

Innovation for Entrepreneur

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Business Development

888147 - Innovation Entrepreneur

overview

Innovation - discovery

- Innovation
 - What is innovation and why it is important, with examples.
- Innovation in an organization, product or service
 - open innovation
 - differentiation
- Opportunities
 - strengths, etc. (SWOT & TOWS analysis)
 - 7 opportunities

So if you have an
idea, what is next?

Innovation – development, diffusion & impact

- Understand what your **customer wants**
- Minimal valuable **product** (MVP)
- Design **product**, prototype
- How to **startup**
- What type of company do you want to be (**mission, goals**) ?
- Competitive **advantage**
- **Strategies**, marketing

need a plan

plan

- Product
- Company
- Approach (marketing)

write a business plan

create a business model canvas

opportunity

The background features abstract, overlapping geometric shapes in various shades of purple, ranging from light lavender to dark, almost black tones. The shapes are primarily triangles and polygons, creating a dynamic, layered effect. The overall composition is minimalist and modern.

opportunity

1. Problems
2. Changes
3. Inventions
4. Competitive advantages
5. Technological advances

opportunity

1. **Problems** your business can solve
2. **Changes** in laws, situations, or trends
3. **Inventions** of new products or services
4. **Competitive advantages** in price, location, quality, reputation, reliability, speed, or other attributes of importance to customers
5. **Technological advances** that entrepreneurs take from the laboratory to the marketplace

Internal & external opportunities

Internal opportunity

An internal opportunity

- comes from inside you
- from *a personal hobby, interest, or even a passion*
- or inside your organization.

Internal opportunity

An external opportunity

- is generated by an outside circumstance
- **The best business opportunities** usually combine both internal and external factors.

Ideally, a business that

- you are passionate about
- fills a sustainable need
- in the marketplace.

Integrating internal & external opportunities

- In the late 1980s, rap was considered a passing fad, but **Russell Simmons** was passionate about it.
- He formed **Def Jam Records** with fellow student **Rick Rubin** for \$5,000.
- Within a year, they produced many hit records by Run DMC and LL Cool J, and Simmons went on to become a multimedia mogul.



Integrating internal & external opportunities

- Simmons loved rap and hoped other people would, too.
 - That was **the internal factor**—he had the passion to sustain himself as he worked relentlessly to make his dream come true.
- As it turned out, music fans at that time were looking for a fresh sound. Rap filled the bill.
 - This was **an external opportunity** that coincided with Simmons's internal commitment.



successful
business

Seven rules for building a successful business

1. Recognize an opportunity
2. Evaluate it with critical thinking
3. Build a team
4. Write
5. Gather resources
6. Decide ownership
7. Create wealth

Seven rules for building a successful business

1. **Recognize an opportunity** - Simmons observed that rap music was an untapped business opportunity.
2. **Evaluate it with critical thinking** - He tested his idea by promoting concerts and observing consumer reaction.
3. **Build a team** - Simmons formed a partnership with Rubin.
4. **Write** - Simmons and Rubin created a realistic business plan.
5. **Gather resources** - Simmons and Rubin pooled their \$5,000 and the skills they needed.
6. **Decide ownership** - Simmons and Rubin formed a legal partnership.
7. **Create wealth** - Def Jam became a source of wealth for themselves and others

Apple and the personal computer

- In 1943, IBM's founder **Thomas Watson** commented, "*I think there is a world market for about five computers.*"
 - When Watson made his statement, computers were large and expensive machines that only the government, universities, and a few giant corporations could afford.
- By the 1970s, however, a few people were talking about creating "personal" computers including **Steve Wozniak** who had landed his first job at **Hewlett-Packard**.
- Wozniak offered Hewlett-Packard a chance to codevelop his small computer.
 - The company was not focused on desktop computing, so it turned him down



Apple and the personal computer

- Wozniak's friend **Steve Jobs** also was interested in the technology.
- Wozniak worked on his design concepts until he created **the Apple II**, which could display pictures and text.
- **Jobs**, meanwhile, searched for an investor.
 - Finally, after being turned down by friends and family, he found **Mike Markkula**, who also saw the possibilities of Apple.
 - Markkula agreed to invest \$80,000 in the company in return for a significant share of equity.
- This is a classic demonstration of **entrepreneurs recognizing opportunities others do not see**.
 - Wozniak, Jobs and Markkula recognized an opportunity that led to a product that satisfied the needs of an enormous market the giants of the industry did not recognize.



