

# Week 7: Rise of the intrapreneur and entrepreneur

## Concept: Entrepreneurship

### Definitions:

- **Entrepreneurs** are those persons (business owners) who seek to generate value through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- **Entrepreneurial activity** is enterprising human action in pursuit of the generation of value through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- **Entrepreneurship** is the phenomenon associated with entrepreneurial activity. (OECD Eurostat Entrepreneurship Indicators Programme, 2009)
- An **intrapreneur** is an employee within a large company who takes direct responsibility for turning an idea into a profitable new product, service, business, etc., often instead of leaving to start their own company.

**Characteristics:** There is debate about if we can, and if so how to, classify and separate entrepreneurs. However, we can start from the basis that **the essential act of entrepreneurship is new entry and launching new ventures.**

There is a necessary element of uncertainty; not only as to whether your venture will work, but sometimes as to the boundaries of production or of the market. In this sense, it's heavily related to innovation, risk and human behaviour.

A nice little definition that I think captures it:

- Entrepreneurial activity involves identifying [and exploiting] opportunities within the economic system (Issawi & Penrose, 1963)

### Criticisms:

- What separates entrepreneurs from a normal business worker? Alternatively, when does a hobby / flight of fancy become an act of entrepreneurship?
- Where does positive social change / personal health and happiness come into entrepreneurship? Is the work you're doing worth it for you and for society?
- Are entrepreneurs being overly glorified or turned into heroes?
  - Is this a bad thing? Sometimes we need heroes to show us what's possible.

**Management tools** according to Porter include:

- total quality management
- benchmarking
- time-based competition
- outsourcing
- partnering
- reengineering
- change management...

**But they are not substitutes for strategy!**

Porter argues that the supplanting of strategy by management tools has resulted in zero-sum competition, static or declining prices, and pressures on costs, because nobody is thinking about how to innovate - everybody is thinking about how to strip things down.

### The Entrepreneurial Process (Muzyka, 1995)

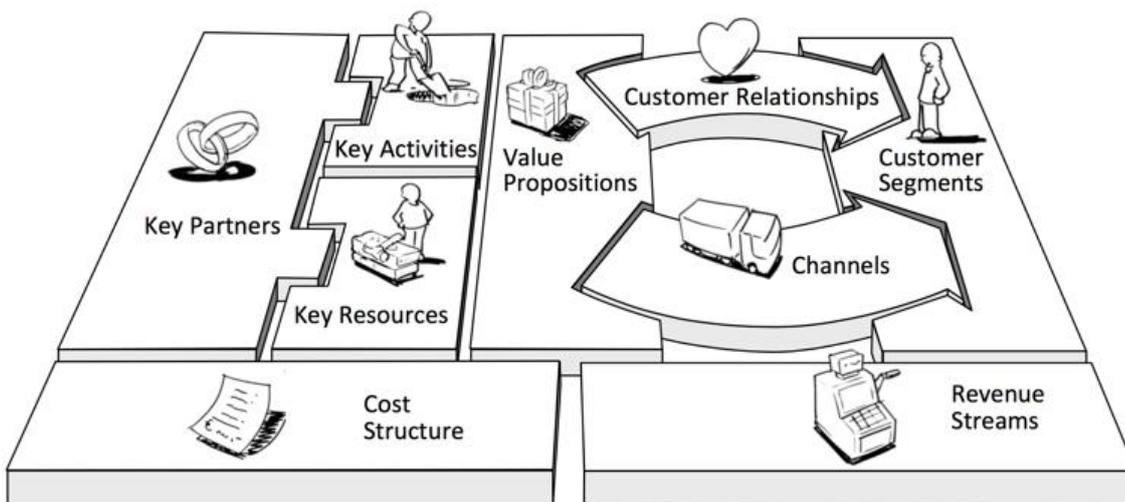


The reality is that opportunities come and go, and businesses have to keep reinventing themselves. How can they do that?

### Framework: The Business Model Canvas (Osterwalder & Pigneur, 2010)

**Purpose:** to describe and think through the business model of your organisation, with the ultimate aim of challenging assumptions about your business model and innovate successfully.

**Breakdown:**



1. An organization serves one or several **Customer Segments**.

- defines the different groups of people an enterprise aims to reach and serve
- Customer groups represent separate segments if:
  - Their needs require and justify a distinct offer
  - They are reached through different Channels
  - They have substantially different profit abilities

2. It seeks to solve customer problems and satisfy customer needs with **Value Propositions**.

- describes the elements of products and services that create value for Customer Segments

- Elements from the non-exhaustive list that can contribute to value creation include:
  - Newness
  - Performance/Practicality
  - Customisation/Design
  - Brand/Status
  - Price/Cost reduction
  - Risk Reduction
  - Accessibility/Convenience/Usability

3. *Value Propositions are delivered to customers through communication, distribution, and sales Channels.*

- describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition
- Channels serve several functions, including:
  - Raising awareness among customers about a company's products and services
  - Helping customers evaluate a company's Value Proposition
  - Delivering a Value Proposition to customers
  - Providing post-purchase customer support

4. **Customer Relationships** are established and maintained with each Customer Segment.

