Entrepreneurship and Innovation

Session 2
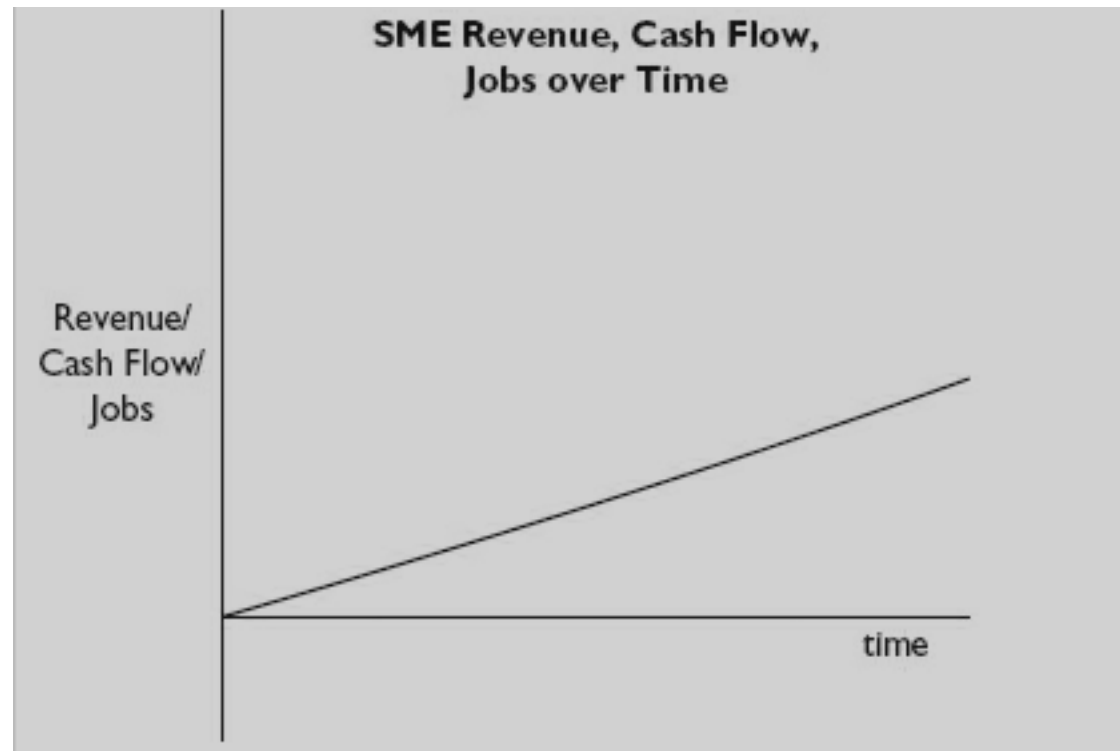
Idea Generation
or
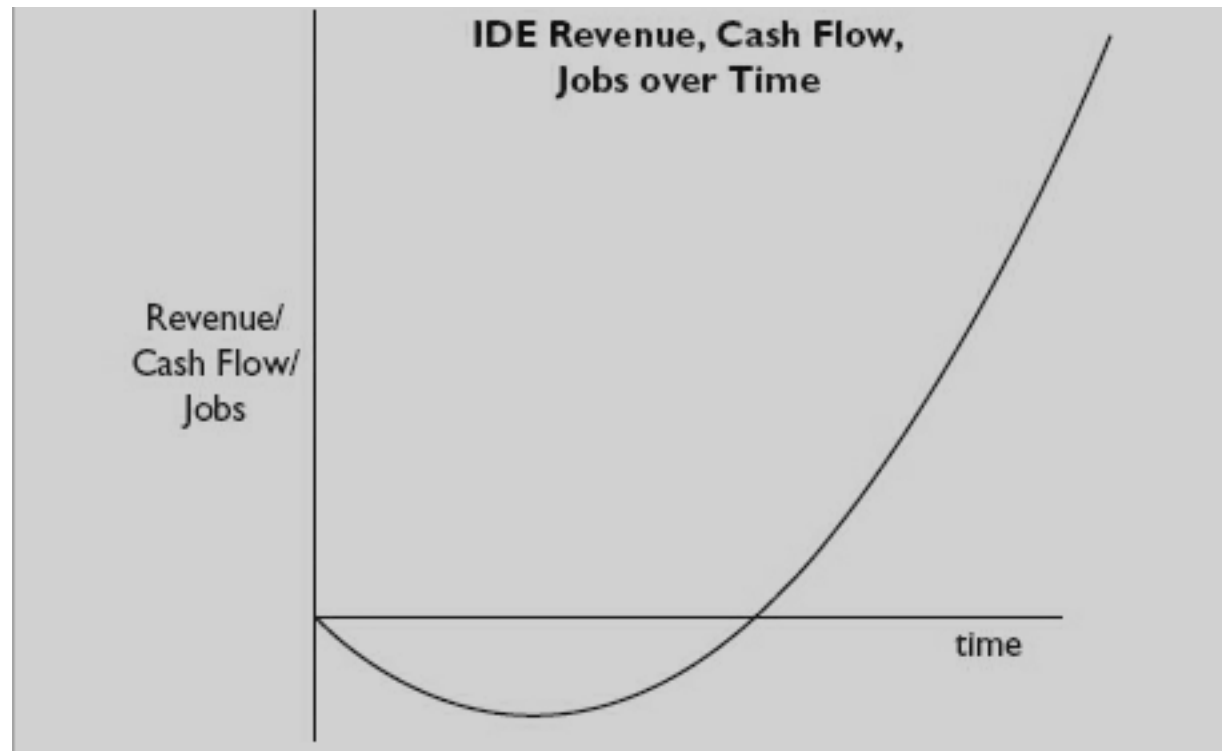?"
"How do I get a good idea to start a company ... and how much does it really matter?"

