

# Strategic Research and Development Management

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## Lecture 1: Portfolio management

*Lecturer: Dildora Abdusattarova*

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

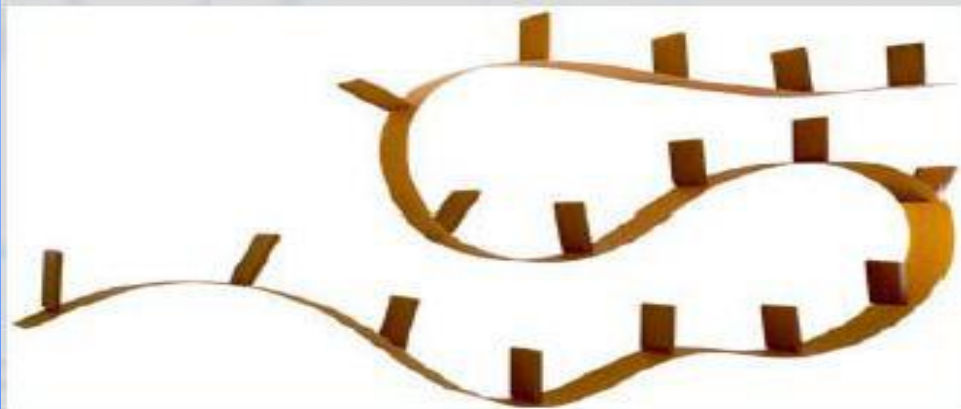
Source: Based on Imai (1991, p. 24)

# 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

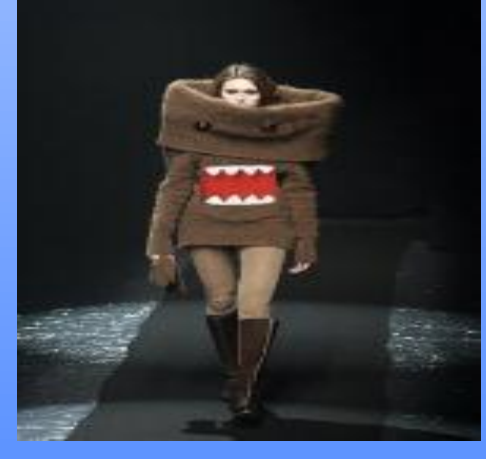


# Not all Innovations are Successful...



**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.