

## **LECTURE SESSION SIX**

### **PHILOSOPHY OF ENTREPRENEURSHIP**

#### **Lecture Outline**

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#### **6.1 Introduction**

Welcome to this Sixth lecture in Entrepreneurship Skills. In this lecture, we shall explore the concepts of Creativity and Innovation.




## 6.2 Learning Outcomes

At the end of this lecture, you should be able to:

- i) Differentiate between creativity and innovation.
- i i) Describe the FIVE stages in the creative process.
- iii) Explain the importance of innovation in entrepreneurship.

Let us start our discussion by asking ourselves this question.



**Intext Question 1: How many boxes do you see in the below figure?**


EXERCISE TWO:

DRAW 4(FOUR) STRAIGHT LINES PASSING THROUGH THESE NINE DOTS WITHOUT LIFTING YOUR PEN.



Well done. I believe you answered NINE. However some people will see more boxes than NINE They will see 25. Try to count and see these boxes. This introduces us to creativity. You must be able to stretch yourself and see outside the box.

### 6.3 Creativity and Entrepreneurship

Creativity is the ability to design, form, make or do something in a new or different way. The ability to come up with creative solutions to needs/problems and to market them often marks the difference between success and failure in business.

It also distinguishes high-growth or dynamic businesses from ordinary, average firms. Real, successful entrepreneurs are creative in identifying a new product, service or business opportunities.

### 6.3.1 Creativity and Innovation

Creativity is the ability to design, form, make or do something in a new or different way. The ability to come up with creative solutions to needs/problems and to market them often marks the difference between success and failure in business.

Innovation is a process of doing new things. Ideas have a little value until they are converted into products, services or process. Innovation, therefore, is the process of



CREATIVE THINKING: HELPS COME WITH NEW THINGS

transformation of creative ideas into useful applications, but creativity is prerequisite to innovation.

Entrepreneurship can be partly described as a combination of creativity followed by innovation, where creativity is the act of 'thinking' new things, coming up with ideas and innovation is 'doing' new things or implementing newly created ideas.

