

# Innovation for Entrepreneur

# Innovation for Entrepreneur

**DIN147 (888147) 3(3-0-6)**

# read the exam questions carefully

- Explain
- Explain (e.g. from lesson ), ... Include how it ..., and why is this important ...
- In your own words, explain three (3) ... (*Do not use any text not written by yourself*).
- How has ... that you use, ...that you use
- Using an example of a business run by yourself (e.g. your group business) ...
- Based on ... your own (group) ... Explain any ....
- Give examples of how different types of ... (e.g. explained in lesson)
- What are different types of ...? Explain them using examples

# Mid-Term Exam Preparation: revision

888147 - Innovation Entrepreneur

## What have we covered?

1. introduction
2. innovation
3. innovation examples
4. differentiation
5. open / closed innovation
6. opportunity / MVP / pivoting
7. design (user)
8. prototype

+ case studies

week		Tuesday	Friday
1	18-June-24	introduction	assignment I
2	25-June-24	innovation	case studies
3	2-July-24	examples	case studies
4	9-July-24	differentiation	case studies
5	16-July-24	open innovation	case studies
6	23-July-24	opportunity	how to pitch
7	30-July-24	prototyping	assignment II
8	6-August-24	design	review

# Stages of Digital Innovation

INVENTION



INNOVATION



DIFFUSION



IMPACT FROM DIFFUSION



# processes

that produce innovation,  
such as  
creativity, organizational  
structure, environmental context,  
and social and economic factors

# outcome

innovation  
in new products,  
product features,  
and  
production  
methods



## Innovation

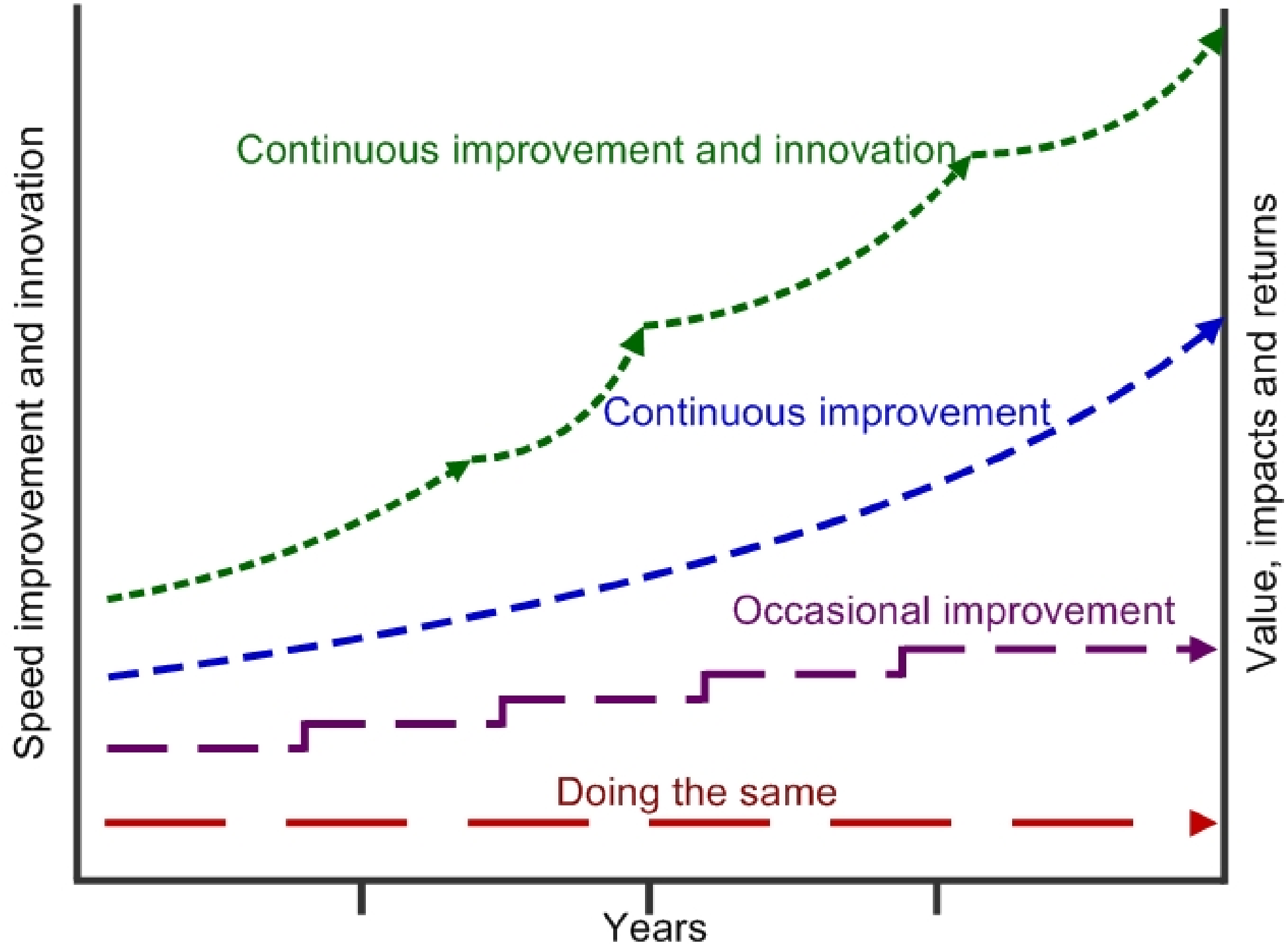
- new, change
- improve
- value
- exploit opportunity
- meeting need

