

Charting the course of innovation : A STARTUP ANALYSIS

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Introduction

Startups are companies or ventures that are focused on a single product or service that the founders want to bring to market. These companies typically don't have a fully developed business model and, more crucially, lack adequate capital to move onto the next phase of business.



Overview

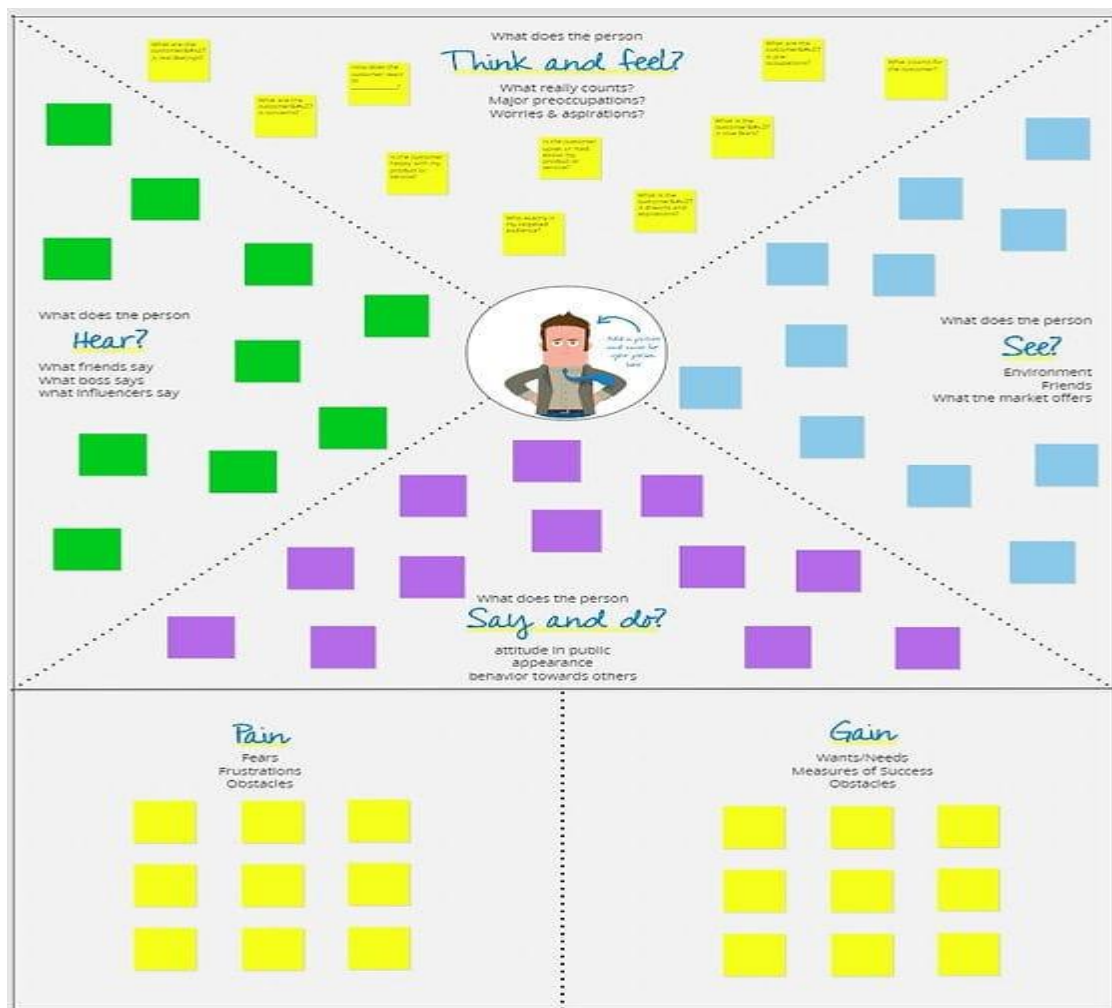
A startup analysis is essential to the success of any startup business. It allows entrepreneurs to identify the key areas that need improvement and make necessary

changes early on. Doing a startup analysis also allows startups to track their progress and ensure that they are on track to achieve their goals.

