

# BUS 238: Introduction to Entrepreneurship and Innovation

## A Course Overview

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# 1 Introduction

- Course objectives:
  - Build foundations for innovation and entrepreneurship
  - Improve business thinking
  - Learn the importance of implementation
  - Create a realistic business model
- Cycle of development: Create, invent, innovate, entrepreneurship
- Ideas are not unique; do not cling to ideas
- All changes have negative consequences

## 2 Innovation

- **Innovation:** Improving or changing an idea or item to meet a need
  - Involves matching technology to a market application
  - Not the invention of something new
  - Iterative to improve competition and to solve problems
  - Involves value-add and newness
  - Aims for seamless adoption of influential change
- Types of innovation:
  - **Product/Service innovation:** Changing an offering to customers
  - **Process innovation:** Changing the creation, composition, and/or maintenance of a product or service
    - \* Often in the interest of efficiency and cost
  - **Marketing innovation (positioning):** Changing how an offering is portrayed in communications
  - **Platform innovation:** Changing the foundation on which other businesses or processes operate
  - **Business model innovation:** Changing the model of thought of the priorities and operations
    - \* E.g. RyanAir is a airline which provides low quality services at low costs
    - \* E.g. Netflix is a media streaming service which moved subscription services and distribution to online
  - **Social innovation:** Creating solutions to social and/or environmental issues/deficits
    - \* Often target market weaknesses or address market failures
  - **Sustainable innovation:**
    - \* Long-term maintenance of a concept or solution while creating the least environmental impact and utilizing all the possible resources
- Speed and impact of innovation:
  - Incremental (e.g. parking services)
  - Substantial (e.g. remote engine diagnostics)
  - Radical (e.g. hybrid engine technology)

### 3 Entrepreneurship

- *Entrepreneurship*: Creation of purposeful and focused change in an enterprise's economic/social potential
  - Often without regard to resources currently controlled
  - Innovating a new product, creating a new business model, improving a product
- *Opportunity*:
- *Pursuit*: Following the realization of an opportunity, often with focus and urgency
- *Beyond resources controlled*: Need to identify and access external resources to support the realization of opportunity
- Steve Blank: Entrepreneur and originator of the Lean method
  - Website
- *Intrapreneurship*: Being an entrepreneur within a company
- To create impact:
  - Think like a movement to create social change
  - Create a container for content delivered to consumers
  - Be ready to engage with allies, adversaries, and strangers
  - Leverage your economic power and reduce reliance on others
  - Advocate for causes in an empathetic way
  - Understand who should be in your circle

## 4 Problems

### 4.1 Root Cause Analysis

- Steps:
  - Identify the problem and key indicator/symptom
  - Iteratively identify any linked causes
  - Identify the furthest root causes
- When creating an RCA:
  - Don't leap to conclusions
  - Focus on direct causations
  - Consider context of each causation
  - Create many branches
- *Insight*: Understanding the underlying nature of a concept
  - User insight:
    - \* Revelation about an aspect of users
    - \* Realization of new opportunities
  - Methods of gaining insight:
    - \* *Observation*: Perception of behaviour without interfering interaction
      - Should be objective about behaviour and not include emotions or make inferences
      - Using observations, find insights
      - *POEMS framework*: When observing, pay attention to People, Objects, Environments, Messages, and Services
        - People: Who is present/involved?
        - Objects: What is involved? (e.g. equipment, materials, product, infrastructure)
        - Environments: Uniqueness in and characteristics of the environment (e.g. noise, temperature, crowdedness, privacy, security, atmosphere)
        - Messages: Information conveyed by/from people (e.g. other people in the vicinity, environment, advertising, promotions)
        - Services: Services offered and results
    - Pay attention to:
      - Disjunctures and inconsistencies with previous understandings/observations
      - Revelatory incident which requires explanation and contextualization
      - Personal interpretations and differences between what is said and what is done
      - Cultural contextual issues
      - Metaphorical and symbolical experiences relating to a larger concept