Value proposition - The value a company promises to deliver to customers

# Why is Innovation Important?

business

essential part of strategy and developing over time



# Examples of Innovation

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## Differentiation

A company's ability to  
**effectively communicate** to its target customer  
**why** its product is superior

## Horizontal Differentiation

Horizontal differentiation is when customers choose a product subjectively because they do not have an objective measurement, to tell between best or worst

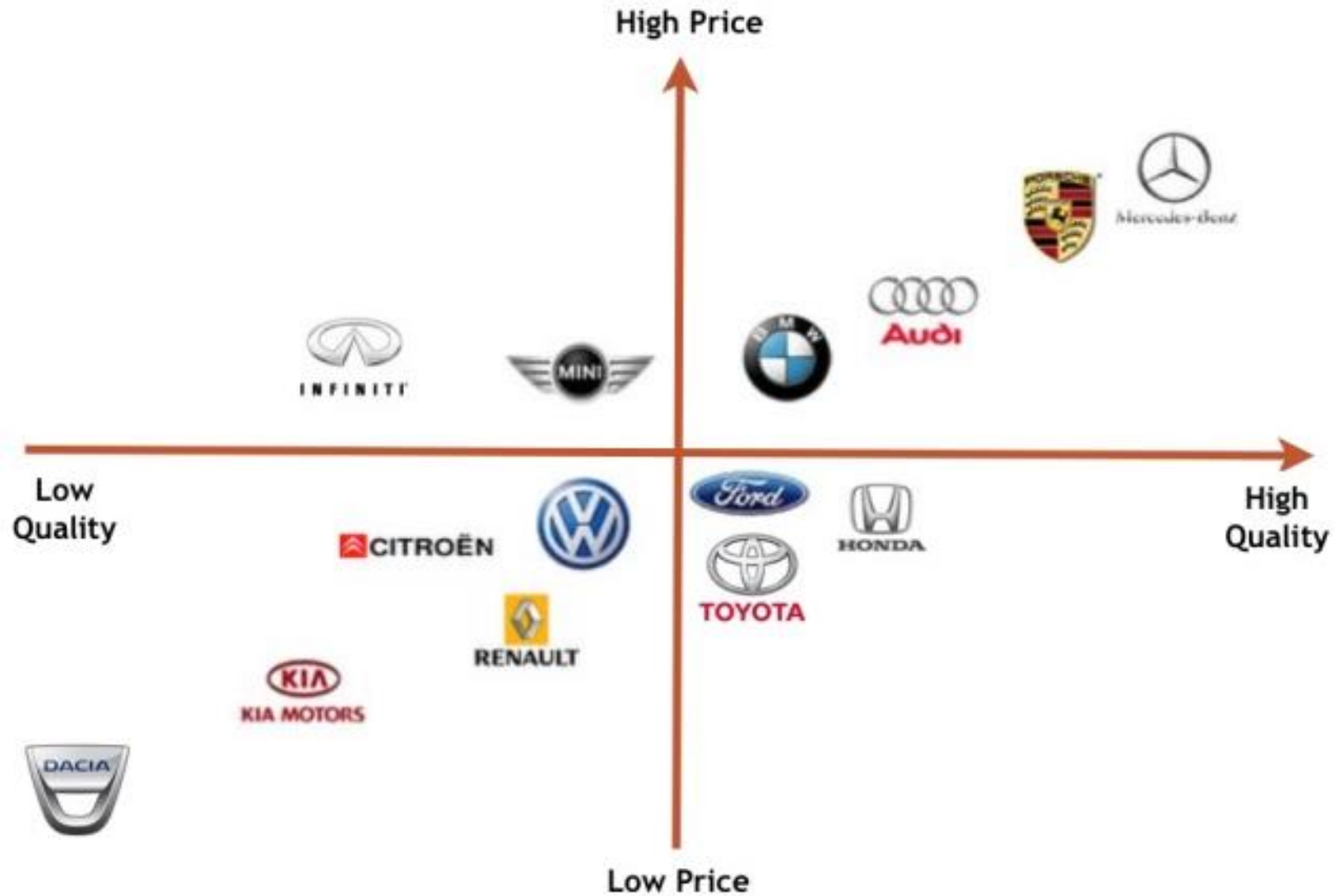
# Horizontal Differentiation



## Vertical Differentiation

Vertical differentiation is when customers choose a product by ranking their options from best to the worst using an objective measurement, like price or quality.

# Simple/Vertical differentiation





## Familiar Examples of Price Discrimination

- Coupon
- Premium pricing
- Segmentation by age, status, ethnicity and citizenship
- Discounts for member of certain occupations
- Retail incentives
- Wholesale
- Gender-based
- Academic pricing
- International price discrimination
- Sliding scale fees

## 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

# Closed Strategy

- In-house expertise
- Innovation has to be internal
- Don't share information
- 'Corporate secrets'
  - e.g. KFC, Coca Cola

# Open Innovation

Open Innovation is combining internal and external ideas as well as internal and external paths to market to advance the development of new technologies.

# Benefits of Open Strategy

- Reduction in time & cost
- solutions in the form of
  - ideas,
  - patents,
  - products and
  - technologies

# Advantages

- Reduced **cost** of R & D
- **productivity**
- Early customers **involvement**
- Increased **accuracy** for market research and customer targeting

# Advantages

- Reduced **cost** of conducting research and development
- Potential for improvement in development **productivity**
- Incorporation of customers **early** in the development process
- Increase in **accuracy** for market research and customer targeting

# Disadvantages

- Potential for **synergism** between internal and external innovations
- Possibility of revealing information **not intended for sharing**
- Potential for the hosting organization to lose their competitive advantage as a consequence of revealing **intellectual property**
- Increased **complexity of controlling** innovation and regulating how contributors affect a project



# Minimum Viable Product

Minimal Cost  
+  
Maximum Learning

# MVP

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



# MVP

“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”



# ‘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

## Design thinking

- Solve problems & find solutions for customers
- Spend time with customers (e.g. contextual inquiry)
- Understand their daily experiences
- Insight into their challenges
- Find the pain points, how can you solve these?
- Design is about meeting the needs of the customer

