

Entrepreneurship Management

Innovation, Creativity and
Entrepreneurship

Innovation, Creativity and Entrepreneurship

- Short Life Cycle of Product
- The capacity to introduce new products in the market anticipating their competitors,
 - earning in this way significant shares of sales,
 - constitutes a big competitive advantage for companies.
- Companies, hence, should be in a position to constantly 'innovate' in order to preserve and improve their market position.

Innovation, Creativity and Entrepreneurship

- Many would define innovation as something new, an invention, a new idea’.
- In reality though,
 - innovation does not only constitute the birth of a new product or process-related idea;
 - it does include all stages, from the design and the evaluation of the way this idea is translated into action effectively.
- An innovation takes effect with the first commercial transaction regarding a new or improved accessory, product, process or system.

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- On the contrary,
 - the invention is an idea,
 - a design or a model of an improved or
 - new accessory that in most of the times does not result in any commercial transaction, although it could lead to a patent.
- Many researches have shown that innovative enterprises,
 - namely the ones that constantly innovate,
 - present on average double profit compared to the rest.

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Invention

- Understanding the term invention should take superiority over the definition of innovation.
- Florida considers invention as a breakthrough and innovation as an actualization (Florida and Kenney 1990).
- In addition.
- Hindle defines an invention as the creative origin of new process and the enabler of innovation (Hindle and Lubar 1986),
 - which has an impact on social, economic and financial processes.

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- Therefore,
 - an invention is defined as a creative process or progress,
 - while innovation is defined as the actualization and impact of all processes-progresses on societies and markets.

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- **Creativity**

- 'Management is, all things considered, the most creative of all arts. It is the art of arts. Because it is the organizer of talent. (Jean-Jacques Servan-Schreiber)
- Starting from the individual level,
- Creativity may be defined as
 - the capacity to 'think out of the box',
 - think laterally,
 - observe,
 - conceive and
 - construct ideas and models
 - that outweighs or outstrips existing items and
 - ways of thought and perception.

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- **Creativity**

- Creativity is associated with the capacity to imagine in the sense that it requires the creator to perceive future perspectives, not being obvious under the current circumstances.
- Creativity is the capacity to observe new interactions between objects and ideas.
- Creative types, such as artists, scientists and businessmen usually present features of obsessed maniacs,
 - as well as the capability and propensity for creative destruction, just as Joseph Schumpeter characterizes innovation

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- **Creativity in an Organizational Context**

- Many authors consider creativity in the business environment as a key element allowing changes inside the organizations.
- Kao (1996. p. xvii) defines creativity as: the overall process wherefrom ideas are born, developed and transformed into value.
- Creativity involves what people usually mean as innovation and entrepreneurship.
- In our dialog,
 - creativity denotes the act of giving birth to new ideas and
 - the method of formulating and developing such ideas into true value.

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- **Innovation**

- Discovery consists of looking at the same thing as everyone else and thinking something different.
- The word "innovation" comes from the Latin noun 'innovatio', derived from the verb 'innovare', to introduce [something] new.
- Chris Freeman and Soete (1982) report: "The industrial innovation involves the technical design, manufacturing, administrative and commercial activities related to the marketing of new (or improved) products or with the first commercial use of a new or improved process or equipment".

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- **Innovation**

- Paul Gardiner (1985) highlights the following:
"...innovation does not only mean commercialization of a significant advantage at the highest technical level (radical innovation), but it also includes taking advantage of small scale changes in the know-how (improvement or incremental innovation)....
- Peter Drucker (1985) stresses that: "innovation is the special tool of businessmen to utilize change as an opportunity for a different activity or service. It is possible to appear as discipline, to be learned, to be practiced.

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- **Innovation**

- The term Innovation may refer to the process-conversion of an idea into a merchandised product or service, a new form of business organization, a new or improved functional production method, a new product presentation way (design, marketing) or even to a new service rendering method.
- It may also refer to the design and construction of new industrial equipment, the implementation of a project with a new management or may refer to a new way of thinking to deal with a situation or at problem. (Green Paper of the E.U. on innovation).

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- **Innovation**

- The continuous innovative effort for new products-services or new productive processes create a competitive advantage in three critical areas:
- a. Evaluation of the resources involving research and development activities,
 - application of a new technology,
 - sales productivity, production etc..
 - new productive investments and expansion
 - into new markets or broadening of the customer base.

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- **Innovation**
- b. Development and renewal of the entity with investments and growth,
 - professional evolution opportunities for human resources,
 - new recruitments and optimism,
 - high morale and spirit.

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- **Innovation**

- c. Business success building on the reputation and attracting new customers,
 - image of a dynamic business,
 - products that distinguish from the competition,
 - ongoing development and making hard for the competition to gather pace.

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- **Difference Between Innovation-Invention**

- There is a clear difference between the concepts of invention and innovation.
- The famous economist Joseph Schumpeter (1942) was the first to have observed and defined this difference: the 'invention' is the outflow of an applied research, while 'innovation' is the successful introduction of an invention in the market as a functional solution (product or service).
- Scientific discovery is also assessed on the basis of whether it has contributed to understanding natural phenomena.

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- **Difference Between Innovation-Invention**
- It would be easier to understand innovation as an entrepreneurial process evolving into a connection with scientific research, learning, market conditions and economy,

Functions of an Entrepreneur

- Idea Generation
- Determination of Objectives
- Procurement of Raw Materials
- Fund Raising
- Market Research
- Procurement of Machinery
- Recruitment of Manpower
- Determination of Ownership
- Project Implementation

Similarities and differences between Entrepreneur and Manager

- The main difference between Entrepreneur and Manager is their role in the organization.
- An entrepreneur is the owner of the company whereas a Manager is the employee of the company.
- An entrepreneur is a risk taker, they take financial risk for their enterprise.
- The entrepreneur has a vision and focuses on achievements and profit.