Purpose

For startups, market analysis is essential because it allows them to decide the type of marketing strategy that will reach and resonate with the most people in their target demographic. They can then allocate their funds in such a way that their choices are supported.

Empathy



Empathy maps are a gathering of information that depicts your ideal customer. As your team starts to gather data, it is important to know the difference between empathy and sympathy. Although the two words sound the same, they mean two different things. Empathy is when you feel and understand someone's feelings, attitude, and experiences. It is the understanding of other's experiences with everyday life events. Sympathy is related to feeling sorry for another person's grief and troubles.

An effective innovation strategy

Clarify priorities and goals. An innovation strategy outlines the goals of the organization's innovation activities and helps focus efforts on reaching those goals.

Foster alignment. With a plan in place, diverse groups within an organization will all be working toward common goals rather than pursuing their own individual priorities.

Keep a business from resting on its laurels. Even businesses that start out as innovators must continue to innovate in a strategic way, as copycats and innovative competitors are likely to take market share over time.

Help a business achieve long-term success. Without ongoing innovation, a company is unlikely to gain (or maintain) competitive advantage or keep customers engaged over the long term.

Types of innovation strategy

Some innovations are based on technology development, while others are based on innovative business processes. Both types are valuable and important. An innovation strategy should include the types of innovation that are priorities for the business. Researchers say there are four main types of innovation:

Routine innovation

This is an innovation that builds on a company's existing capabilities and serves its existing customer base, such as a new version of an existing product.

Disruptive innovation

A disruptive innovation is one that presents a new business model that challenges or disrupts competitors' business models. Amazon's decision to offer free shipping, for example, pressured other e-commerce companies to offer free or reduced shipping.

Radical innovation

Radical innovation requires a technological innovation that can still fit within the existing business model. Companies like Infarm, which grows produce inside supermarkets with remotely controlled farming technology, uses the legacy supermarket model to provide fresh local produce to customers

Architectural innovation

A combination of both new technology and a change in business model, architectural innovation can be the most challenging to undertake.



Steps for developing an innovation strategy

Align innovation with business strategy

Successful innovation efforts must be in step with your overall business strategy. To set the stage for effective innovation, individuals across the organization must understand the corporate goals.

That includes understanding the market in which the business plans to work, as the best innovations respond to the needs of customers or potential customers. Your innovation strategy must also be informed by an understanding of your competitors.

Innovation strategy examples

Apple;

Apple builds innovations by acquiring startups and partnering with other companies to develop new products, such as a partnership with Volkswagen to produce driverless shuttle vans for employees. The company also has an internal accelerator that leverages Apple employees to push forward new research projects, such as Titan, an electric car project.

Corning

For almost 200 years, Corning has repeatedly introduced new innovations and transformed its business model. It continues to succeed by investing in ongoing research at its R&D laboratory, where researchers from diverse disciplinary backgrounds can collaborate, applying science to industrial problems.