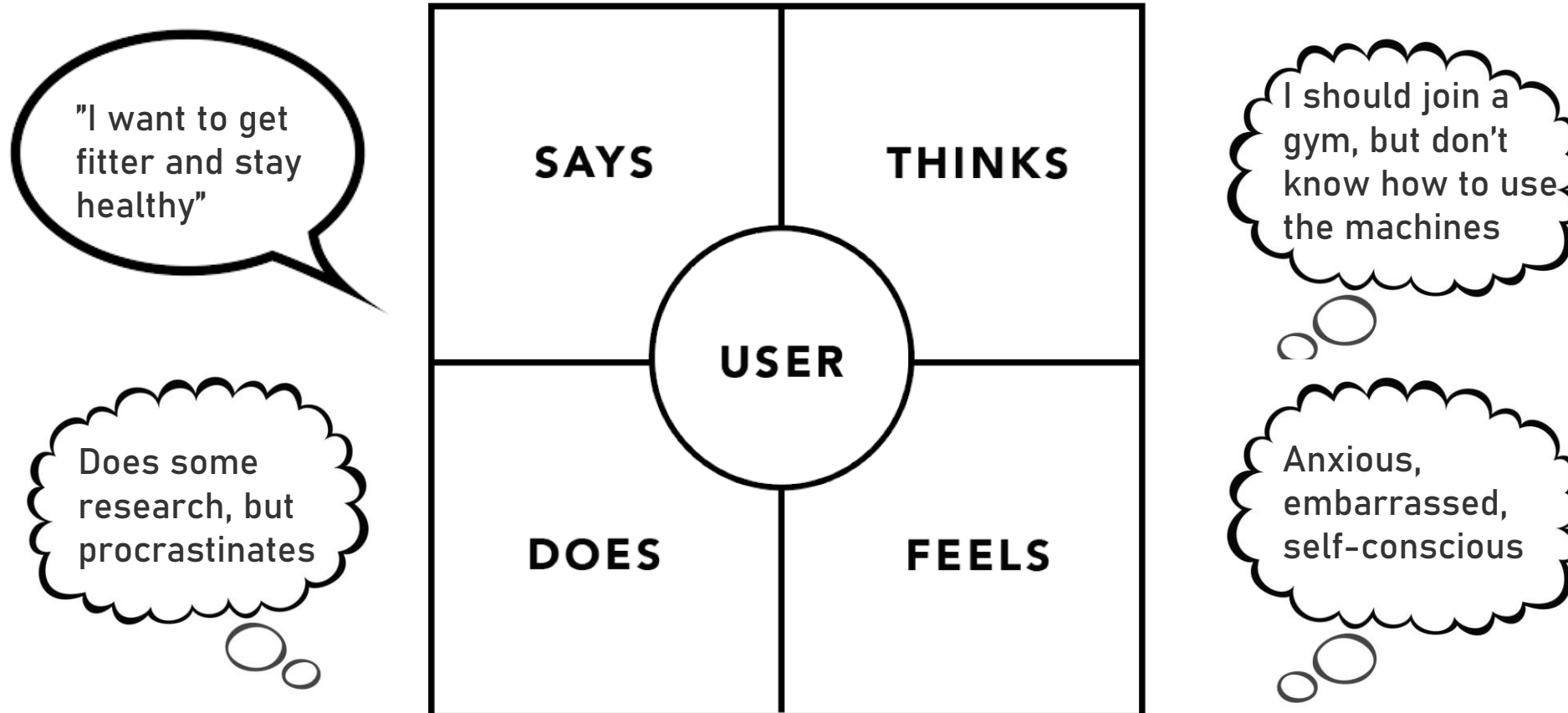
## Design thinking

“match people’s needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity”

Tim Brown, CEO of IDEO

# Empathy maps

Traditional empathy maps are split into 4 quadrants (Says, Thinks, Does, and Feels), with the user or persona in the middle. Empathy maps provide a glance into who a user is as a whole, and are not chronological or sequential





# Create personas

## Clark Andrews

AGE 26

OCCUPATION Software Developer

STATUS Single

LOCATION San Jose, CA

TIER Experiment Hacker

ARCHETYPE The Computer Nerd

Friendly Clever Go-Getter

### Motivations

Incentive ██████████

Fear ██████████

Achievement ██████████

Growth ██████████

Power ██████████

Social ██████████

### Personality

Extrovert ████████ Introvert

Sensing ████████ Intuition

Thinking ████████ Feeling

Judging ████████ Perceiving

### Goals

- To cut down on unhealthy eating and drinking habits
- To measure multiple aspects of life more scientifically
- To set goals and see and make positive impacts on his life

### Frustrations

- Unfamiliar with wearable technology
- Saturated tracking market
- Manual tracking is too time consuming

### Bio

Aaron is a systems software developer, a "data junkie" and for the past couple years, has been very interested in tracking aspects of his health and performance. Aaron wants to track his mood, happiness, sleep quality and how his eating and exercise habits affects his well being. Although he only drinks occasionally with friends on the weekend, he would like to cut down on alcohol intake.

