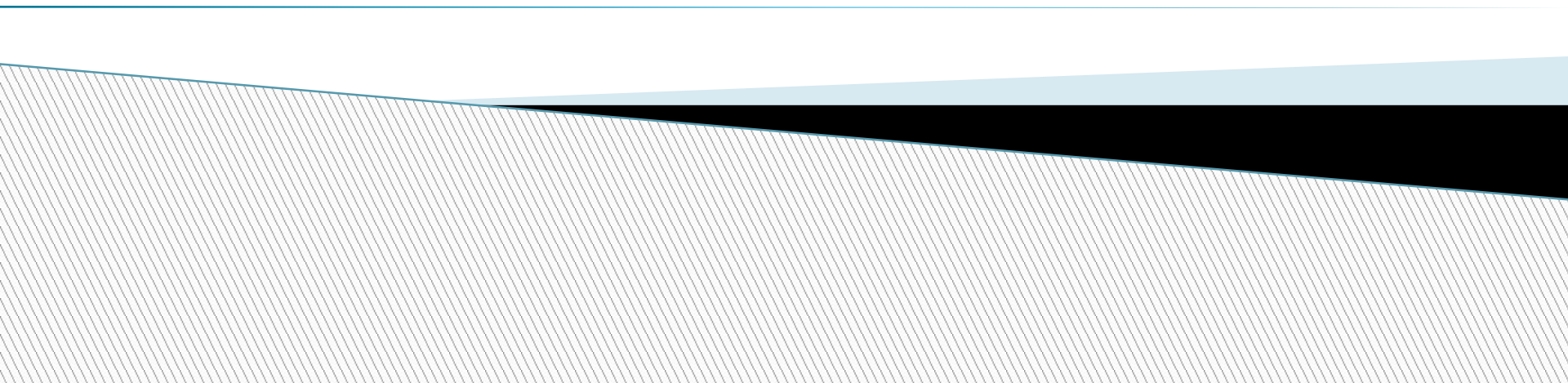# Essential Enterprise Lecture 1
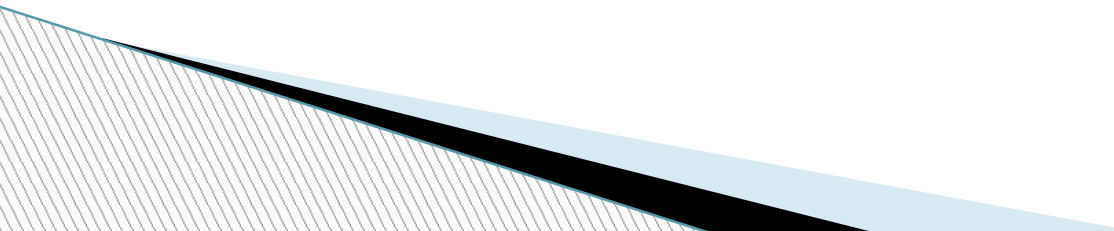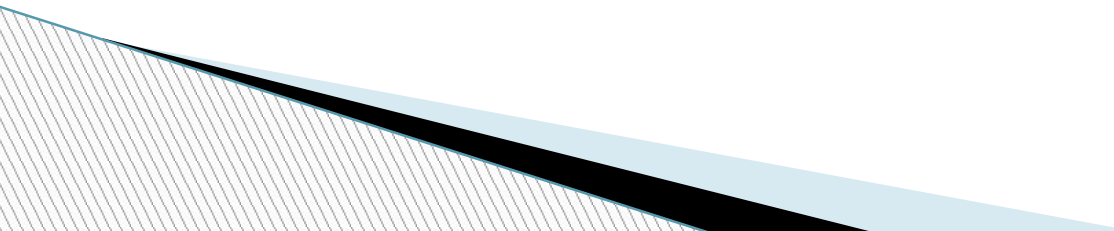
Dr James Hickie
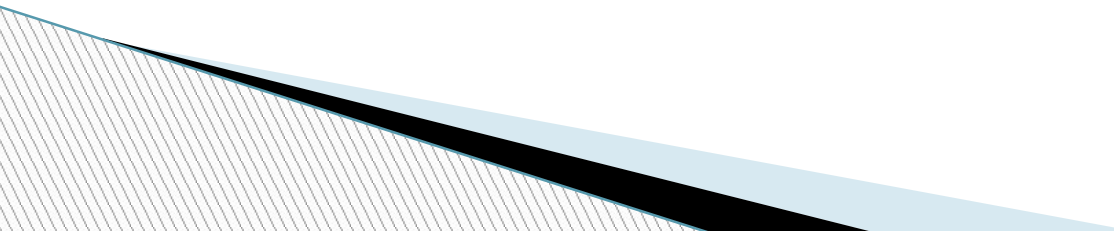
Essential Enterprise

