

Innovation and Entrepreneurship:Lecture 18

Course Instructor:
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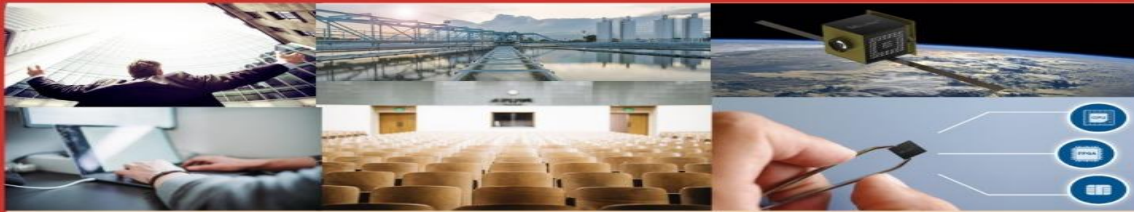


LECTURE 16



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Entrepreneur Lecture Series in Birla Institute of Applied Sciences Bhimtal, India



Products of Use Blu5 Group

Date: 15 September 2020
Indian Time: 11.30 AM -12.20 PM
Central European Time: 8.00-8.50 AM

OUTLINE OF LECTURE 17

- Entrepreneurial Process and Decision Making
- Entrepreneurial Ecosystem
- Development and Exploitation of Opportunities



Syllabus

Course Content:

Unit I: Introduction to Entrepreneurship: Entrepreneurs; entrepreneurial personality and intentions - characteristics, traits and behavioral; entrepreneurial challenges.

Unit II: Entrepreneurial Opportunities: Opportunities. Discovery/ creation, Pattern identification and recognition for venture creation: prototype and exemplar model, reverse engineering.

Unit III: Entrepreneurial Process and Decision Making: Entrepreneurial ecosystem, Ideation, development and exploitation of opportunities; Negotiation, decision making process and approaches, Effectuation and Causation.

Unit IV: Crafting business models and Lean Start-ups: Introduction to business models; Creating value propositions-conventional industry logic, value innovation logic; customer focused innovation; building and analyzing business models; Business model canvas, Introduction to lean startups, Business Pitching.

Unit V: Organizing Business and Entrepreneurial Finance: Forms of business organizations; organizational structures; Evolution of Organisation, sources and selection of venture finance options and its managerial implications. Policy Initiatives and focus; role of institutions in promoting entrepreneurship.



OUTLINE OF LECTURE 18

- Negotiation
- Effectuation and Causation



Negotiation



- On Equal Terms



Negotiation



- Some GIVE and Some TAKE



Negotiation



- Among different Stakeholders



Negotiation



- Different Factors Play an important roles in Negotiation



Negotiation

- “Negotiations take place every day, in many places, about many things,” said Bill Dwyer.
- For example, whether bargaining with an employer for a raise or with a roommate about whose turn it is to take out the trash.



Negotiating Negotiations

- Negotiating is a life skill.
- It's about gaining value for ourself, but having the other party win something, too.



Negotiating Negotiations

'When negotiating, you've got to be yourself and find a style that works...Negotiating is a social process, a teachable and learnable skill.'

– Bill Dwyer



Different Models of Negotiation

- There are **four models of** negotiation and the outcome of the negotiation depends on the approach.
- The various approaches to negotiation are as follows:
 - **Integrative Negotiation or Win-Win Approach**
 - **Distributive Negotiation or Win-Lose Approach**
 - **Lose-Lose Approach**
 - **Compromise Approach**



Integrative Negotiation or Win-Win Approach

- This negotiation approach is also called as collaborative or creating value approach.
- It is superior to all negotiation approaches.
- It results in both parties feeling that they are achieving what they wanted.
- It results in satisfaction for both parties.



Integrative Negotiation or Win-Win Approach

- It has the following characteristics.
 - There are a sufficient amount of resources to be divided and both sides can 'win'
 - The dominant concern here is to maximize joint outcomes.
 - The dominant strategies include cooperation, sharing information, and mutual problem-solving. This type is also called 'creating value' since the goal here is to have both sides leave the negotiating feeling they had greater value than before.



Distributive Negotiation or Win-Lose Approach

- This is also called competitive, zero-sum, or claiming value approach.
- This approach is based on the premise that one person can win only at the expense of the other.



Distributive Negotiation or Win-Lose Approach

- **It has the following characteristics:**
 - One side 'wins' and one side 'loses'.
 - There are fixed resources to be divided so that the more one gets, the less the other gets.
 - One person's interests oppose the other's.
 - The dominant concern in this type of bargaining is usually to maximize one's own interests.
 - The dominant strategies in this mode include manipulation, forcing and withholding information.



Distributive Negotiation or Win-Lose Approach

- The basic techniques open to the negotiator in this kind of approach are the following:
 - i. Influence the other person's belief in what is possible.
 - ii. Learn as much as possible about the other person's position especially with regard to resistance points.
 - iii. Try to convince the other to change his/her mind about their ability to achieve their own goals.
 - iv. Promote your own objectives as desirable, necessary, ethical, or even inevitable.



Lose-Lose Approach

- This negotiation approach is adopted when one negotiating partner feels that his own interests are threatened and he does all he can to ensure that the outcome of the negotiation is not suitable to the interests of the other party as well. In the bargain, both parties end up being the loser.
- This type of situation arises when the negotiating partners ignore one another's needs and the need to hurt each other outweighs the need to find some kind of an acceptable solution. This is the most undesirable type of outcome and hence this negotiation approach is best avoided.



Compromise Approach

- This approach provides an outcome which is some improvement over the lose-lose strategy outcome.
- To avoid a lose-lose situation, both parties give up a part of what they had originally sought and settle for something less than that.
- A compromise is the best way out when it is impossible for both parties to convince each other or when the disputed resources are limited.



Effectuation and Causation

- A **causation** approach implies that entrepreneurs focus on a predefined goal and then aim to find the means to reach this goal.
- An **effectuation** approach implies that entrepreneurs focus on the means at hand, which they aim to materialize into one or more goals that were not necessarily predefined.



The 6 corporate principles of Effectuation

- What are our values?
- What are our beliefs?
- What do we think should be our role in society?
- What value do we want to create in the future?
- Why do we think this matters?
- What matters to me?



Effectuation

- Entrepreneurs with an effectuation approach will have a proclivity to openly **exchange knowledge** and **share ideas** with other incubator firms and benefit from such network resources, due to their focus on identifying means available rather than goals



Causation

- Entrepreneurs with a causation approach will, in fact, constrain the proclivity to exchange knowledge, ideas, and other resources in an incubation context.