Innovation advice

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Drucker's Do's and Don'ts of innovation

Do:

1. Regularly analyze innovative opportunities
2. Listen to what the market says
3. Keep it simple – “All innovations are breathtakingly simple”

Drucker's Do's and Don'ts of innovation

Don't:

1. **Be too clever** – if only a few people can understand it, the innovation won't change society
2. **Try to appeal to everyone** – choose a niche
3. **Innovate for the present** – otherwise innovations won't last long

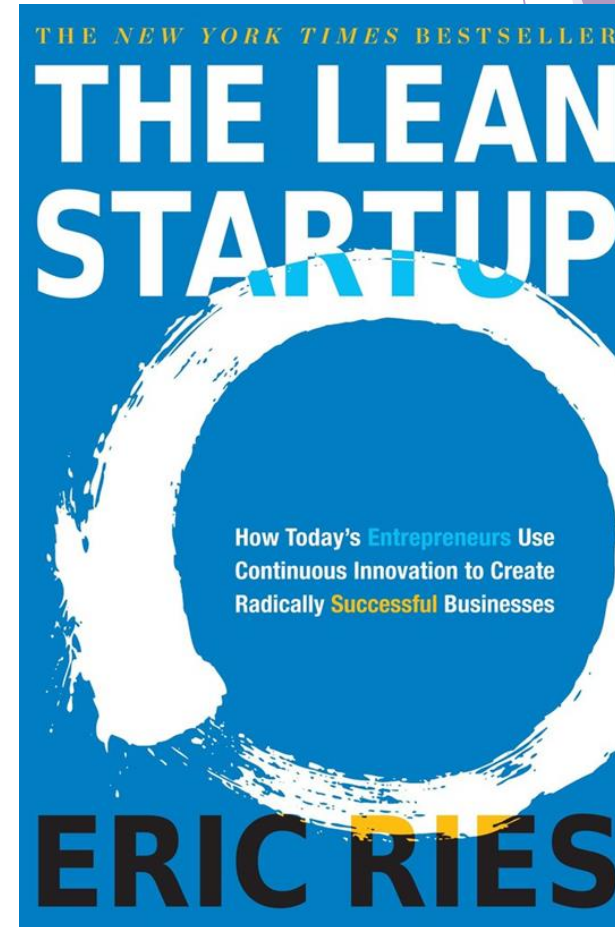
Business Definition

- **A solid business definition has three elements:**
 1. **The offer (WHAT)** - *What will you sell to your customers?*
 2. **Target market** - *Which segment of the market are you aiming to serve?*
 3. **Production and delivery capability**
 - **How will you provide your offer** to your targeted customers?

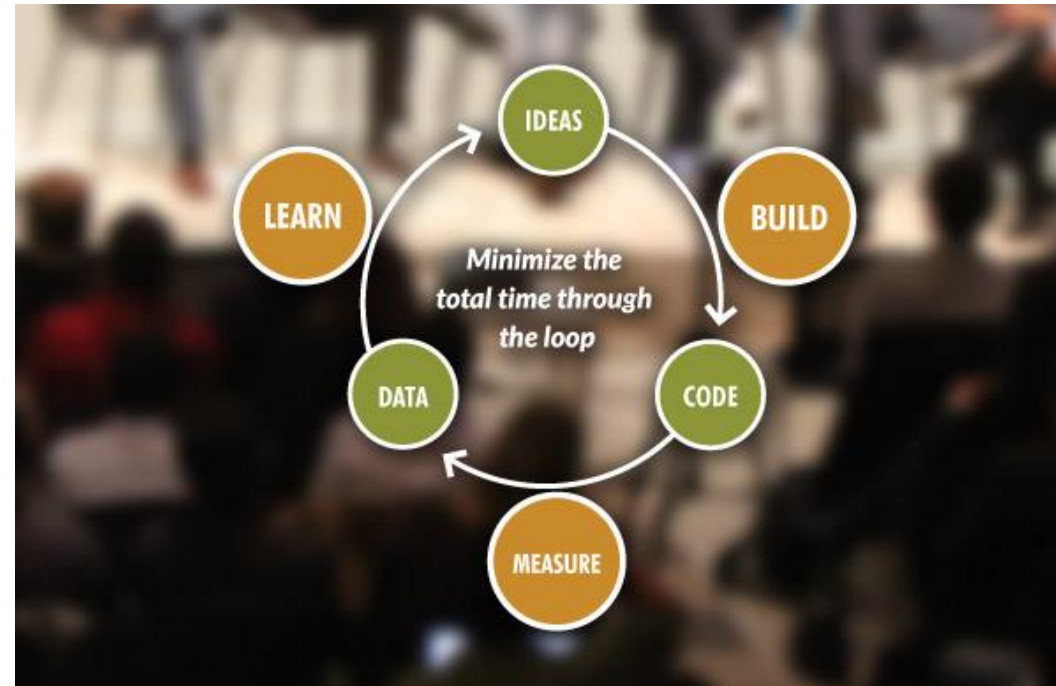
Minimum Viable Product (MVP)