### 4.2 Empathy Mapping

- Discuss with people to understand the problem better

## 5 Interviewing

- Recommendations:
  - Listen actively
  - Ask for history or context
  - Ask follow-up questions to encourage deeper discussion
  - Encourage them to tell stories
- Refrain from:
  - Asking leading questions
  - Asking yes/no questions
  - Asking obvious questions
  - Making predictions or assumptions

## 6 Creativity

- *Creativity*: Solution which is both relevant to the problem and novel
  - Irrelevant to artistry
  - Can be practiced and improved
- *Brainwriting*: Individual idea generation
- *Brainstorming*: Social idea generation
  - Build off of others' ideas
  - Don't criticize ideas
- When being creative:
  - Do not self-filter
  - Prioritize quantity over quality
  - Create wildly unrealistic ideas
- SCAMPER framework:
  - **S**ubstitute one concept for another
    - \* E.g. Replace meat with tofu
  - **C**ombining multiple concepts
    - \* E.g. Adding two cuisines
  - **A**dapting concepts for another environment
    - \* E.g. Chinese food in the US
  - **M**odify existing concepts
    - \* E.g. Use cereal to create cereal bars
  - **P**ut a concept to another use
    - \* E.g. Using food as art
  - **E**liminate a concept from its context
    - \* E.g. Remove meat from burgers
  - **R**everse
    - \* E.g. Wrap the dough of a pizza around the toppings to create a calzone



## 7 Marketing

- *Target market:* People who may consume your product/service
- *Market segment:* Subset of the target market which has common needs and priorities which can be targeted specifically
  - Helps to satisfy specific people well
  - Controlling smaller markets is more easily achievable
- *Target persona:* Representative persona of a typical consumer
  - How they see themselves, what they value, how they behave, how they communicate, what motivates them
  - As many details about an artificially created person as possible
  - **Xtensio:** Tool to create personas

## 8 Teamwork

- Interdisciplinary teams:
  - Make unique contributions
  - Reduce errors or tunnel vision
  - Have greater flexibility
  - Are more united
  - Learn more broadly
  - Reduce communication gaps between industries
  - Allow people to focus on their strength
  - Require patience and listening
  - Are not easy to align goals and direction
  - Are not put into practice often

## 9 Business Models

### 9.1 Overview

- **Business model:** Description of the organization and finances of a business
- **Business strategy:** Description of how a business succeeds in relation to competitors
- **Business plan:** Document describing the business strategy for a particular goal
- **Vision:** End purpose of your company's existence and the ultimate goals it works to achieve

### 9.2 Types of Business Models

- **Subscription:** Recurring fee to obtain access to a service
- **Freemium:** A basic offering of a service for free and an improved offering of the service for a price
- **Fractionalization:** Selling the partial use or ownership of an object or service
- **Product to service:** Selling a service provided by a product rather than the product itself
- **Crowdsourcing:** Contribution of content or finances from a large group of people who receive other people's content or are able to see the product succeed
- **Razor-blade:** Selling a high-margin product below cost to encourage more sales of the low-margin product
  - E.g. Razors are sold at a low cost to encourage the sale of razor blades
  - E.g. Printers are sold at a low cost to encourage the sale of ink cartridges
- **Reverse razor-blade:** Selling a low-margin product below cost to encourage more sales of the high-margin product
  - E.g. Amazon Kindles are sold at an affordable price to encourage sales of digital e-books
- **Customization:** Allowing a customer to modify and choose aspects of a product or service
- **Low touch:** Decreasing service to lower prices
  - E.g. Self-assembly furniture

### 9.3 Business Model Canvas

- Business model canvas: [see Appendices](#)
- Customer segments: Small niche type of consumers who is your perfect market and who you create value for
- Value proposition: The value uniquely offered to the customers
- Channels: How customers access the offered value
- Customer relationships: Building rapport with customers
- Revenue streams: Where revenue comes from
  - Personal rewards
- Key resources: Items, products, people, or concepts critical to your success
- Key activities: Actions undertaken to create value and reach success
- Key partners: Individuals and organizations to work with

- Benefits and risks
- Cost structure: What and how consumers pay for the service

## 10 Appendices

- [Business Model Canvas](#)

### 10.1 Business Model Canvas










# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 			Revenue Streams 	



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