- describes the types of relationships a company establishes with specific Customer Segments
- Customer relationships may be driven by the following motivations:
  - Customer acquisition
  - Customer retention
  - Boosting sales (upselling)

5. **Revenue Streams** result from Value Propositions successfully offered to customers.

- represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings)
- A business model can involve two different types of Revenue Streams:
  - Transaction revenues resulting from one-time customer payments
  - Recurring revenues resulting from ongoing payments to either deliver a Value Proposition to customers or provide post-purchase customer support

6. **Key Resources** are the assets required to offer and deliver the previously described elements . . .

- describes the most important assets required to make a business model work
- Key resources can be categorised as
  - Physical
  - Intellectual
  - Human
  - Financial

7. . . by performing a number of **Key Activities**.

- describes the most important things a company must do to make its business model work
- Key activities can be categorised as
  - Production
  - Problem solving
  - Platform/Network

8. Some activities are outsourced to, and some resources are acquired from, **Key Partnerships** outside the enterprise.

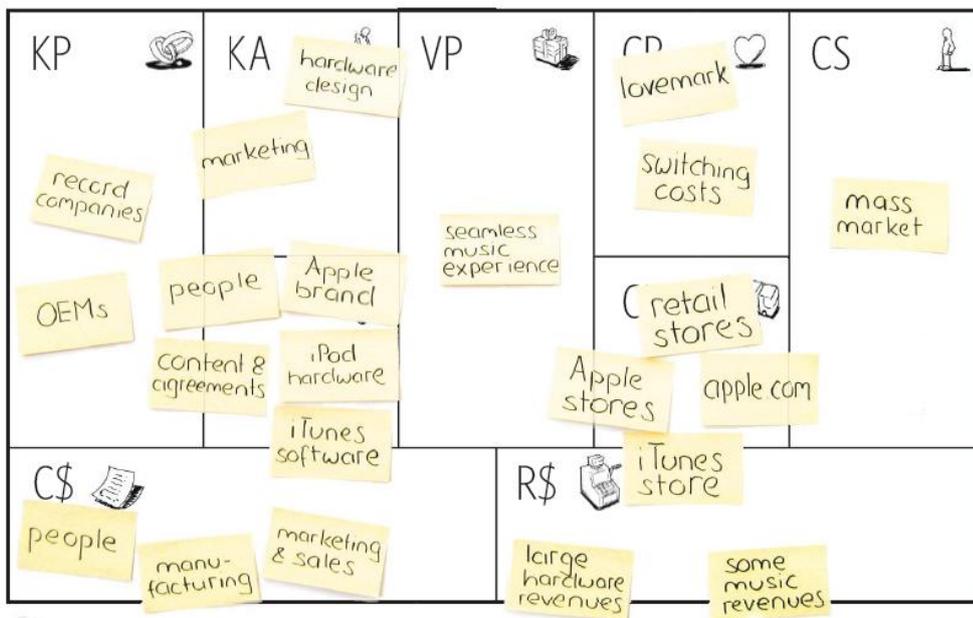
- describes the network of suppliers and partners that make the business model work

- Four different types of partnerships
  - Strategic alliances between non-competitors
  - Coopetition: strategic partnerships between competitors
  - Joint ventures to develop new businesses
  - Buyer-supplier relationships to assure reliable supplies

9. The business model elements result in the **Cost Structure**.

- describes all costs incurred to operate a business model
- Two broad classes of business model cost structures
  - Cost-driven
  - Value-driven

**Example:** This is a sample BMC that Apple might've done in their early days of launching iTunes:



As you can see, it's meant to act as a structured brainstorm / idea generation.

**Limitations:**

- Quite abstract
- Focused on some key stakeholders, but notably not others
- Somewhat blind to the external environment as we have conceived it
- It is very much designed around SMEs and startups
  - Likely unsuited to large complex organizations

# Week 8: Design thinking

## Concept: Innovation

**Definition:** The Cambridge Business Dictionary (2017) quite simply defines **innovation** as “(the use of) a new idea or method”. It’s what all businesses aspire to, but how can they actually get it?

## Concept: Design thinking

**Definition: Design thinking** is a strategy-making process that applies tools from the world of design and shifts the focus of strategy from the firm towards human behaviour. It puts customers, their tastes and their considerations at the forefront.

