**MODULE**

**ES 104 /CS**

**Prepared by:**

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**Instructor**

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**Technopreneurship**

**MODULES FOR TECHNOPRENEURSHIP**

Credits : **3 units (3 hours/week)**

Pre-Requisite : **3rd year standing**

**I. Lesson Title:**

Technopreneurship

(1st Week to 2nd Week)

**II. Learning Objectives:**

At the end of the module, you will be able to:

1. Define the concept of technopreneurship
2. Discuss the traits and characteristics of technopreneur
3. Explain the importance of technopreneurship
4. Distinguish cyberpreneur and technopreneur
5. Analyze what makes successful global and local technopreneurs

**III. Lectures and Annotations:**

**TECHNOPRENEURSHIP**

Technopreneurship it is a simple entrepreneurship in a technology intensive context. It is a process of merging technology prowess and entrepreneurial talent and skills.

Technopreneur is the person who destroys the existing economic order by introducing, new products and services, by creating new forms of organizations and by exploiting new raw materials. It is someone who perceives an opportunity and creates an organization to pursue it. A person who undertakes risks that has the chance of profit. Technopreneurs distinguishes themselves through their ability to accumulate and manage knowledge, as well as their ability to mobilized resources to achieve a specified business or social goal.

Entrepreneurship is a way of thinking and acting that is opportunity obsessed, holistic approach and leadership balanced for the purpose of wealth creation. Searches for change, responds to it, and exploits it as an opportunity. Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. Entrepreneurship pursuit of opportunity without regard to the resources currently under one’s control. (What is Technopreneurship? | Technopreneurship, 2013)

**Concept of Technopreneurship**

Let me begin with a basic understanding of all the terms in this rather ambitious header! An entrepreneur is a person who identifies an opportunity, converts it into a product or service, estimates earnings and profit and builds a successful business with it. A technopreneur starts out with nothing but an ‘idea’. He defies existing practices and systems and thinks of doing things differently. He creates a product or solution that uses the heft and capability of technology to change the way something was traditionally done. He succeeded admirably. For e.g. The founders of Uber thought (IDEA) of a different way to call a cab, used the power of technology (built a GPS integrated app) and completely changed the economics of the taxi/cab industry.

A start-up, according to Wikipedia, is an entrepreneurial venture which is typically a newly emerged business that aims to meet a marketplace need by developing a viable business model around a product, service, process or a platform. An ecosystem refers to the environment in which the business operates – including competitors, consumers, resources, government regulations, political, economic, cultural and social variables, all of which have an impact on the way a product is designed and used and the business entity is run.

Having set things in context, Technopreneurship is a new breed of entrepreneurship. It involves a coming together of people who are intelligent, driven, creative, tech-savvy and passionate and have an appetite for calculated risk. Unlike entrepreneurship this is seldom a one-man show – the success of Technopreneurship hinges on how well the team functions together.

There is a common belief in the potential of the tech product, an inherent DNA to work hard and against all odds, a coming together of people with myriad skillsets and resources that are critical for the success of the venture. For a Technopreneur, it is not as much about the money as it is about the affirmation that the ‘idea’ is a worthy one and that it works. The idea needs to work for the greater common good – it doesn’t need to be a global blockbuster. For this reason, Technopreneurship is an expensive exercise and Technopreneurs need to work without pay until their ideas become commercially viable. It is not often easy and they have to persevere, lead and motivate their team, search for people with the money, pitch their idea and get them to join forces. It is here that their past work experience and the network becomes extremely useful.

More often than not, Technopreneurship begins with the customer experience and works backward to arrive at the technology to provide that customer experience. Instagram, for example, was born out of the end-users feverish and narcissistic need to not only take pictures but also to share these pictures on a real-time basis. A technopreneur constantly learns and improves, innovates and disrupts the workings of people, organizations and nations as a whole. Today, if you don’t have the Facebook or WhatsApp app on your phone, people would think of you as being a strange person – You could argue that no one had either app less than 5 years ago but you would still be a strange person!