### Technology





IT & Internet ██████████

Software ██████████

Mobile Apps ██████████

Social Networks ██████████

### Brands

 +  
  



"I feel like there's a smarter way for me to transition into a healthier lifestyle."



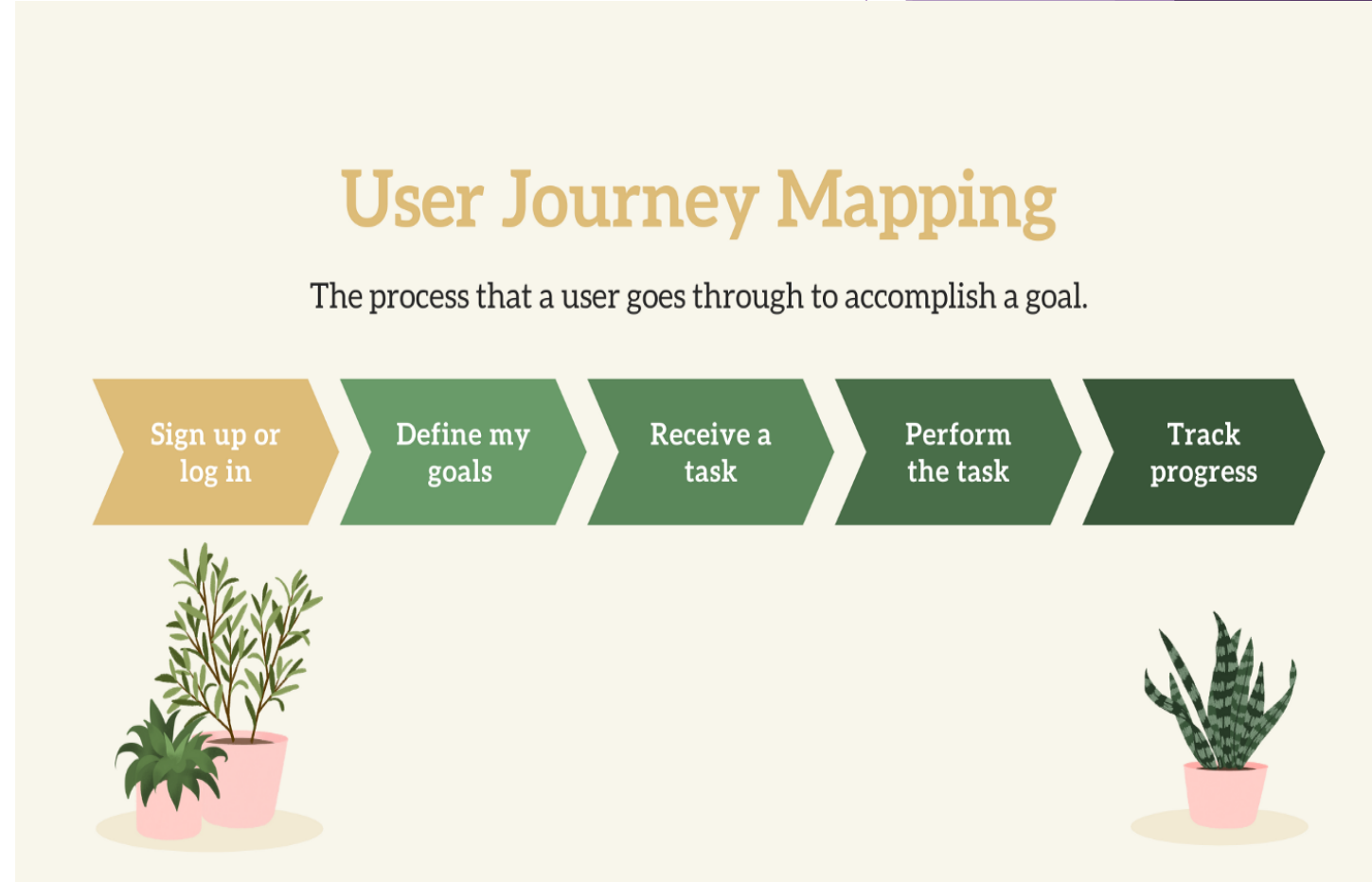
## PRODUCT DESIGN IS

The process of **identifying** an opportunity, **defining** the problem, **developing** a solution for that problem and **validating** the solution with real users.

