Entrepreneurship on Corporate Context

In previous lessons, we focussed on life-cycle of innovation, co-innovation, open innovation, challenges in innovation, and innovation assessment. Here we try to understand why a corporate needs to develop entrepreneurship and the need of incubation to support innovators. The following is a list of six principles that supports a lasting innovation culture in a corporate set-up:

- **Start-up as a method:** Use start-ups' principles and practices as a method for developing new products under conditions of uncertainty. Managing uncertainty must underpin the innovation process of a corporate design.

- **Searching vs. executing:** Innovation process should not direct teams to execute; rather teams should be encouraged to search.

- **Business model matters:** A great business model involves making products that delivers value. This is the magic corporate should search and find before launching products at scale.

- **Right thing, right time:** Navigate uncertainty by doing the right things at the right time.

- **Right question, right time:** A good innovation process helps managers understand where their teams are on their innovation journey and helps them make decisions about what to do next.

- **Evidence based decisions:** Innovation teams should make decisions based on evidence and change directions based on learning.

The long-term success of large established companies depends not only on their ability to leverage their current capabilities and improve efficiency but also on taking risks and exploring unknown areas. To meet this challenge, established companies are increasingly relying on corporate incubators to fuel innovation and growth with entrepreneurial mindset. A corporate incubator acts as a "specialized corporate unit that hatches new businesses by providing physical resources and support to the innovators". In the process, it helps in building and grooming new entrepreneurs.

Entrepreneurship is the process of setting up one's own business as distinct from pursuing any other economic activity, be it employment or practicing some profession. The person who set-up the business is called an entrepreneur. The output of the process, that is, the business unit is called an enterprise.

Entrepreneurs produce goods and services that meet the needs of the society. Every entrepreneurial action results in income and wealth generation. Many times, innovations led entrepreneurship bring creative disruption to the existing dominant options in the market through technological breakthroughs (for example, photocopy machine vs. carbon paper; typewriter vs. digital print; mobile vs. landline; and many others). Entrepreneurs in

developing countries may not be pioneering always in introducing radical innovations, they may be the pilot adopters of technologies developed elsewhere to provide better, faster, cost-effective and environment friendly options.

New Product and Service Initiative

- Any corporate at a given point of time, has certain products and services positioned in a select set of markets (geography / consumer category)

- It strives to drive ambitious business plan with a near-term, mid-term and long-term focus towards its growth and transformation.

- The growth and transformation may come through scaling the existing business by expanding market, introducing new product or service or a combination of both.

- The decision to expand business or focus on a new or adjacent area is based on understanding the market and discovering the customer needs.

- Corporate needs a framework to develop and manage new product and service initiatives at scale.

Once there is a fair understanding of the market and potential opportunities, business goes through a basic justification on where to invest for further exploration. The exploration leads to Proof-of-Concept (POC), Proof of Technology (POT) and Prototypes. A reasonable success on Prototypes leads to Pilots (Controlled launch in the market). The success of Pilots is a critical threshold where business goes through another justification to decide on the continuity of focus and if so, a business plan to scale and penetrate in the market with sustainable value proposition. The business plan typically covers customer segments addressed, competitors, value proposition, financial returns, sales & marketing and situational state that would lead to product retirements.

Focus Areas

- Objectives, Problem Statement
- Market & Customer Discovery
- Enterprise Business Context & Competition
- Product Funding & Investment
- Product Roadmap Strategy and Partnership
- Product Management, Marketing & Sale
- Revenue, Profits & Value
- Product Development, Technology & Architecture
- Intellectual Property
- Legal and Contracts
- Risk Identification and Mitigation
- Product Sustenance and End-of-Support
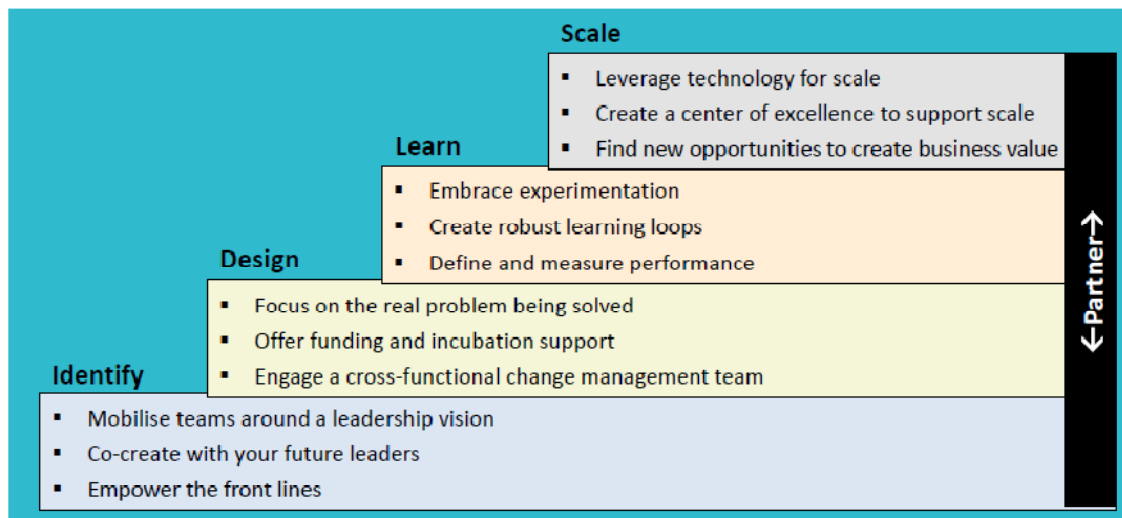
A Case Study: https://digitate/com/

