship

- *“Much has been written on the complex subject of entrepreneurs and entrepreneurship, and many inconsistent definitions have been brought forth and explored in great detail. Yet the entrepreneur is still one of the most ‘intriguing and elusive characters to constitute the subject of analysis” (Baumol, 1968, p. 64).*
- *“All who claim to have caught sight of him report he is enormous, but disagree on his particulars” (A.A. Milne. In Kirby, 2003, p. 11).*

However.....

“Entrepreneurship is essentially an economic phenomenon, and ‘involves a nexus of two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals’.

(Venkataraman, 1997)

Reading

Fillis, I. (2002) An Andalusian Dog or a Rising Star? Creativity and the Marketing/Entrepreneurship Interface. *Journal of Marketing Research*, 18(1), 379-395.

Bygrave, W.D. (1989) The entrepreneurship paradigm (1): a philosophical look at its research methodologies, *Entrepreneurship Theory and Practice*, 14(1), 1-26.