- James Hickie
- Lecturer in Entrepreneurship, Manchester Enterprise Centre, Alliance Manchester Business School
- james.hickie@mbs.ac.uk
- Do email me if you have any questions or are unsure about any aspect of the course

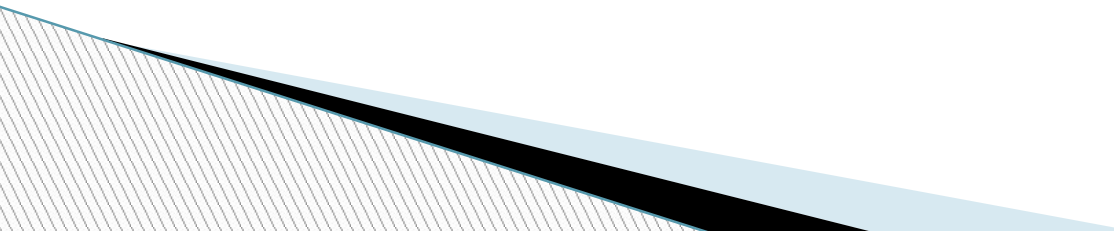# Learning outcomes for the lecture

- To set out the structure of the course
- To discuss the formative and summative assignments for the unit
- To introduce the concepts of entrepreneurship and intrapreneurship
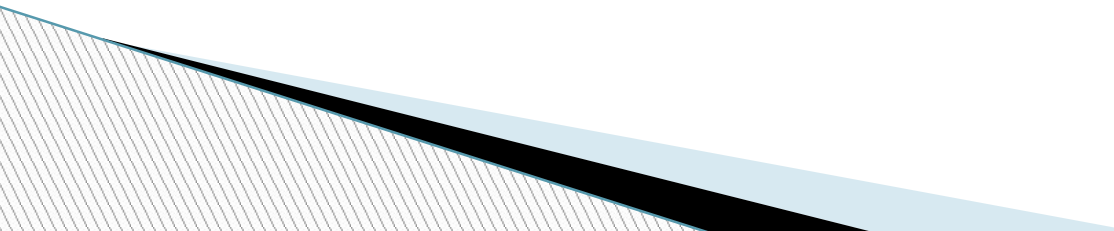- To consider the external business environment and introduce PESTEL

Structure of the course

- Lecture based, with participation and group work
- One to one appointments available to assist you with the assignment towards end of the course
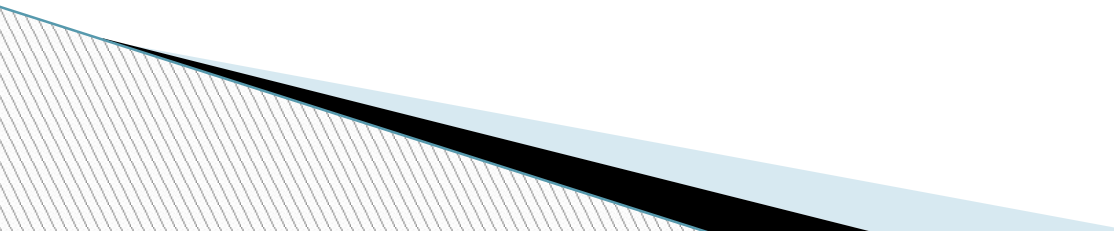- Guest speaker to be announced

What topics will we be looking at during the course?