- Nick Babich (Smashing Magazine)

# User Journey Mapping

- a process that a user must go through in order to accomplish a goal.
- A user journey is presented as a series of steps and actions in a timeline skeleton.
- Such a layout makes it easier for all team members to understand and follow the user's narrative.



# Affinity mapping

## Unhealthy habits

Working longer hours than usual

Back pain from improper desk setup

Becoming more sedentary and exercising less

## Isolation

Mental health issues can arise e.g. depression

Loneliness for people living by themselves

## Distractions

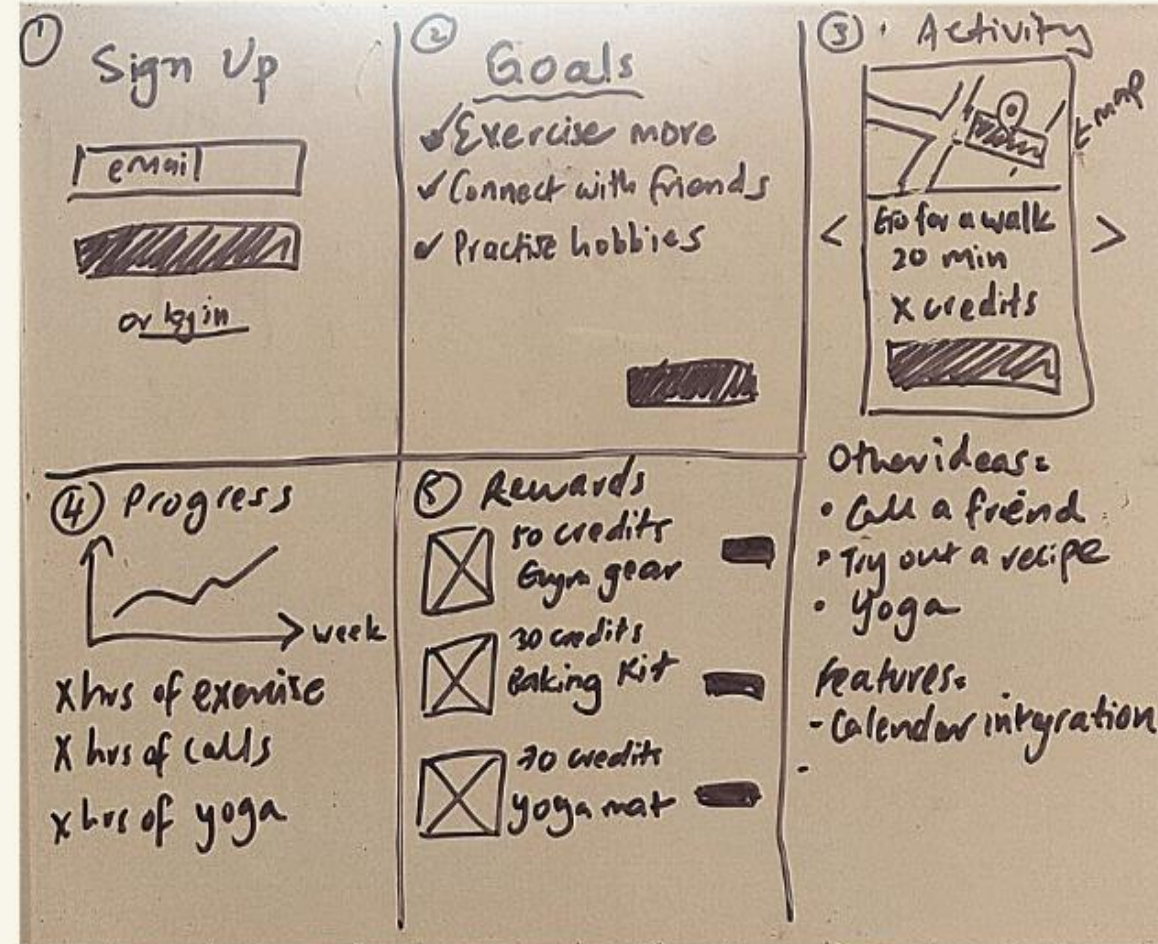
Pet and children distractions

Poor internet connection

# Design the Solution

## Example

An app that nudges you to take a break by providing you with personalised health and wellness activities.