Now that the waters have been tested and the unlimited potential of technology to address needs of customers has been indisputably established, technopreneurs world-wide are pushing the frontiers of innovation. What we will see as the next big things include game-changing technologies like:

1.Artificial Intelligence, Machine Learning and Expert System (AIML)

2.Augmented Reality expanding virtual reality extending the physical world as we Know (AR)

3.Blockchain beyond Bitcoins, Distributed Ledger and Decentralised Data Base (BC)

4.The Internet of Things (IOT). This is something that has already reached our living rooms with Amazon’s Alexa, Echo etc.

5. 3D Printing, Additive Manufacturing and Embedded Manufacturing (AM-3D) etc.

These are areas where cutting-edge work is being done and you would do well to hedge your bets in this area. Besides these, the earlier wave of technologies Cloud Computing, Business or Digital Analytics (DA) including Business Intelligence (BABI) and Big Data are still going strong.

At this juncture, what should Indian start-up companies do especially since India already has a competitive advantage in digital population which is a key asset for a technopreneur? I'd like to call it DIGITATE meaning Digitization, Disruption expectation, COGITATION, THINK BIG BUT START SMALL, STRATEGISE with TACTICS, TESTING PROTOTYPE, IMPLEMENT, SPRINT with Success and finally SCALE . In order to merely stay where you are now you need to Sprint and or even run. SCALING after testing is the means for Extraordinary and Exponential Returns as opposed to Linear profitable growth and Expect. In order to do this the following are some guidelines:

1. Develop an Integrated and coordinated Digital Strategy. Everything is not what everyone needs.

2. Experiment Now (Elon Musk failed 10 times but kept on trying till he thrilled the world)

3. Engage with Younger Staff and Customers (Younger means around 8 years younger than You. You would be surprised with the benefits of REVERSE Mentoring)

4. Integrate technology carefully and not hastily but thoroughly. (It should be a comprehensive process permeating throughout the organization.

5. Be Bold and expect a burn rate that may baffle you. (If education is Expensive, try ignorance!)

6. Continuously update skills from the many great qualities online and blended courses from reputed institutions.

7. Recognize that these changes are gaining traction worldwide.

8. Continuously scan the Environment to augment human resource in many areas of expertise.

At the end of the day, you need to be distinct or become extinct. For a technopreneur, this is not an option as they are wired to take the pass less trodden and do radically different things that change the course of economies and countries, worldwide. (Balachandran, 2018)

**TRAITS AND CHARACTERISTICS OF TECHNOPRENEUR**

There are 15 characteristics to define what a Good Technopreneurs according to the blog post of Rendell Jay S. Eyas entitled “Characteristic of Technopreneur”.

* ***Hardworking***
* ***Self-confidence***
* ***Builds for the future***
* ***Profit-Oriented***
* ***Goal-oriented***
* ***Persistent***
* ***Respond to Feedback***
* ***Demonstrate Initiative Willing to Listen***
* ***Set his own Standard***
* ***Copes with uncertainty***
* ***Committed***
* ***Build on Strength***
* ***Reliable***
* ***Risk-Taker.***

(Eyas, 2018).

**5 Traits of Successful Technopreneurs by Brandon Peterson**

Techpreneurs are amazing people, well, all entrepreneurs are. They often show hard work and some resilience that is not common in many. What is even interesting is how these individuals despite their difficult technical skills, manage to do all their duties and through their unique talent achieve immense success.

Well, here are some of the top 5 characteristics that help technopreneurs go on with their ventures, succeed with it and make it grow:

**Leadership**

Good leadership is critical to successful technopreneurship.Thismeans that as a person, you serve as the spark to a bright idea and transform the dream into a reality. You as a leader are the starting point, and with that, you find the best team, lay down foundations, and think of the overall strategyfor your business.

Peter Loftin who built up his empire from the back of a small office in North Carolina is a good example. He started selling portable phones business to business and knew that the potential for B2B telecom was enormous. With this knowledge, Loftin decided to start his own telecom company.

**Flexibility**

Techpreneurs know that not everything produces great results and adapt to such circumstances easily. As a lesson, you need to know that to get to the top; you must know how to blend with tight situations and be creative enough to emerge successful in future.