- Introduction to Essential Enterprise
- The Innovator's DNA by Dyer et al
- Researching the business environment
- Opportunity searching and ideas generation
- Technology and service firms – differences and similarities for generating new products
- Opportunity identification and selection

What topics will be looking at in the course (2)

- Screening ideas and evaluating investment decisions, risk and uncertainty
- Project planning and implementation, including idea experimentation
- Idea commercialisation and full implementation
- Intrapreneurship as a means for sustained competitive advantage (creating an ongoing entrepreneurial culture as business grows and matures)

Assessment

- 1 formative assessment – group work presentation
- 1 summative assessment – business report
- You produce a proposal for a new product and service for chosen company based on analysis – hand in towards end of semester
- You can choose from a list of 15 suggested companies (will provide the list next week)
- Examples of structured business reports from last time will be put on Blackboard
- **It's my job to help you pass – do ask for help!**

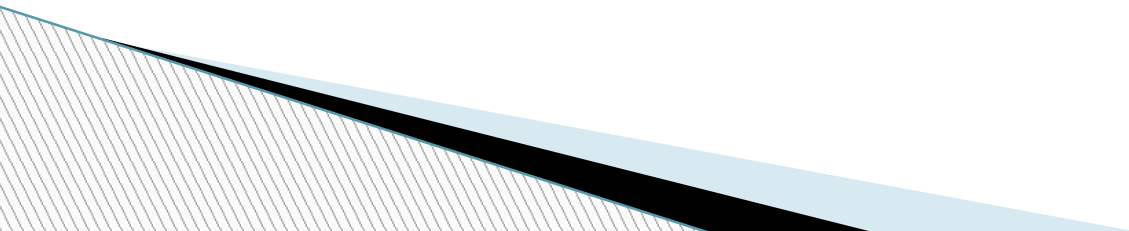# What is enterprise?

▸ The application of creative ideas and innovations to practical situations

▸ It involves using the skills of creativity, ideas development, problem solving, communication and practical action

What is entrepreneurship?

‣ Starting a new business
‣ Examples...

What is intrapreneurship?

‣ Individual employees or groups of employees acting in an entrepreneurial way within existing companies can be called intrapreneurs

‣ By contrast an entrepreneur sets up a new company

‣ The idea is on this course that you will develop some intrapreneurial skills – to be able to find creative solutions to problems, do market research, how to screen new business ideas

‣ Not always called intrapreneurship – sometimes new product or service development or innovation

A.G. Lafley, Chairman Proctor and Gamble
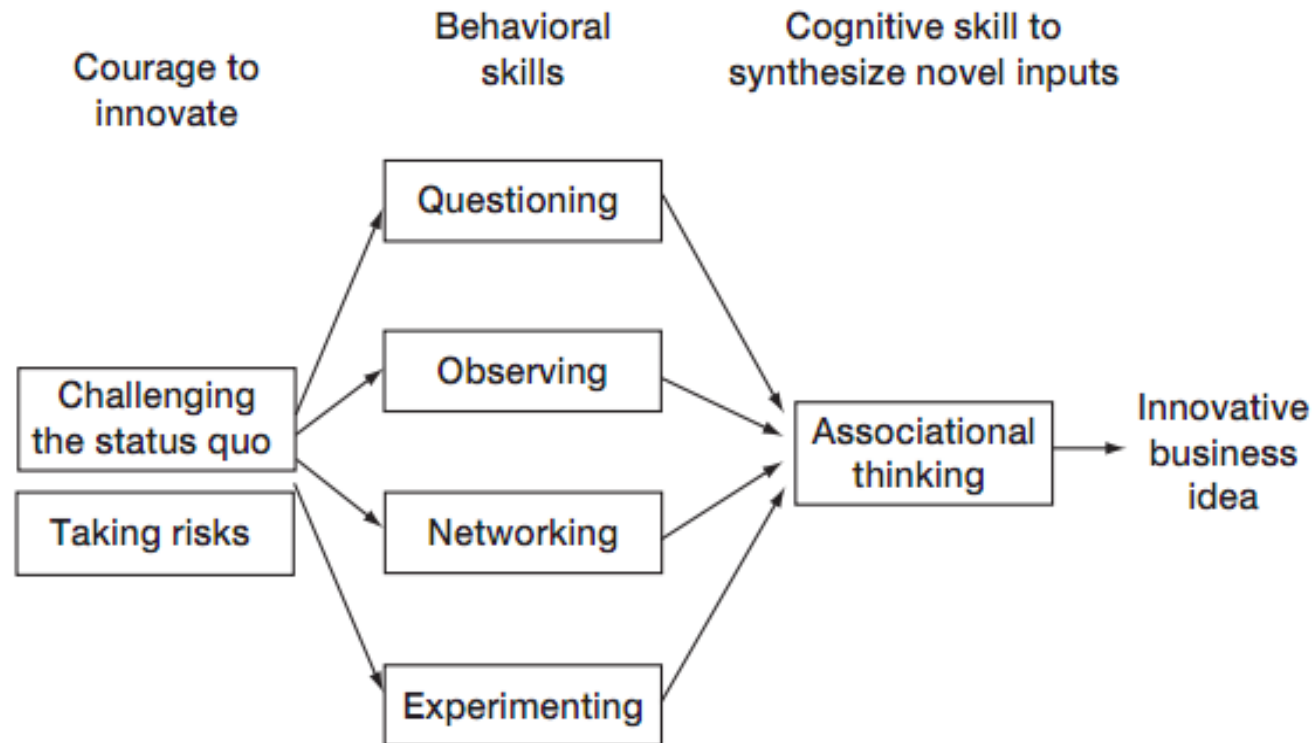
‣ 'Playing to win' book