## What is a prototype?

- A Prototype is an **early sample, model, or release of a product** built to test a concept or process.
- A prototype is generally used to **evaluate a new design**
- Helps build a real system
  - Find issues early
  - User / customer feedback

## What is a prototype - example

- Example: mobile phone apps
- Design process
  - Contextual inquiry
  - Modeling
  - Design
  - Evaluation

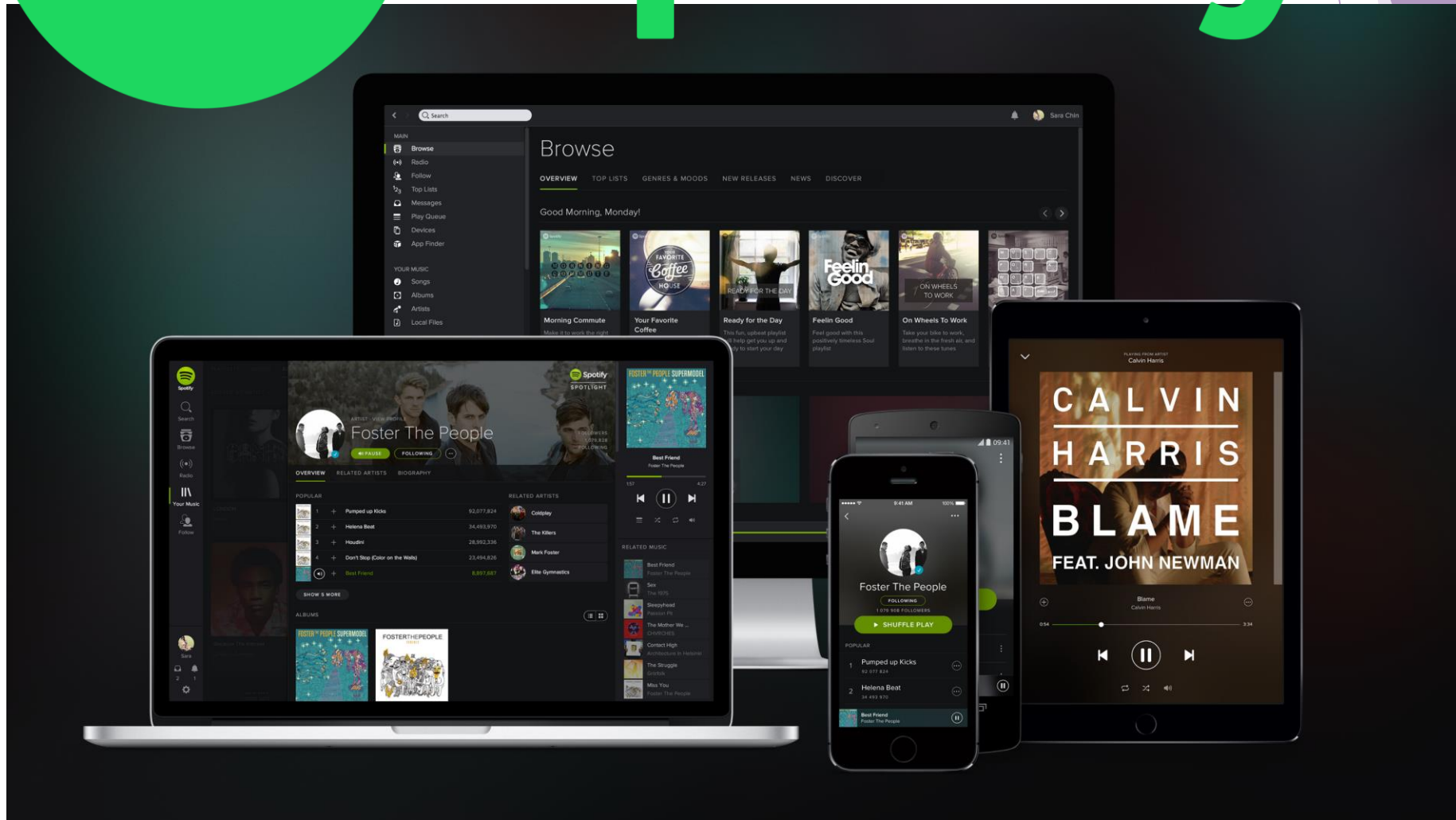
## Contextual inquiry

- Ideas -> research idea
- Competition – what exists, what could be improved?
- Who needs what?
- What is your solution?
- Why is it better?