You should understand that your ideas are your dreams, but this dream should be pliable enough so you can help shape solutions to the problems of consumers.

**Discipline**

One thing you need to learn and understand as an entrepreneur is that success requires discipline. You need to structure your work so that you and everyone knowtheir roles and responsibilities. Great discipline within the business will help you find out and tackle problems that arise with the venture.

Additionally, it helps you keep your team working like a well-oiled machine. Discipline also determines how you spend time with work and still have enough time for family and friends.

**Strategist**

Remember the saying, ‘behind every successful man lies a strong woman’? Well, this is applicable here too. All successful ventures have great strategists behind them. Therefore, as an administrator for your company, you should be ableto get relevant and useful things for your business strategically.

As a strategist, you need to be able to come up with unique productsevery time and have the magic to push your products to the market and let consumers see the real value it can bring into their lives. Aside from these, as a strategist, you can pick ideal business partners, understand the competition, see the weaknesses and amend them before they become a problem.

**Focus**

Successful technopreneurs may have a hundred items on their to-do list every day, but they know which ones must be prioritized. The focus is like the sniper alter ego of your discipline that scopes the targets and makes failure as not part of the options.

Some people might start something great but give up after a few months. You will see them starting on another excellent idea the next time you see them and then another the next time you bump into them.

If you want to be a great technopreneur, you must know how to prioritize your tasks and responsibilities. You should learn to drop down distractions and focus on success oriented things.

Peter Loftin who founded Business Telecom Inc. knows how to squeeze every drop of productivity in his work hours. He learned that an emphasis on the most important tasks made him more efficient and productive.

So, do you have what it takes to a successful technopreneur? (Peterson, 2017)

**IMPORTANCE OF TECHNOPRENEURSHIP**

Apparently, technopreneurship is recognized as a prolific idea in today’s digital era because of four reasons: limitless opportunities, market expansion, reduced costs, and access to information.

**Limitless Opportunities**

The 21st-century is the age of information. Hence, if you have an idea, you could easily obtain information about available opportunities to turn it into a business with just one click. Plus, technological advancement has been in this generation’s DNA that it comes as an anticipated reality rather than a shocking revelation. People expect new technologies to emerge every day. They aspire to get things done fast and easy. Technopreneurs only need to tap into this resource, think creatively, and turn the idea into a successful business venture.

**Market Expansion**

One of the major contributions of technopreneurship is the growth of the internet. Today, the internet is a primary channel for businesses, be it in e-commerce, remote work, or networking. Because of technopreneurship, the market has expanded. As a result, businesses are able to reach more customers, acquire and choose from the best suppliers, and build better relationships with their target market.

**Reduced Costs**

Consistent with the rapid market expansion as brought about by technopreneurship, businesses are more likely to cut on costs. This is because more opportunities are available, which means that there are more options to choose the least expensive option. In effect, it will bring positive results to the businesses. Likewise, technopreneurs could tap onto this opportunity since IT products and services might just require lower costs but produce higher returns.

**Access to Information**

This is perhaps a no-brainer because we all know that technology is the reason why we are living in the information age where loads of data are at our fingertips. Through technopreneurship, businesses find it more efficient to store information, thereby, retrieving information also becomes more efficient.

Technopreneurship could be the source of sustainability for business-minded individuals and for organizations looking to improve their project. It could take time, yes, but maybe you only need to take the first step. An idea, once polished and thoughtfully crafted, could turn into a Eureka moment. Technology is becoming more and more alive as if telling us to grab the opportunity. (Gurango, 2019)

**CYBERPRENEUR**

Cyberpreneur is a term that combines digital or cyber world with the word entrepreneur. Cyberpreneur means an entrepreneur that utilized the digital world to start, promote, scale or further develop and innovate their businesses, services and branding to create and sustain wealth.