### 6.3.2 The Creativity Process



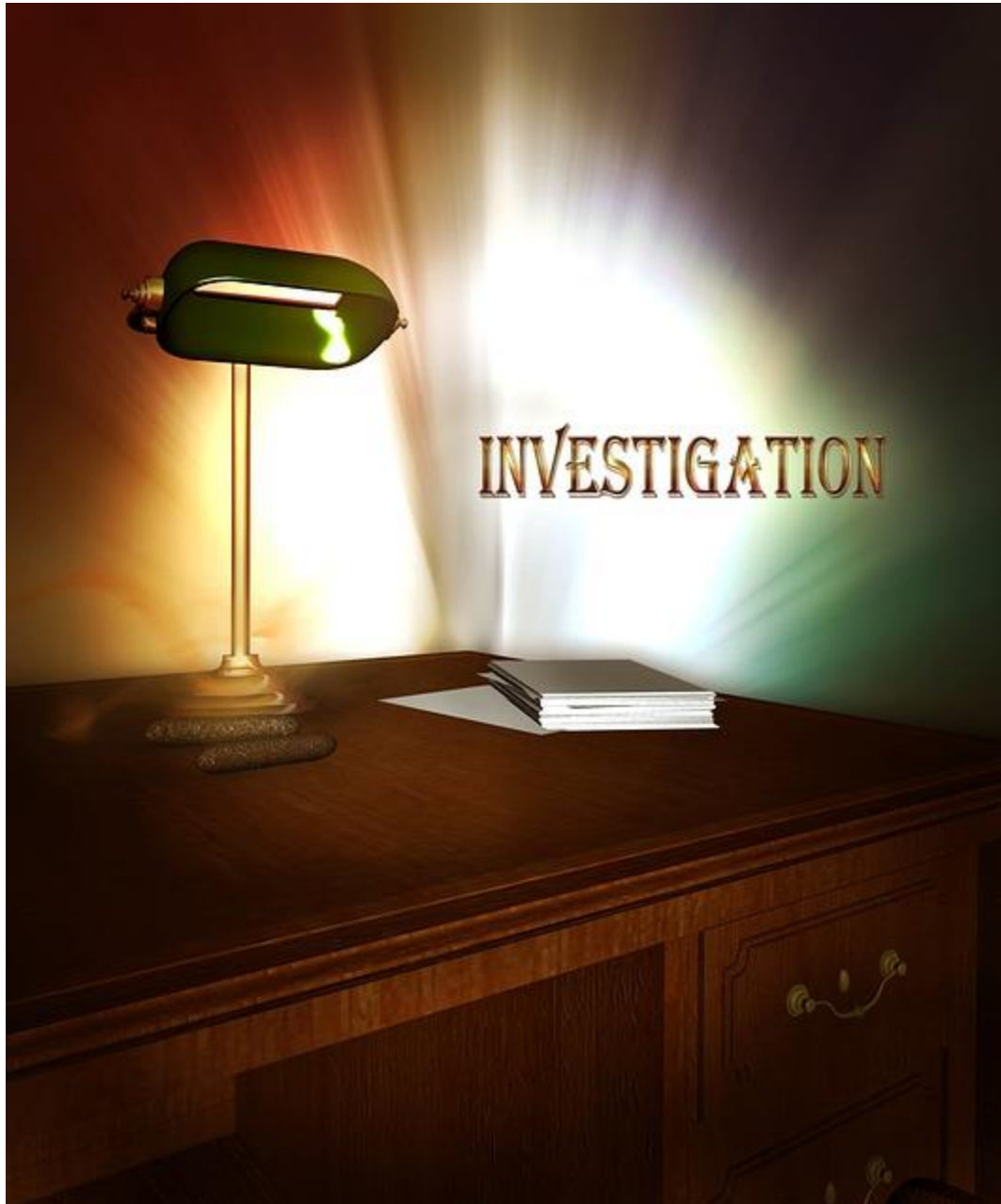
#### **THE CREATIVE PROCESS IS A STEP BY STEP PROCESS: SEVEN STAGES**

Ideas usually evolve through a creative process whereby imaginative people germinate the ideas, nurture them and develop them successfully. The Seven stages in creative process include:

1. Preparation – This is the first stage at which the base for creativity and innovation is defined; the mind is prepared for subsequent use in creative thinking. During preparation the individual is encouraged to appreciate the fact that every opportunity provides situations that can educate and experiences from which to learn.

The creativity aspect is kindled through a quest to become more knowledgeable. This can be done through reading about various topics and/or subjects and engaging in discussions with others. Taking part in brainstorming sessions in various forums like professional and trade association seminars, and taking time to study other countries and cultures to identify viable opportunities is also part of preparation. Of importance is the need to cultivate a personal ability to listen and learn from others.

## 2. Investigation



### STUDY THE PROBLEM AT HAND: INVESTIGATE

This stage of enhancing entrepreneurial creativity and innovation involves the business owner taking time to study the problem at hand and what its various components are.

3. Transformation – The information thus accumulated and acquired should then be subjected to convergent and divergent thinking which will serve to highlight the



inherent similarities and differences. Convergent thinking will help identify aspects that

are similar and connected while divergent thinking will highlight the differences. This twin manner of thinking is of particular importance in realizing creativity and innovation for the following reasons:

#### 4. Incubation



#### **PENGUIN NEST INCUBATING: AN ENTREPRENEUR TAKES TIME TO DAYDREAM, RELAX, PLAY, STUDY THE PROBLEM IN A DIFFERENT ENVIRONMENT**

At this stage in the quest for creativity and innovation it is imperative that the subconscious reflect on the accumulated information, i.e. through incubation, and this can be improved or augmented when the entrepreneur:

- Engages in an activity completely unrelated to the problem/opportunity under scrutiny

- Takes time to daydream i.e. letting the mind roam beyond any restrictions self-imposed or otherwise
- Relax and play
- Study the problem/opportunity in a wholly different environment

5. illumination – This happens during the incubation stage and will often be spontaneous. The realizations from the past stages combine at this instance to form a breakthrough.

6. Verification – This is where the entrepreneur attempts to ascertain whether the creativity of thought and the action of innovation are truly effective as anticipated. It may involve activities like simulation, piloting, prototype building, test marketing, and various experiments. While the tendency to ignore this stage and plunge headlong with the breakthrough may be tempting, the transformation stage (3rd) should ensure that the new idea is put to the test

7. Implementation – This is where the product of creativity and innovation is made into a reality and it's what defines the difference between inventors and entrepreneurs.

### 6.3.3 Elements of Innovation

#### Collaboration



#### COLLABORATION: TO MAKE HAPPEN

Teamwork is essential to getting things done. In today's global and digital 24/7 world, challenges are more complex; it's becoming increasingly important to bring more, diverse minds to the table and to break down silos.

Collaboration is one type of group activity familiar to community development. There is no shortage of initiatives intended to be collaborative. Collaboration has never been easy, mostly because conflict and competition within and among groups dominates the

landscape. As everyone tends to avoid tension, what we actually may be left with in communities is peaceful (or less than peaceful) coexistence, and not collaboration. It may be a good time for re-thinking collaboration.