Digitate is a new venture of Tata Consultancy Services (TCS). It was founded in 2015 as a wholly-owned entity under TCS to build next-generation products. Its first product is **ignio™**. It is a cognitive automation solution for IT Operations that prevents outages before they happen. It can rapidly identify root causes and automate routine tasks. It combines enterprise business context and pre-built knowledge about IT infrastructure technologies to enable better decision-making and ultimately solve many IT operations challenges. The key use cases that it is designed to solve rapid root cause isolation, automation of tasks and predictive impact analysis. It is designed to integrate with existing IT enterprise infrastructure and applications.

Social Innovation

A broad definition of social innovation is 'the application of innovative, practical, sustainable, market-based approaches to benefit society in general, and low-income or underserved populations in particular'.

Social innovation means being more strategic, more ambitious and more collaborative in how access and opportunity can be provided for billions of low-income people to participate in the global economy.

Socially innovative organisation typically follows four steps - identify, design, learn and scale. Though it is quite analogous to traditional business development processes, when these steps are applied to a social innovation opportunity, important differences emerge.

Scale
- Leverage technology for scale
- Create a center of excellence to support scale
- Find new opportunities to create business value

Learn
- Embrace experimentation
- Create robust learning loops
- Define and measure performance

Design
- Focus on the real problem being solved
- Offer funding and incubation support
- Engage a cross-functional change management team

Identify
- Mobilise teams around a leadership vision
- Co-create with your future leaders
- Empower the front lines

←Partner→

Social Network Framework

There is a growing expectation among other stakeholders for the private sector to become more deeply involved in solving pressing social challenges. Governments can create the right incentives through fiscal and public policy or by offering catalytic funding to help new

entrants take initial steps. Networks can bring together companies and other social innovators to invest in their knowledge and capacities and promote a common language and collective action. Investors can play an important role by taking a longer-term view and asking right questions to the boards.

Identify

A social innovation journey starts with unearthing opportunities with the potential to contribute to a company's strategic objectives. These ideas may come from numerous sources within the company –employees, the leadership, and from front-line business operations. Significantly, ideas can also be generated from beyond the company, including supply chain partners, civil society actors and other key stakeholders in operating markets.

Design

Companies need a robust yet flexible design process to convert ideas into feasible concepts, prototypes or business models. Social innovation opportunities almost invariably demand collaborations with external stakeholders and business models that differ from business as usual. It may take longer to get to market and to reach profitability.

Learn

The gestation period for a social innovation to succeed may take long. Therefore continuous learning and factoring the same into plan and action is critical to path of success. The learning comes from rapid prototyping, field testing and information while interacting in the market.

Scale

Achieving success in pilot and creating a niche space in the market is the fundamental requirements to scale. However, scaling has its own challenges. Unless the value is seen as transformational in the longer term, putting the right focus and resource to drive the scaling may get lukewarm attention.

Questions:

1. Describe innovation, incubation and entrepreneurship in a corporate context.
2. Describe New Product Initiative and its maturity that is driven by an established corporate.
3. Assume you are working in a multi-national IT Service Company and leading one area of R&D. You have been asked to submit a proposal for a new product initiative. Prepare a high-level business plan.
4. Describe the framework you have studied to implement a social innovation.
5. Think about a social innovation you are aware and explain the same using the framework you have studied in this course.
6. Share your motivation to promote 'Technology Driven Social Innovation and Entrepreneurship'.