Similarities and differences between Entrepreneur and Manager

Similarities

- Entrepreneurship and management are both concerned with business growth,
 - no matter whether the growth is in the short or long run.
- Entrepreneurship and business managers are both decision makers.
- They both have a similar way to manage the team and project the target.
- They should also have a similar quality of occupation.
- They should present a sort of powerful culture.
- They should react to the public as a quick listener and a great communicator.

Similarities and differences between Entrepreneur and Manager

Differences

- Focus is different.
 - entrepreneur ----- the consistency and sustainability of this business.
 - manager ----- to fulfill his responsibilities within his occupation.
- Innovation.
- Risks.

Similarities and differences between Entrepreneur and Manager

Basis of Difference	Managers	Entrepreneurs
1) Strategic Orientation	<ul style="list-style-type: none"> i) Driven by controlled resources. ii) Social contracts. iii) Performance measurement criteria. iv) Planning systems and cycles. 	<ul style="list-style-type: none"> i) Driven by perception of opportunity. ii) Diminishing opportunities. iii) Rapidly changing technology. iv) Consumer economics. v) Social values and political rules.
2) Commitment to Seize Opportunities	<ul style="list-style-type: none"> i) Evolutionary, with long duration. ii) Acknowledgement of multiple constituencies. iii) Negotiation about strategic course. iv) Risk reduction. v) Coordination with existing resource base. 	<ul style="list-style-type: none"> i) Revolutionary, with short duration. ii) Action orientation. iii) Narrow decision windows. iv) Acceptance of reasonable risks. v) Few decision constituencies.
3) Commitment of Resources	<ul style="list-style-type: none"> i) A single stage, with complete commitment out of decision. ii) Need to reduce risk. iii) Incentive compensation. iv) Turnover in managers. v) Capital budgeting systems and formal planning systems. 	<ul style="list-style-type: none"> i) Many stages, with minimal exposure at each stage. ii) Lack of predictable resource needs. iii) Lack of control over the environment. iv) Social demands for appropriate use of resources. v) Foreign competition. vi) Demands for more efficient use.
4) Control of Resources	<ul style="list-style-type: none"> i) Ownership or employment of required resources. ii) Power, status, and financial rewards. iii) Coordination of activity. iv) Efficiency measures inertia and cost of change industry structures. 	<ul style="list-style-type: none"> i) Episodic use or rent of required resources. ii) Increased resource specialisation. iii) Long resource life compared with need. iv) Risk of obsolescence. v) Risk inherent in the identified opportunity. vi) Inflexibility of permanent commitment to resources.
5) Management Structure	<ul style="list-style-type: none"> i) Hierarchical structure. ii) Need for clearly defined authority and responsibility. iii) Organisational culture. iv) Reward systems. v) Management theory. 	<ul style="list-style-type: none"> i) Flat with multiple informal networks. ii) Coordination of key non-controlled resources. iii) Challenge to hierarchy. iv) Employee's desire for independence.

Similarities and differences between Entrepreneur and Intrapreneur

- The entrepreneurial activity which takes place within the enterprises (especially in mid-sized and large organisations) is called intrapreneurship.
 - Corporate entrepreneurship,
 - organisational entrepreneurship and
 - intra-corporate venturing
 - are the different terms which are used by different scholars to describe the same phenomenon.
- The individuals engaged in intrapreneurship are known as 'intrapreneurs'.

Similarities and differences between Entrepreneur and Intrapreneur

Keys to Foster Intrapreneurship

- Support from Top Management
- Explore Government Incentives for Innovation
- Communication Systems
- Encourage Activities Outside the Organisation Boundaries
- Developing Better Cooperation and Teamwork
- Set up Formal Structure for Intrapreneurship

Similarities and differences between Entrepreneur and Intrapreneur

Keys to Foster Intrapreneurship

- Allocation of Resources
- Allowing Work Discretion
- Developing Processes for Idea Generation and Advancement
- Seek Ideas from Employees
- Cross-training and Special Assignments
- Assemble and Unleash a Diverse Workforce

Similarities and differences between Entrepreneur and Intrapreneur

Basis of Comparison	Entrepreneur	Intrapreneur
1) Meaning	An entrepreneur is a person who has the requisite mix of talent, thought process and finance to build a new business and is ready to face its success or failure.	An intrapreneur is an individual in an organisation who manages its operations as per the requirement of the shareholders but with entrepreneurial spirit.
2) Focus	They have an inclination towards consumer sales.	Their focus is on business to business products as well as operations.
3) Trait	They have a natural trait of getting involved in start-ups.	These are people who generally don't have the mindset to start business operations from scratch but do so for certain reasons.
4) Area of Interest	After identifying the opportunity in the market, an entrepreneur through his/her will power, passion and networks instantly gets involved in venture set-up.	An intrapreneur uses his/her ambition and passion in utilising a promising idea to improve business operations.
5) Need in a Business	An entrepreneur may not be welcomed in all businesses.	An intrapreneur is essential for any type of business.
6) Scope	The whole business is under control of the entrepreneur.	Intrapreneur controls a particular project or business operation.
7) Support	The whole business runs under the supervision of the entrepreneur. No support is required.	Intrapreneurs are dependent on top management support.
8) Nature of Employment	Self-employed.	Employed in an organisation.