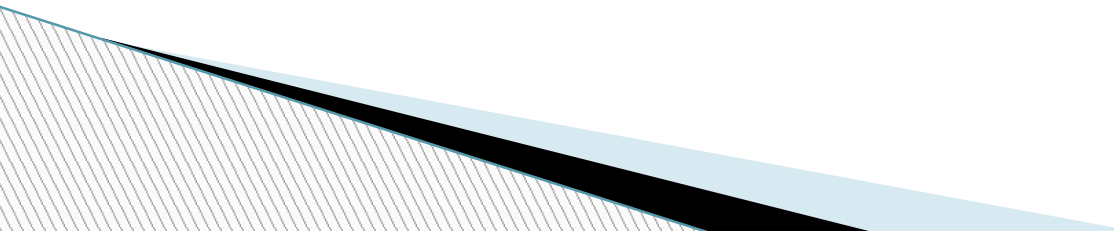# Terry Leahy, former CEO Tesco

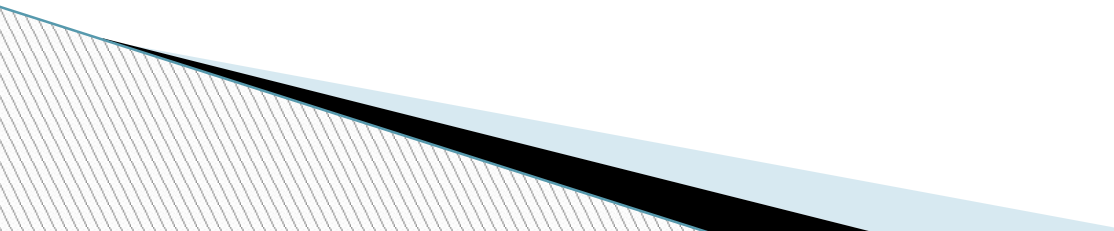- 'Management in Ten Words' book

The Innovator's DNA – Dyer et al

‣ Article in Harvard Business Review and book

Examples of intrapreneurship

- David Armano, Global Strategy Director, Edelman Digital, a PR firm (what it's like to be an intrapreneur):
- https://www.youtube.com/watch?v=KoCA1pQKrGs
- What does an intrapreneur do?
- What are the advantages and disadvantages of being an intrapreneur compared to being an entrepreneur?
- What skills does Armano use in his role?

What is the external environment about?

