

PROJECT MANAGEMENT & ENTREPRENEURSHIP

UNIT-2

Notes

INNOVATION

The word “innovation” is derived from the Latin verb innovare, which means to renew. Innovation is a process by which a domain, a product, or a service is renewed and brought up to date by applying new processes, introducing new techniques, or establishing successful ideas to create new value.

Importance of Innovation

Organizations have several options to increase their competitiveness: they can strive for price leadership or develop a strategy of differentiation. In both cases, innovation is essential. Companies that choose price leadership must secure their long-term competitiveness by developing innovative, highly efficient processes. Process optimization and continuous improvement in terms of costs are important for them. Companies that strive for a differentiation strategy need innovation to develop unique distinguishing features to their competitors.

Many start-ups launch their activities by developing an innovative product or service. Continuous innovation is, therefore, crucial for all companies. The main difference is in the focus of the innovation strategy, which varies considerably from company to company. Although innovation has always been one of the driving forces in competition and has always been a primary competitive dimension, the numerous studies and publications of recent years show that the speed of change is increasing. This makes innovation one of the most important drivers for the long-term success of companies. Accordingly, methods of collaboration and

teamwork are increasingly being used in numerous companies, for example, to promote digital innovations and overcome the challenges of digital change.

Innovation requires a higher degree of creativity than the operative business and a clear innovation strategy. Concepts like lean innovation and the establishment of community-based innovation networks become increasingly relevant. Companies are using modern idea management software and innovation management software to manage innovation efficiently.

INNOVATIVE MINDSET

Innovation requires more creativity and more willingness to take risks than the implementation of typical projects. To successfully realize innovation projects, a different mindset is needed.

Key points

- (i) With traditional approaches and conventional methods, you will often not get anywhere in the field of innovation so explore new paths off the beaten track.
- (ii) Innovation projects constantly need new ideas in order to overcome obstacles, to change concepts, and to optimize strategies.
- (iii) Imagine how your innovation will look like in reality. Believe that you will be able to overcome all obstacles on the way to realization
- (iv) Innovation needs the diversity of various competencies and diverse ways of thinking.

GENERATION OF IDEAS IN ENTREPRENEURSHIP

Entrepreneurship is being able to create and run a business. In entrepreneurship, idea generation is one of the main factors that lead to its success. The idea thought of here should be able to solve a problem. Along with being unique, the idea should also be easy to execute. For example, let's suppose you feel a lot of people have a problem understanding legal jargon and legal

proceedings. So, in this case, your entrepreneurial idea could be setting up a platform that caters to all the legal needs of people and helps them understand it easily.

Idea Generation Process

The process may be different for different organizations and different people.

The three main steps in the process are:

- Identification of the question or the problem that need to be solved.
- Come up with ideas and probable solutions.
- Select the most suitable idea and execute it.

For example, let's suppose you are opening up a restaurant. So firstly, you need to identify what question you need to answer. Let's assume you want to decide upon a name for the restaurant. Now you will use different techniques (brainstorming, mind mapping, etc.) to come up with ideas for names. In the last step, you will choose the most appropriate name from the different names you came up with within the second step.

Idea Generation Techniques

The different idea generation techniques are as follows:

(a) Mind Mapping

It is a technique of presenting information. Here we show the links between the different elements or the pieces of information. The links or connection is usually shown with the help of lines and arrows. It's a visual way of presenting the information.

For example, let's suppose you want a name for your new application. You will start by writing the main topic in the center of a paper, which here is the name for your new application. From the center point, you will have arrows pointing out. These arrows will point to the main things to be kept in mind while thinking of a name like guidelines, visualization, productivity, etc. Now from every key aspect, there will be more arrows pointing out. These arrows will describe

the key aspect in detail. Like ‘guidelines’ will talk about the name being able to express what the application does, following the naming scheme, etc.

(b) Reverse Thinking

This technique asks us to think oppositely. Instead of working on the problem in front of us, we work on the exact opposite of it.

For example, let us assume you want to know--How to increase your followers on social media platforms? According to this technique, you will instead think of--How will I not increase my followers on social media platform? To this question, you will get answers like--by not posting regularly, or posting low-quality content, etc. Now you just have to reverse your answers. So, to increase followers on a social media platform you should post high-quality content regularly. This idea generation technique works on the concept that it’s easier to come up with negative suggestions.

(c) Brainstorming

This technique is quantitative meaning that you come up with a large number of ideas. Here a group comes up with a different probable solution to the problem.

For example, if you along with some of your colleagues are trying to come up with a tagline for your product. And each one of you gives your ideas, then that is called brainstorming.

(d) Role-Playing

In this technique, the participants take up roles to play. These roles are different from the ones they usually play. It adds an element of fun and helps get innovative ideas.