The unique thing about Cyberpreneurs is that they are not tied to any physical location in doing their business and can primarily operate anywhere in the world where there is an internet connection. (What is a Cyberpreneur? - Cyberpreneurs Institute, 2019)

**SUCCESSFUL GLOBAL AND LOCAL TECHNOPRENEURS**

**Top 10 Ultra Wealthy Technopreneurs By siliconindia (2013)**

**# 10 David Karp**

* Net Worth- $200 million

The CEO of Tumblr who was a drop out of New York high school before he founded the company in 2007. The internet giant Yahoo acquired Tumblr the previous month offering Karp a massive sum of $81 million for the next 4 years to be with them.

When asked about realizing his dreams David Karp said, “There are a lot of rich people in the world. There are very few people who have the privilege of getting to invent things that billions of people use.”

**#9 Evan Spiegel**

* Net Worth- $210 million

Evan Spiegel, at 22 years is the CEO of Snapchat, the photo messaging application, that self-destructs the picture after a particular time. “It felt awful to be on social networks presenting myself as this awesome guy: Here I am at the coolest party or on a great vacation ... when a lot of time I'm in sweat pants watching a movie. People are hungry for things that are in the moment, authentic, not Photoshopped” says this young technopreneur.

**#8 Bobby Murphy**

* Net Worth- $210 million

Bobby Murphy co-founded Snapchat along with Evan Spiegel in September 2011. He was just 24 years old when he started his enterprise with his fellow graduate from Stanford University.

**#7 Arash Ferdowsi**

* Net Worth- $400 million

The Co-founder of Dropbox, which offers file hosting service, was born on October 7, 1985. “We all quickly realized that together we could save millions of people a lot of pain.” said Ferdowsi when he found the company in 2007 together with his partner Andrew Houston.

**#6 Kevin Systrom**

* Net Worth- $420 million

“Focusing on one thing and doing it really, really well can get you very far.” This is the success mantra of Systrom, the CEO of Instagram. The technopreneurs from Massachusetts founded the company in 2010. His company was acquired by Facebook for a whopping $1 billion.

**#5 Nathan Blecharczyk**

* Net Worth- $500 million

Nathan Blecharczyk, the Co-founder and Chief Technology Officer of ‘Airbnb’ launched this online service in 2008. This young entrepreneur is 30 years old and is a graduate from Harvard University.

**#4 Andrew Houston**

Net Worth- $610 million

This American internet entrepreneur aged 30 is the CEO and Co-founder of Dropbox, a file hosting service that reportedly had refused an $800 million acquisition offer from Apple. The company was established in 2007 together with his partner Arash Ferdowsi.

**#3 Chris Hughes**

* Net Worth- $950 million

He is one among the co-founders of Facebook, the social network giant. Chris Hughes was born on September 26, 1983 and did his graduation from Harvard University.”The more connected that individual is to an issue they care about, the higher probability there is they will stay involved over a longer period of time.” says the entrepreneur.

**#2 Dustin Moskovitz**

* Net Worth- $4,200 million

This 29-year-old technopreneur is also the co-founder of Facebook. Dustin Moskovitz was a student of Harvard University when he founded the company with his partners in 2004. “Brilliant, Crazy, Cocky: How the Top 1 percent of Entrepreneurs Profit from Global Chaos” says Moskovitz about their venture.

**#1 Mark Zuckerberg**

* Net Worth- $ 17,300 million

‘The man behind Facebook’. This could be the best description given to this internet entrepreneur who changed the social media concept. Zuckerberg is the CEO and chairman of Facebook and was born on May 14, 1984. He was doing his graduation from Harvard University when he started Facebook.

**Top 10 Technopreneurs in the Philippines By Mobile Tech Solution Inc. (2012)**

1. Diosdado Banatao (Computer Chips- Mostron and S3)

2. Nonoy & Ben Colayco (Online Gaming- Level Up)

3.Joey Gurango (Software Development- Webworks OS)

4. Danilo Manayaga (Biotechnology- Servac Philippines)

5.Dennis Mendiola (Wireless Technology- Chikka Asia)

6. Manny Pangilinan (Telecommunications- First Pacific, PLDT,)

7. Dr. William Torres (RP Internet Pioneer- Mozcom)

8. Peter Valdes (software development- Vinta Systems )

9. Orlando Vea (Mobile Communications/New Media – SMART founder, MediaQuest)

10. Jaime Augusto Zobel de Ayala II (Diversified IT investing-iAyala)

**CHALLENGES IN TECHNOPRENEURSHIP**

**Factors to Consider in Choosing a Techno- Enterprise.**

**Law**: Find out whether there are federal, state or local laws governing the establishment and operation of such a business to avoid conflicts with the law.