## Characteristics:

- Brown, 2010: “As an approach ... not only does it focus on creating products and services that are human centred, but **the process itself is deeply human**. Design thinking relies on our ability to be intuitive, to recognise patterns, to construct ideas that have emotional meaning as well as being functional”
- Based on generating, testing and refining ideas, collaborating with others, and creating a story around a company and its strategy.
- “not always undertaken sequentially” ... “immersive” first-hand research
- “To achieve divergent thinking, it is important to have a diverse group of people involved in the process. Multidisciplinary people often demonstrate this quality. They’re people with the capacity and the disposition for collaboration across disciplines.”
- “Through prototyping, the design thinking process seeks to uncover unforeseen implementation challenges and unintended consequences in order to have more reliable long-term success.”
- “Storytelling, particularly through multimedia, helps communicate the solution to a diverse set of stakeholders inside and outside of the organisation, particularly across language and cultural barriers.”

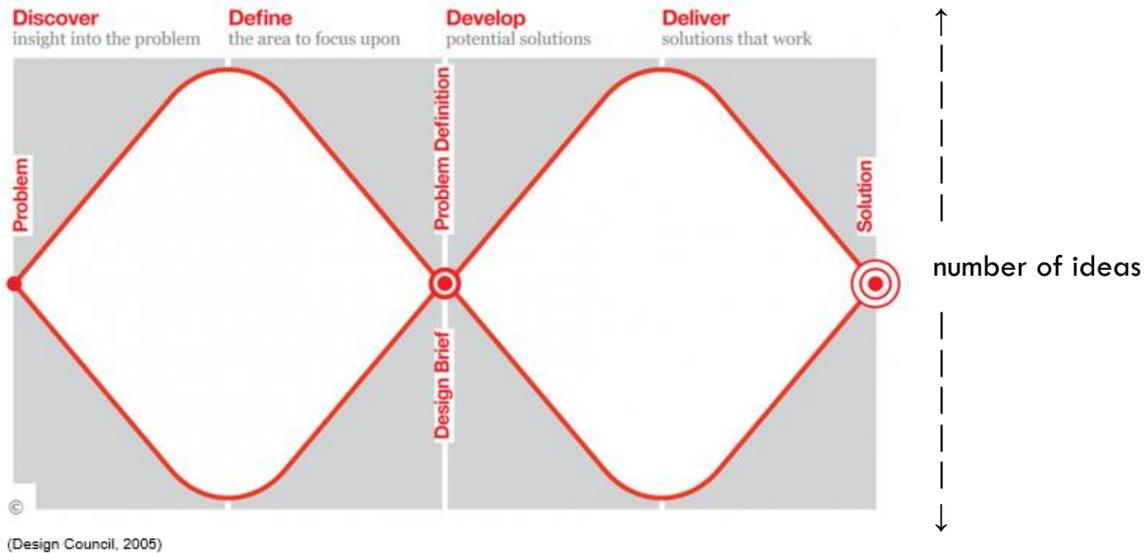
## Criticisms:

- Is it an inferior substitute for the ‘unplanned’ creative process?
  - I don’t think so - there is always some method to madness, and besides, limitations are necessary when working in business under a brief

## Framework: The Double Diamond

**Purpose:** to map the stages of design thinking as a series of divergent and convergent streams of ideas with the aim of defining and solving a problem.

## Breakdown:



A good problem is:

- Unmet
- Frequently felt
- Urgent
- Unworkable
- Unavoidable

**Develop** begins with an initial idea or inspiration, often sourced from a discovery phase in which you identify user needs through research, bouncing off other people, and immersing yourself in the world of the user.

**Define** is where you filter ideas and refine your research findings into problem statements, and align them to business objectives. The project is developed, managed and signed off.

**Develop** is where design-led solutions to the problem are developed, iterated and tested within the company. You work across disciplines and with many people to visually and tactilely design and experiment on several solutions, getting feedback as you go.

**Deliver** is where the resulting product is finalised, signed off and launched in the relevant market. Targets, evaluation and feedback loops need to be established.

By focusing on the need rather than on the procedure, your business has more chance of finding an innovative (read: new) solution that hasn't been thought of yet.

## Limitations:

- Linear and yet weirdly non-specific about chronology
- Does not mention the social politics and interpersonal tensions that may arise in the collaborative process

## Designing an effective team

- Meet in person
  - Faster
  - Meaning is clearer

- Personal connection
- Make a plan
  - Overall plan and weekly sub-plans
  - Backup plans!
  - Checklists
  - Minutes and clear delegation of tasks
- Focus on what you can do
  - In terms of your own contributions
  - In terms of helping others
  - Are you an initiator or a facilitator? Do you generate ideas or are you better at refining them?
  - Are you better at written, visual or oral communication?
- Engage in empathetic communication
  - Active listening
  - Honesty and respect
  - Withholding judgment
  - Remembering that everyone faces challenges
  - Inviting everyone into the conversation