▸ Ebook ('Business Environment' by Worthington and Britton)

▸ This is the basis of the second section of your assignment

▸ There are different ways of analysing the external environment (none is perfect, each can be critiqued)

▸ The first one we will consider is PESTEL

▸ PESTEL is a tool that can be used to analyse a firm's current and future environment as part of the strategic management process
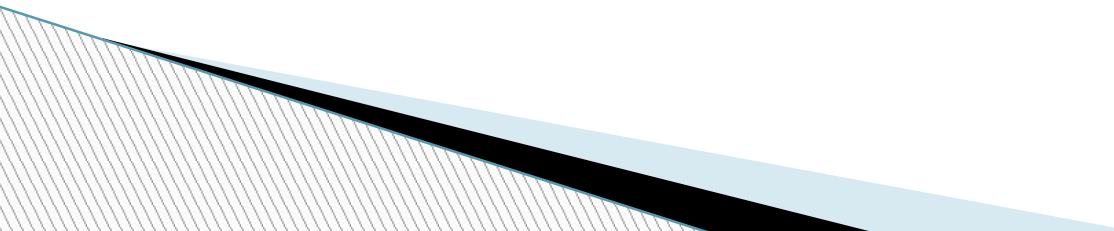
PESTEL

‣ **P**olitical

‣ **E**conomic

‣ **S**ocietal

‣ **T**echnological

‣ **E**nvironmental

‣ **L**egal

...le a **framework for analysis of external factors**

About PESTEL

- **All PESTEL categories** will have an influence on the product/ service.
- The **relative balance** of these influencing 'forces' will create pressure for change in a particular direction.
- These factors are **beyond the direct control** of the company
- Usually not clear cut! *(no equation to calculate a perfect answer for your assignment!)*

A PESTLE for Vodafone/mobile phone company

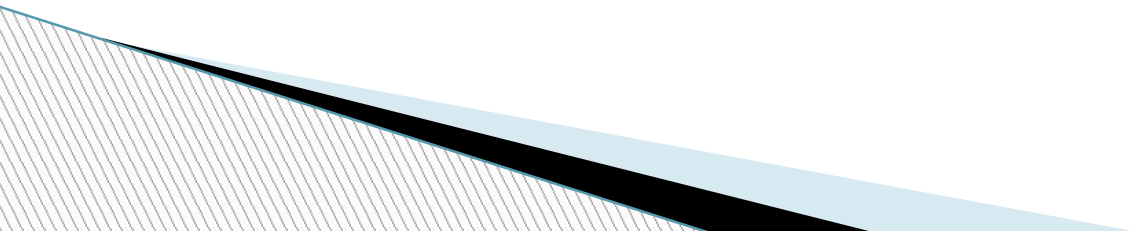# PESTEL for a mobile phone company

‣ **Political factors**

Licence to operate

Children's health

Mast planning regulations

Mergers of large companies

Excessive roaming network charges

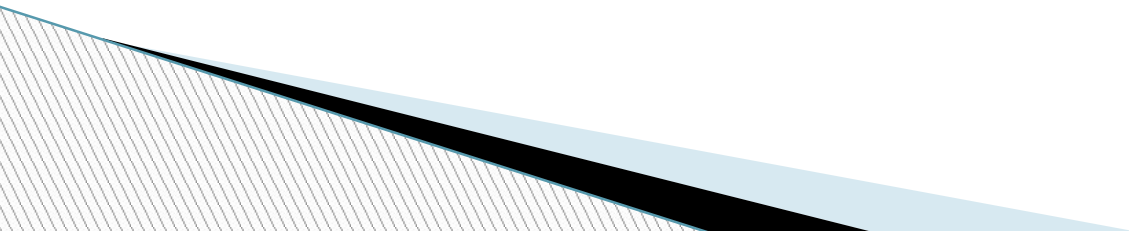# PESTEL mobile phone

‣ **Economic**

Employment level

Wealth of consumers

Cost of calls, texts, video, web access

Import taxes

Exchange rate (imported goods)

PESTEL mobile phone

- **Societal**

Pressure to do what is cool

Need for children to have a phone to be safe

'Slapping' attacks filmed

Muggings to steal phones

Desire to constantly stay 'in touch'