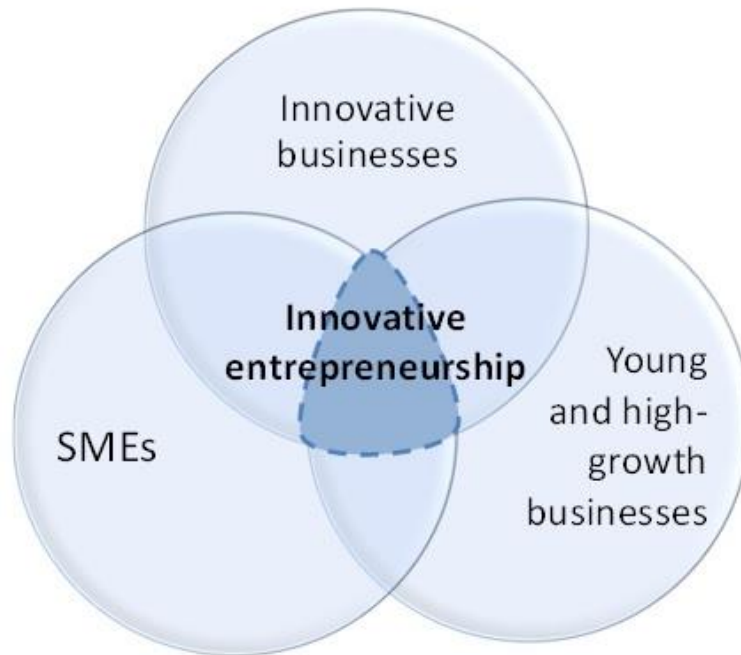
Amazon

In addition to an innovation lab that creates new hardware devices such as the Kindle and Echo, Amazon also encourages all employees to pitch innovative ideas. For example, an employee spontaneously pitched the idea for Amazon Prime in a memo, and leaders provided internal funding to make it happen.

Google

Google offers innovation classes for employees and runs an R&D facility that has launched products like self-driving cars and Google Glass. But the company also looks to bring in innovations from external sources, with GV, its own venture capital fund for innovative startups, and an incubator for promising entrepreneurs.





Value Proposition	Problem	Team Strategy	Founders
	Competition		Advisers
	Product-Market Fit		Partners
Market Strategy	Price	Financial Strategy	Revenue Model
	Placement		Cost Model
	Promotion		Sales Model
			Funding Model

Advantage

1. Efficiency (Lean and Mean):

Established companies have high administrative overheads. Startups offer their services in a more efficient, cost-effective and competitive manner. They are likely to be aware of their limitations and tend to focus on their core strengths. This causes them to partner with other small organizations. Customers often benefit with a superior value proposition.

2. Team Culture:

Employees of large corporations get attracted by prestige and big salaries. They easily lose sight of the company's vision, mission and values and the success of its customers. Startup employees form a close-knit community that shares passion, beliefs, and values. They must work together for the good of the company, its customers and the world at large.

3. Personalization:

Startups deliver their products and services with a personal touch. This creates a uniquely personal experience for their customers. Startups also take time to study and understand their customers' business requirements. This allows them to build lasting relationships with specific offerings and responsive solutions.

Disadvantage

1. Risk

Most startups fail within their first year of operations, so the risk of failure is high. Working under such high risk can blur a startup's strategic vision. So they either fail to seize market opportunities or overestimate their sales projections. High risk also hinders a startup's ability to attract experienced and competent staff.

2. Resources

Growth hacking, cloud computing, and venture capitalism allow startups to gain market entry. Most startups operate on a shoestring budget, against competitors that are well-resourced. It gives the competitors an edge in product development, sales, and marketing. They use that edge to push startups out of the market when they become a threat.

3. Processes

Startups are flat organizations that lack defined business processes and operational procedures. This exposes them to poor customer service, legal liability, and financial losses. Startups might thus opt to outsource non-core business processes to external service providers. But the high associated costs could form a barrier.

4. Stress

We did mention that working for a startup is fun, but it could also become very stressful. Low compensation, many responsibilities and long working hours are more or less expected. Add legal prosecution, imminent business failure, and screaming customers and work becomes unbearable.

Conclusion

To be successful in sustainable business practices often requires entrepreneurship and innovation. This chapter provides an overview of entrepreneurship and innovation as it relates to sustainable business. The discussion is most relevant to sustainable businesses focused on offering new products and services in response to societal concerns. The importance of entrepreneurship and innovation also applies to companies that change how they produce products and services. The latter companies can use innovative practices and entrepreneurship to establish their brand name and to be market leaders in doing things that create shared value for society

and their companies and also, over time, contribute to changes in practices in their industry.