**Time**: Do you have the time to face the business, particularly at early stages because no amount of training can make helpers perform better than you, the owner.

**Locality**: Your current location determines the type of business you can start, particularly if such business involves services to some people.

**Extent of risk involved in a business**: Know the extent of the risk involved., minimize them and be prepared for them.

**Involvement of other people**: In the initial stage, make use of the members of your immediate family. If this is not practicable, take only those that are immediately necessary and make sure you can always pay their wages

**Cooperation of members of your family**: You need the support and cooperation of members of your family either to work for you or relieve you of home duties.

**Capital or initiative**: Many people think about the money before the business and since money is not always very easy to come by, such people never come close to actually doing any business. It is sometimes difficult to identify viable projects, but that, precisely, is the beginning of starting a business. What most people lack is initiative and not capital.

**Status**: Businesses have their status too. There are high-status businesses and low status businesses. For example, garbage collection is a low-status business. The key is to choose a business that has a status that you'll feel comfortable with(Adegeye:1986).

**Constraints of Technopreneurship**

A techno- entrepreneur should be ready to face the following risks:

**(a)Possible loss of invested capital**: One risk of entrepreneurship is the possibility of losing your invested capital. A risk is always a risk. However, you stand the best chance of success if you take calculated risks.

**(b)Uncertain income**: Unlike the salaries of employed workers, profits usually vary from one month to another.

**(c)Long business hours:** Many entrepreneurs work fourteen or more hours a day, six or seven days a week. The owner is often the first to arrive at the business in the morning and the last to leave at night. Business hours are set at the convenience of customers, not the desire of the owner.

**(d)Time involvement**: Starting a small business takes a lot of hard work. In fact, it may consume most of your day in the first few years. (OKo, 2016)

**IV. Activities**

**Exercise 1 –** Differentiate Technopreneur and Entrepreneur in essay form with a minimum of 200 words.

**Exercise 2 –** Differntiate Technopreneur and Cyberpreneur in essay form with a minimum of 200 words.

**Exercise 3 –** Have a research about the Top 10 Technopreneurs in the Philippines by Mobile Tech Solution Inc. (2012)

**V. Life Activity**

**Exercise 4 –** Create a short skit about “A newly graduate that is seeking a job but does not pass the required job requirement such as pleasing personality.” Then reflect on each performance and create an essay on why technopreneur is important in that scenario.

**VI. Assessment**

**Quiz #1 :** Answer the following statements/questions.

1. It is a process of merging technology prowess and entrepreneurial talent and skills.

2. It is a way of thinking and acting that is opportunity obsessed, holistic approach and leadership balanced for the purpose of wealth creation.

3. He/She starts out with nothing but an ‘idea’ and defies existing practices and systems and thinks of doing things differently.

4. An entrepreneur that utilized the digital world to start, promote, scale or further develop and innovate their businesses, services and branding to create and sustain wealth.

5. Who is the CEO of Tumblr?

6. “Focusing on one thing and doing it really, really well can get you very far.” This is the success mantra of whom technopreneur?

7. The man behind Facebook.

8-10. Enumerate the constraints of Technopreneurship.

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**I. Lesson Title:**

Creativity and Innovation

**II. Lesson Objective:**

At the end of the module you will be able to:

1. Define and differentiate creativity and innovation.

2. Explain the importance of Creativity and Innovation.

3. Understand the needs of intellectual property.

**III. Lectures and Annotations:**

**CREATIVITY**

Creativity is the act of turning new and imaginative ideas into reality. Creativity is characterised by the ability to perceive the world in new ways, to find hidden patterns, to make connections between seemingly unrelated phenomena, and to generate solutions. Creativity involves two processes: thinking, then producing.