Withdrawal from face to face meetings

Riots and civil uprising

Use of phone when driving

PESTEL mobile phone

- **Technological**

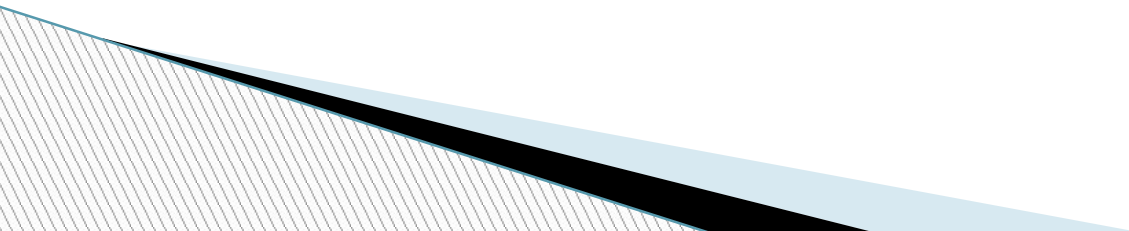Improved touch screen LCD displays

Higher energy density batteries

More powerful processors

Software improvements

Better assembly and manufacture systems

Integration with PDA, MP3, Camera functions

PESTEL mobile phone

- **Environmental**

Need to lower EM radiation levels

Products often thrown out before they stop working

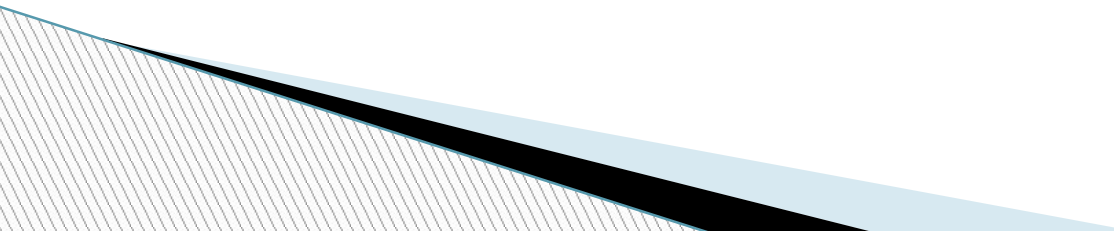Need to recycle and reclaim components and materials

Impact of transmitters

Annoying noise on buses, trains etc

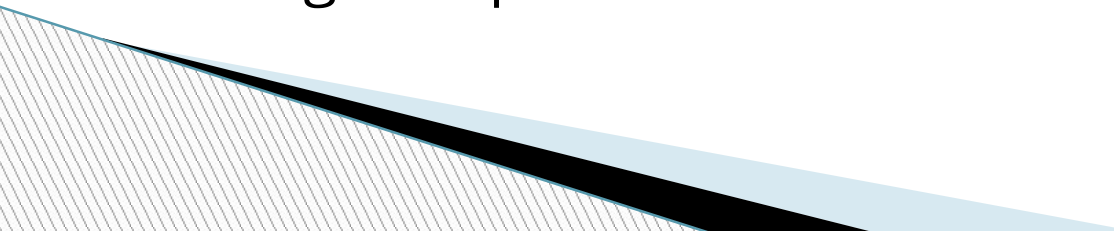Rare earth materials extraction

PESTEL mobile phone

- **Legal**
- Hands free operation in cars
- Recommendation to reduce children's exposure to EM radiation
- WEEE directive (electrical end of life recycling)
- Digital content ownership, copyright

For next week you should:

- To read the Introduction chapter in 'Business Environment' by Worthington and Britton
- To read digital chapter on Blackboard from 'Steve Jobs' by Walter Isaacson

Key references for this unit (1)

- Desouza, K. (2011) *Intrapreneurship: managing ideas within your organization* [one of the most useful books for the course as a whole; ebook in library]
- Tidd and Bessant *Managing Innovation* [a detailed academic textbook – important for the underlying theory of the unit]
- Isaacson, W. *Steve Jobs* [inspiring]
- Schmidt, E. and Rosenberg, J. (2014) *How Google Works* [detailed explanations and reflections on how Google implements innovation]

References (2)

- Worthington, I. and Britton, C. *The Business Environment* (available as an e-book from the library and in physical copy) Useful for summative assignment Page 475-476 has a useful table. Also in Introduction chapter page 7 onwards
- 'Effective business writing' by Patrick Forsyth