The lean start-up

- Too many startups begin with an idea for a product that they think people want, then spend months or years ‘perfecting’ it without ever showing it to prospective customers
- In *The Lean Startup*, Eric Ries argues that to build a great company, you should begin with customers in the form of interviews and ‘research discovery’



The lean start-up



- Building a Minimum Viable Product (MVP) and then testing and iterating quickly results in less waste and a better ‘product-market fit’
- Definition: “The minimum viable product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort”

Minimum Viable Product

Minimal Cost
+
Maximum Learning

Minimum Viable Product

Building an MVP (Minimum Viable Product) and then testing and iterating quickly results in less waste and a better ‘product-market fit’



Minimum Viable Product

“The minimum viable product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort”



Changes in assumptions

From	To
Decisions made based on intuition and seniority	Decisions made based on testing and validating
Testing ideas is expensive, slow, and difficult	Testing ideas is cheap, fast, and easy
Experiments conducted infrequently, by experts	Experiments conducted constantly, by everyone
Challenge of innovation is to find the right solution	Challenge of innovation is to solve the right problem
Failure is avoided at all cost	Failures are learned from, early and cheaply
Focus is on the “finished” product	Focus is on minimum viable prototypes and iteration after launch

Different types of experiments

Convergent Experiments	Divergent Experiments
Example: A/B feature testing or a pricing test	Example: putting a prototype in the hands of customers
Formal (scientific) experimental design	Informal experimental design
Asks a precise question or finite set of questions	Poses an unknown set of questions
Seeks to provide an answer	May provide an answer or raise more questions
Needs a representative customer sample (test and control groups)	Needs the right customers (who might not be average customers)
Needs a statistically valid sample	Sample size may vary
Focused on direct causality	Focused on gestalt effects and meaning
Goal is to test the thing itself	Goal is to test as rough a prototype as possible for the question ("good enough")
Confirmatory	Exploratory
Useful for optimization	Useful for idea generation
Common in late stages of an innovation	Common in early stages of an innovation

Key principles for experiments

- Learn early
- Be fast and iterate
- ‘Fall in love’ with the problem – not the solution
- Get credible feedback
- Measure what matters now
- Test your assumptions
- ‘Fail smart’

pivoting

Pivoting

- When a business pivots, it means that it's changing some aspect of its core products or services
- Businesses might pivot to
 - better meet customer demand,
 - to shift their target audience
 - to boost salesor a combination of these

Pivoting

- Making a pivot is a strategic move that you can take to ensure that your **business remains viable and profitable**
 - e.g. Many businesses had to pivot during the pandemic –
e.g. a restaurant changing from dine-in to take- out/delivery

Pivoting examples

twitter 

 *PayPal*

 *Instagram*

NETFLIX

Nintendo[®]

android 

Pivoting

- When a business pivots, it means it's changing some aspect of its core products or services
- Businesses might pivot to better meet customer demand, to shift their target audience to boost sales, or some combination of both
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Pivoting

- Pivots can be a shift in:
 - target customer(s)
 - market segment
 - distribution channel
 - pricing strategy
 - even overall sector/industry

Pivoting

- When it might be a good idea to pivot:
 - the business isn't financially viable
 - the market didn't respond the way you anticipated
 - the market is too crowded
 - you're being consistently outperformed by the competition
- Or:
 - one feature of your product/service really stands out
 - you want to do something different

Pivoting examples



Originally called Odeo, a service for hosting podcasts, but then iTunes launched...



Stated as a way to 'beam' money between PDAs. Then became the preferred way of processing payments for eBay



Burbn allowed users to check in at their favorite spots. It also allowed them to share photos...

Pivoting examples

Started as a DVD-by-mail service
(still offers DVDs!)

NETFLIX

Involved in many industries before
videogames – from playing cards
to ‘love hotels’

Nintendo[®]

Launched as a cloud-based
platform to store photos

android 

Thank you!
any questions?