For example, you could take up the roles of customers and discuss your expectations and what you want from products. This could lead you to stumble upon some good ideas.

(e) Storyboarding

This technique refers to the process of making storyboards to generate ideas. Storyboards use pictures, illustrations, and other information to better present the ideas.

For example, suppose you are working on an idea for an advertisement. You can portray the different scenes in the form of a storyboard. This helps you in better visualization and you can make changes accordingly.

MANAGEMENT SKILLS IMPORTANT FOR ENTREPRENEURS

Entrepreneurs are the individuals who have the courage to take several risks and single handedly operate their business. An entrepreneur is a leader, innovator, thinker and motivator for his team. However, it isn't an easy task to be an entrepreneur. There are specific managerial skills that an entrepreneur must master in order to be successful in his ventures.

The essential managerial skills that help the entrepreneurs to succeed and take their business to the next level are stated below:

(a) Time Management

The most valuable asset for young entrepreneurs is their time. As an entrepreneur, you have to take care of so many things together and time management is the key to keep everything on track. It is vital to get more work done in less amount of time by eliminating interruptions, prioritising tasks and increasing effectiveness as well as productivity. Effectual time management allows entrepreneurs to assign specific time slots to the activities as per their importance. It also gives them the ability to participate in economic forecasting and market research.

(b) Business Planning

Every entrepreneur needs to develop a business plan or a blueprint of how will he develop his new business. A good business plan consists of a single document divided into several sections including the description of the organisation, market research, sales strategies, competitive analysis and financial data. A well-planned blueprint or project outline acts as a strong

foundation for the success of the venture. It facilitates the entrepreneurs to make their business fit into the industry, identify their target market and plan to capture them.

(c) Employee Management

An entrepreneur must know how to manage the people. He should be a good judge of character and abilities of an individual such as hiring the right employee is the foremost step for the success of a company. Successful entrepreneurs should know how to motivate the employees in order to work effectively and contribute to garner customer experience.

(d) Customer Management

An entrepreneur must know how to manage his relationship with existing customers with a focus on creating loyalty towards his business. This is the easiest and most effective method to increase revenues. Entrepreneurs must have problem-solving skills, communication skills, attentiveness and patience to manage customers effectively.

(e) Sales Management

Selling or sale management is an essential skill every entrepreneur must master. You need to completely understand the sale activities. This helps the entrepreneurs to tackle the challenges that they may face in their sale management journey.

(f) Financial Management

Even if your business's finance is handled by an accountant or a finance professional, you must know planning, organising, directing and controlling the financial activities such as procurement and utilisation of funds. With a good financial management system, one can make decisions to improve the business operations.

(g) Business Management

Being a successful entrepreneur involves more than enthusiasm and a good eye for new opportunities. A thorough understanding of the essential business functions is a prerequisite for entrepreneurs who want to take their business to the next level. They must have the

complete know-how of general management, finance, marketing, operations management, purchasing, supply chain, human resources and public relations.

DIFFERENT TYPES OF INNOVATION

There are four main types of innovation:

(i) Organizational Innovation

Organizational innovation refers to the development of a new organizational strategy that will somehow change a company's business practices, as well as the way its workplace is organized and its relationship with external stakeholders.

Examples

- The first companies adopting a four-day week working schedule of only 4 days per week.
- The first companies that started to use the power of digital and allowing employees to skip the office and work from home (depending on the role)

(ii) Process Innovation

Ans: Process innovation is about implementing a new or improved production or delivery approach, including changes in operational methods, the techniques used and the equipment or software.

Examples

- The first firms betting on SaaS (software as a service) technology, and using, for instance, cloud contact centers from Talkdesk, changed the way their customer support processes used to be organized
- The first hotels that decided to make decisions based on big data using, for instance, insights from the Climber Hotel, made changes on their decision-making approach.

(iii) Product Innovation

Product innovation is the introduction of a new or improved good or service. These inventions or changes may have to do with improving technical specifications, the materials or the software used or even advancing on UX (user experience). However, product innovations don't need to improve all functions or performance specifications. An improvement to or addition of a new function can also be merged with a loss of other functions or the downgrade of some other specifications.

Moreover, a product innovation must add available to potential users but doesn't necessarily need to generate sales. Because if it did, then innovations with low demand or, for instance, digital products like apps that are free would be excluded. At the same time, routine changes or updates aren't considered product innovations as they are only correcting errors or making some seasonal changes.

Examples

- Lego has been changing the materials of its famous bricks to biodegradable oil-based plastics.
- The first electric vehicles introduced in the car's market were also an innovation, and new batteries with longer ranges that keep coming out are also an example of innovation

(iv) Marketing Innovation

Marketing innovation means developing a new marketing strategy that produces changes in, for instance, the way a product is designed or packed, or even other decisions regarding price or promotion.