Collaborative process is more than working together. It means the ability to think together and to act on complex projects. The traditional strategic planning process is not a model for the disciplines required to transform our economies. Rather, strategic "doing" offers a framework to achieve results. Thinking together is open innovation. Strategic doing guides open innovation. Strategic doing means:

Listen and explore—what can we do together?

Learn and adjust—how will we learn together?

Focus and align—what should we do together?

Link and leverage—what will we do together?

## **Ideation**

Fresh, new ideas help your organization stand out. With intense competition for resources, organizations must differentiate in order to survive.

## **Implementation**

*What good are new ideas if they are not put to use? Organizations must engage the best people to champion their ideas and keep those great ideas moving forward.*

There is no shortage of conversations on how technology is changing lives and how technological innovations are being implemented at lightning speed

## **Value Creation**

*You don't have innovation if your new ideas aren't creating value. Organizations must implement ideas and programs identified as most effective in delivering value to stakeholders.*

The failure rate of established companies has skyrocketed during the past year. However, there are companies still experiencing monumental success despite the economic downturn. These companies are thriving because they effectively deliver products valued by consumers.

The purpose of innovation is to create business value. Value can be defined in many ways, such as incremental improvements to existing products, the creation of entirely new products and services, or reducing cost. Businesses seek to create value because their survival, growth and ability to compete in a rapidly changing market depend on whether they innovate effectively.

Many companies develop experimentation brands, joint ventures or co-brands. This gives them the freedom to test new ideas and create value without the risk of damaging an established brand..

Need-finding is a process of looking for new opportunities. To understand the customer's experience, researchers look for gaps in customer service because they may represent opportunities.

**a) 6.3.4 Importance of innovation**

- a) Reduced costs of production and distribution
- b) Improvement in the quality and quantity
- c) Customer satisfaction
- d) Corporate image
- e) Customer loyalty such as repeat purchase and favourable recommendations by satisfied customers.
- f) Competitive advantage
- g) Motivation to employees
- h) Expansion of business.

**6.3.5 Innovation and Entrepreneurship**

- Innovation refers to:
  - a) Doing something differently.
  - b) Process of improving what already exists
  - c) In entrepreneurship it is regarded as one of the features of an entrepreneur.  
Thus, the most successful entrepreneurs are innovators.
  - d) It gives an entrepreneur a competitive advantage.
- Schumpeter (1934) identified the entrepreneur's challenge as discovering and implementing new ideas. He asserts that innovation is a unique feature, which separates entrepreneurs from managers. It's stated that this is achieved by:
  - 1) Developing new products or services
  - 2) Developing new methods of production
  - 3) Identifying new markets
  - 4) Discovering new sources of supply, and

- 5) Developing new forms of organizations, carrying out of new form of organization of any industry by creating of a monopoly position or the breaking up of it.

Emphasizing the role of innovation, Schumpeter avers that the entrepreneur is someone who carries out “new combinations” by such things as introducing new products or processes, identifying new export markets or source of supply, or creating new types of organization. Schumpeter presented a heroic vision of the entrepreneur as someone motivated by the “dream and the will to find a private kingdom”; the “will to conquer: the impulse to fight, to prove oneself superior to others”; and the “joy of creating.”

In Schumpeter’s view the entrepreneur leads the way in creating new industries, which, in turn, precipitate major structural changes in the economy. Old industries are rendered obsolete by a process of “creative destruction.” As the new industries compete with established ones for labour; materials, and investment goods, they drive up the price of these resources. The old industries cannot pass on their higher costs because demand is switching to new products.

As the old industries decline, the new ones expand because imitators, with optimistic profit expectations based on the investor’s initial success, continue to invest. Eventually, overcapacity depresses profits and halts investment. The economy goes into depression, and innovation stops. Invention continues, however, and eventually there is a sufficient stock of unexploited inventions to encourage courageous entrepreneurs to begin innovation again. In this way Schumpeter used entrepreneurship to explain structural change, economic growth, and business cycles, using a combination of economic and psychological ideas.

Schumpeter was concerned with the “high-level” kind of entrepreneurship that, historically, has led to the creation of railroads, the birth of the chemical industry, the



commercial exploitation of colonies, and the emergence of the multidivisional multinational firm. His analysis left little room for the much more common, but no less important, “how-level” entrepreneurship carried on by small firms.

Distinguish between innovation and invention.

- a) Invention – occurs when new methods and new materials are discovered.
- b) Innovation –occurs when the new methods and materials are utilized to form new combinations.



**Activity**

Identify FIVE cases of innovation and creativity that happened in recently in your country?

Well done. You have been able to give examples of FIVE innovations that have happened in the recent past. This leads us to our last section creative Problem solving Techniques.