Small and medium enterprises

SME Revenue, Cash Flow, Jobs over Time

Innovation driven enterprises

IDE Revenue, Cash Flow, Jobs over Time

Profiles

- Susie S (S=Suit)
  - Represents personal & financial drive
  - Good later but need much more for idea generation
- Tommy T (T=Technology)
  - Represents "technology push"
  - Good or bad depends on how handled & specific scenario
  - Can you find a good match?
- Bonnie B (B=Balance)
  - Looking for customer need to meet
  - Domain expertise is important
  - Passion matters
  - Looking at trends
- Freddy P (P=Propulsion)
  - You must iterate an idea

Susie Suit

- You must have passion about the idea
- You must be able to execute it
- You must see a path to make money to justify the effort and make it sustainable
- Because you want it & you have succeeded in classroom setting, does not mean you will succeed no matter what the idea
- The market is a tough & unrelenting place
- "Chance favors only the prepared mind," Louis Pasteur

Tommy Tech

- Innovation = Invention + Commercialization
- You have to find a customer who can use your technology to make substantially more money
- Technology Push has it advantages but it is a higher risk exercise
- To optimize success, need to have a systematic way to evaluate markets & then choose one to start and focus on it

Bonnie Balance

- Empathizes with customer
- Market pull
- Looking for trends as well to anticipate new opportunities

Three ways to start a new venture ..

- I have a technological breakthrough!
- I have an idea!
- I have a strong desire and drive!

Freddie Propulsion

- Bias to Action
- Represents the need to iterate on idea to determine viability
- Engage directly with customers
- Show them prototype, screen shots & discuss value proposition
- Thomas Edison's measure of success–how many times he could iterate on an idea in first 24 hours
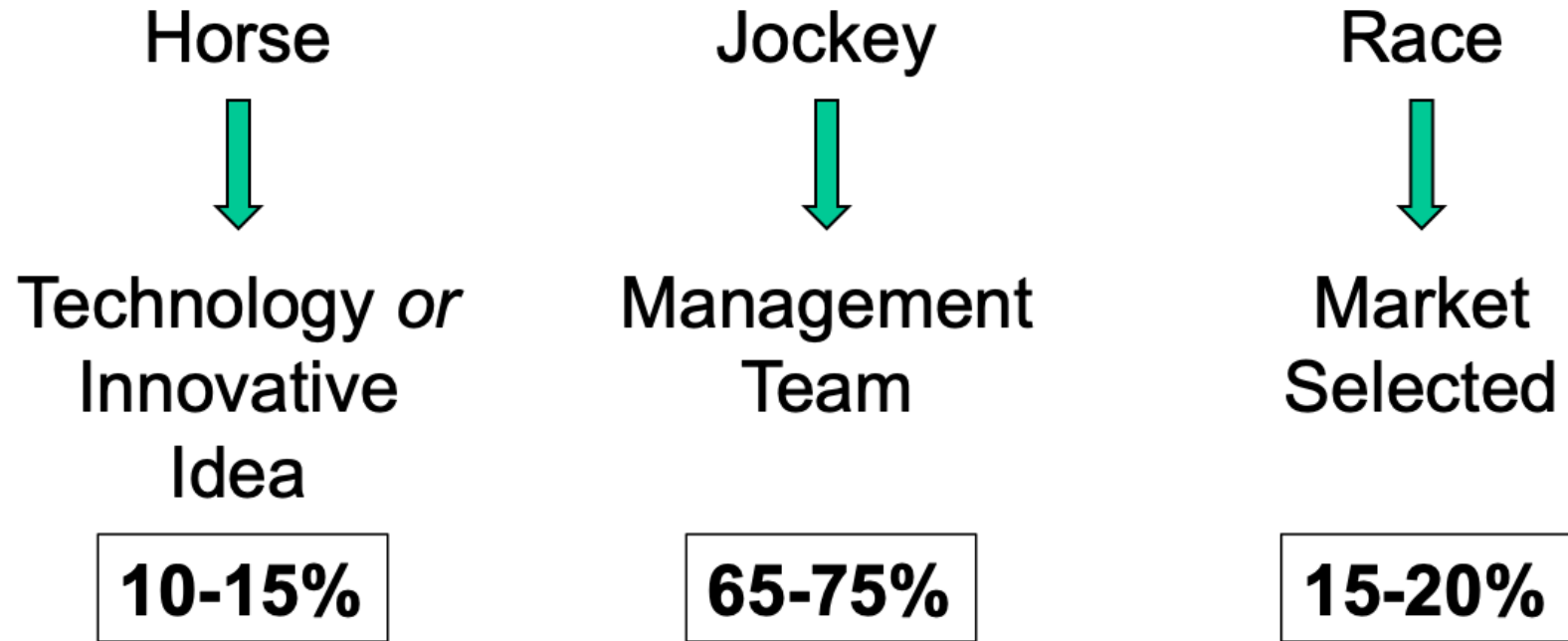- "Ideas are cheap, implementation is expensive," Michael Schrage