Example: Haagen Dazs' new waste-free container.

(v) Eco-innovation and The Sustainability Approach

Eco-innovation is an innovation resulting in significant progress towards the 2030 goals sustainable development established by the UN. In practice, it means reducing the impacts of

our production modes on the environment, improving nature's resilience to environmental stresses, or achieving a larger efficient and responsible use of natural resources.

In this way, we can say eco-innovation may create value in two different areas. First, from a sustainable development perspective, as it promotes sustainability throughout a product's entire life cycle, it helps to address challenges such as climate change, resource scarcity, and biodiversity. Second, it can also boost a company's performance and competitiveness. By embracing new and greener processes, technologies and services, eco-innovation can help organizations access new markets, increase productivity and profitability across the value chain, strengthen their reputation or attract new investors.

Examples

- Procter and Gambler realized householders could save on their electricity bill by switching to cold-water washings and started developing cold-water detergents (*product innovation*)
- As part of its sustainability strategy, IKEA is changing its fleet to electric vehicles (*process innovation*)
- Nestle's new paper-based straws as an alternative to plastic straws (*marketing innovation*)
- The first companies concerned with the sustainability of their operations that decided to change their suppliers and partners if they don't prove they are also making efforts to become more sustainable (*organizational innovation*)

WAYS TO IMPROVE ORGANIZATIONAL EFFECTIVENESS

Strategies to improve organizational effectiveness are:

Organizational effectiveness relates to the efficiency of a business; however, a professional must also focus on quality services. The key to organizational effectiveness is using the right tools and strategies to accomplish a specific goal.

(i) Make use of human resources

The human resources department of any company plays a key role in the organizational effectiveness of a company. According to Forbes, human resource personnel provide assistance with organizational effectiveness by helping with the design of new business strategies. Since the human resources professionals in a company play an essential role in hiring new employees, they also impact the company goals. Get human resource professionals involved in the design and implementation of changes within the company to improve the organization. They offer unique perspectives that leaders may overlook and play an active role in identifying the right professionals for new positions within the company.

(ii) Focus on education and growth

Organizational leadership requires active measures to work with different groups and individuals. A leader must understand the strengths and weaknesses of different professionals before making a plan of action to improve the effectiveness of the organization. Before making any changes to the company, consider the education of professionals in different areas of the business. Find out about their abilities, skills and strengths. Identify their weaknesses or the areas where specific professionals face difficulties when working as a team. After identifying the strengths and weaknesses of professionals with different educational backgrounds, focus on the growth of the company by building effective teams. Develop teams with complementary skills and strengths. Encourage professionals to work toward specific goals and give assignments based on their skills, knowledge and background. Efficiency in a company requires an understanding of different professionals and their role within the business, as well as ways to improve their abilities or make use of unique skills.

(iii) Keep the customers in mind

Organizational effectiveness only works well when evaluating the needs and interests of the customers. The National Academies Press states that quality management is just as important as the overall efficiency of the company. If a professional does not provide a quality product or service, then customers look for alternatives for their needs and goals. Ask customers to fill in surveys or answer questions about the services provided. Find out what the customers want from the company or the services they find the most valuable for their needs and goals. For businesses with direct interaction with a customer, provide anonymous options for customers to fill out complaints or provide feedback. Use social media pages or other online tools to gain feedback from clients. Allow customers to leave comments or point out weaknesses from the company by asking questions on social media or a company blog.

(iv) Work on quality services or products

Although clients play a role in the effectiveness of a company, a business must also identify an appropriate level of quality for the products or services provided. The key is focusing on a balance of quality with cost effective solutions. The goal of any business is improving the products without exceeding a set budget or price range. Organizational leadership requires active participation in the decision-making processes. Ask professionals in different areas of the business for advice about improving the products without increasing the costs for materials. Discuss ways to reduce the time required to accomplish specific goals without cutting back on the quality of the final product or service. By involving different professionals from multiple fields in the decision-making process, a leader gains multiple perspectives and ideas about better ways to improve the organization.

(v) Use Technology

Technological tools play an essential role in the efficiency and effectiveness of a company. Make use of computers, tablets or smartphones to improve the efficiency of the company. Use

software or sharing tools to keep different members of a team up-to-date with the state of a project, even when they are not actively working on a specific portion of the project. Work with technological professionals to determine the best ways to protect the business and client information without exceeding a set budget. Use software programs designed specifically to improve efficiency or effectiveness in the office. For example, use spreadsheets for better organization or set up an office-wide system for sharing information among team members or different professionals in the business. Organizational effectiveness is a business strategy designed to improve the efficiency of the company without reducing the quality of the products or services. By working with professionals in different fields or at different educational levels, a leader obtains new ideas to help reduce costs, improve the product and provide quality customer service.