# Spotify®



# Discovery

- Spotify was founded in 2006 in Stockholm, Sweden, by Daniel Ek and Martin Lorentzon
- They wanted to create a legal digital music platform to respond to growing challenge of online music piracy in the early 2000s
- After a few months of work the application was completed in 2006, however, its launch was postponed due to negotiations with the record companies and the licensing, so it took two years to launch the application

# Development

- Eventually convincing record labels to agree to share content in return for an aggregate 20 percent stake, Spotify was launched in 2008
- It was an instant success, with a Facebook partnership helping it rise rapidly to prominence
- Surviving the transition to mobile, Spotify went public in April 2018, with a **market cap of \$26.5 billion after the first day of trading**

# Basic stages of innovation

- Diffusion – an innovation spreads across a population of potential users. Includes how an innovation is deployed, and how it is assimilated by users

# Creative destruction

- Music industry resisted the digital revolution for too long - this allowed other platforms (Napster etc, then Apple iTunes, then Spotify etc), to 'own' digital music distribution
- Example of the 'Innovator's Dilemma': there might be logical reasons why a business or industry resists innovation, even though it leads to their creative destruction (or loss of revenue and influence)

# How Big is Alibaba? - From School Teacher to Billionaire by ColdFusion

Research the Alibaba Company. Focus on these 4 areas:

## Discover

- (START) how did it begin? What business model? Why different/of value/successful/ innovative?

## Impact

- (END/NOW) what does it do now? What impact does it have on its market?

## Diffusion

- (DIFFUSION) what happened during the years the company grew to become famous?

## Development

- (DEVELOPED) how did the product(s)/service(s) start, change, become better, new, different?



# **Is Netflix a successful company? Why or why not?**

2023 Why Netflix is Collapsing: The Truth About Netflix's Empire

# Dutch East India Company

## Discovery (e.g. origins)

- a powerful trading company from the Netherlands, started in 1602
- Europeans were seeking new trade routes and opportunities in Asia
- traded goods like spices and flowers between Europe and Asia
- other associated trades (e.g. shipbuilding, army)



# Dutch East India Company

## Development

- developed a vast network of trading ports, markets, and colonies across Asia, Africa, and the Indian Ocean
- new financial mechanisms such as the issuance of bonds and shares to raise capital

# Dutch East India Company

## Diffusion (growth)

- the trade networks facilitated the diffusion of goods, knowledge, and culture between Europe and Asia.
- the extensive trade routes connected various parts of the world, spreading goods like spices and technologies
- the business finances like joint-stock ownership and centralized corporate governance, influenced future business practices

# Dutch East India Company

Impact (e.g. social, economic, environmental)

- immense wealth and economic power for the Netherlands, called the Dutch Golden Age
- established several colonies influencing local economies, politics, and societies
- a lasting legacy that shaped modern business practices
- facilitated cultural exchanges between Europe and Asia
- advancements in science, navigation, and military tactics

**Tuesday August 20<sup>th</sup> 3.30pm to 6.30pm**  
**open book**

Choose and answer 5 questions from 8 questions

**INNOVATION**  
**EXAMPLES**  
**DIFFERENTIATION**  
**OPEN/CLOSED INNOVATION**  
**MVP/PIVOTING**  
**USER-BASED DESIGN**  
**4 STAGES OF INNOVATION IN CASE STUDIES**

**Tuesday August 20<sup>th</sup> 3.30pm to 6.30pm**  
**open book**

**bring a tablet or laptop**

**give complete answers**

**don't use AI, copy & paste**

**GOOD LUCK!!!**