Technology Push vs. Market Pull

	Technology Push	Market Pull
Risk	**-**	**+**
Unit Profitability	**+**	**-**

Types of pull and push

Type	Market Pull - Personal	Market Pull - General	Tech Push - Personal	Tech Push - General	Megatrends	Other
How You Can Tell	"I have this problem"	"I have seen this problem"	"I have this tech"	"I have found/seen this tech"	"There is a huge wave coming & I want to have a surfboard"	

Successful ventures

Horse	Jockey	Race
↓	↓	↓
Technology *or* Innovative Idea	Management Team	Market Selected
10-15%	**65-75%**	**15-20%**

Source: David Morganthaler, Morganthaler Ventures

Importance of a good idea to start a company

- Is this important?
- Yes
  - If you are not over a good target, your efforts are much, much less effective
  - Your ability to recruit & motivate people.
  - Your ability to put your head down & focus on execution
  - Credibility in the longer term with customers & others
  - Build your expertise that makes you unique
- No
  - It will change; the concept of pivoting
  - You get 1-2 major adjustments (A123 systems)
  - Don't use as an excuse not to do the job properly up front

Recommended watching

- Watch video on how to do Improvisation and take notes
  - http://www.youtube.com/watch?v=MUO-pWJ0riQ
- Then watch the IDEO video "Deep Dive" parts 1 & 2 on YouTube and especially focus on the beginning of part 2 - the brainstorming part
  - Part 1: http://www.youtube.com/watch?v=JkHOxyafGpE
  - Part 2: http://www.youtube.com/watch?v=pVZ8pmkg1do&feature=re lmfu

How do we generate new ideas?

- Brainstorming
- Open Environment – Flat & Heterogeneous
- Flexible & Environment Matters
- Medium Sized Group (3-6)
- But Still Important to Have a Process
- IDEO is a Master at This …

How to contribute your ideas

YES, and …

- We can make it better by …

- I see it and this person will want it because …

- I can add my perspective to make it real by …

Ideo's Process

- Time bracketed
- Stages
- Facilitator
- Brainstormers
- At Some Point, Adult Supervision
- Prototyping
- Fail Often so We Can Succeed Sooner
- Funnel

Ideo's Culture

- Failure and Trust
- Sharing and Respecting
- Simple Rules
  - Enlightened trial and error
  - Fail often to succeed sooner
  - If a picture is worth a thousand words, a prototype is worth ten thousand

Ideo's Rules of Brainstorming

- One conversation at a time
- Stay focused on topic
- Encourage wild ideas
- Build on the ideas of others
- Defer judgment

Rules for brainstorming session in next class

- Thou shalt love thy neighbour and her ideas
- Thou shalt not crap on others' ideas
- Thou shalt not hog the floor

Rules for brainstorming session

- Withhold judgment of ideas
- Encourage wild and exaggerated ideas
- Quantity counts, NOT quality
- Build on the ideas of others
- Every person and every idea has equal worth

Potential topics for brainstorming session

- Megatrend: Smart phones
- Megatrend: Mobility and IoT
- Megatrend: Social Media
- Megatrend: Big Data
- Tech Push – Sensors
- Tech Push – GPS
- Tech Push – Voice Recognition
- Tech Push – Analytics
- Market Pull – Personal: Fitness
- Market Pull – Virtual Education
- Market Pull – Personal: Aging Population
- Market Pull – Work from Home
- Market Pull -- Sports

Brainstorming exercise

- Will form teams for discussion breakout room (Roll nos 1..8, 2..18 and so on)
- No more than 8 per team
- Everyone should be involved but you need to appoint a facilitator immediately for the group
- Prize for the most ideas & the craziest idea
- Facilitator should set up a schedule, rules and a process
- Suggest you discuss topic for 5 minutes
- Generate lots of ideas for 25 minutes
- Return to classroom and present your ideas on a couple of slides
- Remember the Improv lesson and the IDEO lessons

Summary

- The Idea for the Company is Important – Even if it Will Morph Over Time
- Personal Drive is Not Enough
- Tech Push is One Option to Start
- Market Pull is Another
- Each Move Towards Each Other Quickly
- Let the Ideas Flow Now & Don't Get Too Hung Up on How Great They Are to Start
  - Quantity over quality to start and encourage crazy ones
- Revisit the Videos to Fully Grasp Process
- Brainstorm with a Heterogeneous Group
- Consider If You Have Some Special Advantages
- Look for Personal Impedance Match & Diverse Team