#### **6.4 Creative problem-Solving Techniques.**

Creativity is an important attribute of a successfully entrepreneur. Creativity can be unlocked and creative ideas and innovations generated by using any of creative problem-solving techniques discussed below.

##### **i Brainstorming**

In this method, creative problem-solving method is applied which is a method for obtaining new ideas focusing on parameters.

##### **ii Reverse Brainstorming**

1. This is a group method for obtaining new ideas focusing on the negative. Criticism is allowed in when discussing an idea.
2. The technique is based on finding fault by asking the question. The process in this method involves finding out of everything wrong with an idea, followed by a discussion of ways to overcome these problems.

### **iii Brain writing**

This is a form of written brainstorming in which participants are given more time to think than brainstorming sessions, where ideas are expressed spontaneously.

It is a silent, written generation of ideas by a group of people. Participants write their ideas on special forms or cards that circulate within the group, which usually consists of the members.

### **iv Gordon Method**

This is a method for developing new ideas when the individuals are unaware of the problem. Members are not aware of the problem to ensure that the solution is not clouded by preconceived ideas and behavioral patterns.

The entrepreneur starts by mentioning a general concept associated with the problem. The group responds by expressing a number of ideas. Then a concept is developed, followed by related concepts, through guidance by the entrepreneur. The actual problem is then revealed, enabling the group to make suggestions for implementation or refinement of the final solution.

### **v Checklist Method**

This is a method of developing a new idea through a list of related issues. The entrepreneur can use the list of questions or statement to guide the direction of developing entirely new ideas or concentrating on specific idea areas.

#### **vi Free Association**

In this method, an entrepreneur develops a new idea through a chain of word associations. This technique is helpful in developing an entirely new slant to a problem. A word or phrase related to the problem is written down, then another and another, with each new word attempting to add something new to the ongoing through process, thereby creating a chain of ideas ending with a new product emerging.

#### **vii Forced Relationship**

This is the method of developing a new idea by looking at product combinations. It is a technique that asks questions about objects or ideas in an effort to develop a new idea. The new combination and eventual concept is developed through five steps namely,

Isolate the elements of the problem;

- 1) In the relationships between these elements;
- 2) Record the relationships in an orderly form;
- 3) Analyze the resulting relationships to find ideas or patterns;
- 4) Develop new idea from these patterns.

#### **Viii Collective Notebook Method**

In this method, group members develop new regularly through recording ideas in a small notebook that easily fits in a pocket containing statement of the problem, blank pages and any pertinent background data is distributed. Participants consider the problem and its solutions, recording ideas at least once, but preferably three times, a day. At the end of the week, a list of the best ideas is developed, along with any suggestions.

## **ix      Attribute Listing**

This is the method of developing a new idea by looking at the positives and negatives. It is an idea finding technique that needs the entrepreneurs to list the attributes of an item or problem and then look at each from a variety of viewpoints.

Through this process, originally unrelated objects can be brought together to form a new combination and possible new uses that better satisfy a need.

## **x      Big Dream Approach**

This method entails developing a new idea by thinking without constraint. In this approach an entrepreneur is required to dream about the problem and its solution, in other words, think big.

Every possibility should be recorded and investigated without regard to all the negative involved or the resources required. Ideas should be conceptualized without any constraints until an idea is developed into a workable form.

## **xi      Parameter Analysis**

This is the method of developing a new idea by focusing on parameter identification and creative synthesis. Step one involves (parameter identification) involves analyzing variables in the situation to determine their relative importance. These variables become the focus of the investigation, with other variables being set aside.

After the primary issues have been identified, the relationships between parameters that describe the underlying issues are examined. Through an evaluation of the parameters and relationships, one or more solutions are developed; this solution developed is called creative synthesis.



### **6.5      Summary**

The session looked at Creativity and innovation in business. It has also explored innovation and how it impacts entrepreneurship.

We finished with the various Problem solving Techniques which

also double up as methods of coming up with business ideas.



### **6.6 Review Activity**

- i) Explain some of the attributes of the entrepreneur that propagate the Philosophy of entrepreneur.
- ii) Discuss how creativity can be enhanced in an organisation?



### **6.7 References and Further Reading**

- i. Hirsch, R.D., Peters, M.P. & Shepherd, D.A. (2014). Entrepreneurship, 8th Edition. Boston, U.S.A: McGraw Hill Education (ISBN: 987-0073530321). Ch. 2, 5-6, 11-12
- ii. Kuratko, D. F. (2016). Entrepreneurship: Theory, Process and Practice, 10<sup>th</sup> Edition. Boston, MA, USA: CENGAGE Learning (ISBN-13: 978-1285051758). Ch.5 - 7
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