If you have ideas but don’t act on them, you are imaginative but not creative.

“Creativity is a combinatorial force: it’s our ability to tap into our ‘inner’ pool of resources – knowledge, insight, information, inspiration and all the fragments populating our minds – that we’ve accumulated over the years just by being present and alive and awake to the world and to combine them in extraordinary new ways.” — Maria Popova, Brainpickings

“Creativity is the process of bringing something new into being. Creativity requires passion and commitment. It brings to our awareness what was previously hidden and points to new life. The experience is one of heightened consciousness: ecstasy.” – Rollo May, The Courage to Create

Is this possible in business? I believe so, but you have to be willing to take risks and progress through discomfort to get to the finish line.

“A product is creative when it is (a) novel and (b) appropriate. A novel product is original not predictable. The bigger the concept, and the more the product stimulates further work and ideas, the more the product is creative.” —Sternberg & Lubart, Defying the Crowd (Naiman)

**CREATIVITY PROCESS**

The creative process manifests in different ways and on different timelines for each person. Anyone who is able to unlock their creative potential goes through a similar process to bring an idea to life.

The creative process is the evolution of an idea into its final form through a progression of thoughts and actions. The creative process involves critical thinking and problem-solving skills. From songwriters to television producers, creative individuals generally go through five steps to bring their ideas to fruition—preparation, incubation, illumination, evaluation, and verification. These stages were first articulated by Graham Wallas, a social psychologist and co-founder of the London School of Economics who outlined the primary stages of the creative process in his 1926 book on creativity called The Art of Thought. (MasterClass, 2020)

**The 5 Stages of the Creative Process**

While all creative people apply unique methods and thought processes to their work, there are five stages that most creators subconsciously follow while pursuing their creative endeavors. The five stages of the creative process each flow logically into the next phase of the process. As you embark on your own creative process, unleash your mind and let your ideas grow through the five stages of creativity.

1. **Preparation stage**: As you begin the creative journey, the first stage involves prep work and idea generation. This is when you gather materials and conduct research that could spark an interesting idea. Brainstorm and let your mind wander, or write in a journal to foster divergent thinking; this will help you consider all possible approaches to building out your idea. In this first part of the process, your brain is using its memory bank to draw on knowledge and past experiences to generate original ideas.
2. **Incubation stage**: When you have finished actively thinking about your idea, the second stage is where you let it go. Part of creative thinking is taking a step away from your idea before you sit down to flesh it out. You might work on another project or take a break from the creative process altogether—regardless, you are not consciously trying to work on your idea. Walking away from your idea might seem counterproductive, but it’s an important stage of the process. During this time, your story or song or problem is incubating in the back of your mind.
3. **Illumination stage**: Sometimes called the insight stage, illumination is when the “aha” moment happens. The light bulb clicks on as spontaneous new connections are formed and all of that material you’ve gathered comes together to present the solution to your problem. In this third stage, the answer to your creative quest strikes you. For example, you overcome writer’s block by figuring out the ending to your story. It can take you by surprise but after the incubation stage, an idea has emerged.
4. **Evaluation stage**: During this stage, you consider the validity of your idea and weigh it against alternatives. This is also a time of reflection when you look back at your initial concept or problem to see if your solution aligns with your initial vision. Business professionals might [do market research to test the viability of the idea](https://www.masterclass.com/articles/how-to-conduct-market-research). During this phase, you might go back to the drawing board or you might forge on, confident in what you’ve come up with.
5. **Verification stage**: This is the final stage of the creative process. It’s when the hard work happens. Your creative product might be a physical object, an advertising campaign, a song, a novel, an architectural design—any item or object that you set out to create, propelled by that initial idea that popped into your head. Now, you finalize your design, bring your idea to life, and share it with the world.

**CREATIVITY TECHNIQUES**

**Brainstorming** was introduced by Alex Osborn, founder of the Creative Education Foundation and co-founder of the ad firm BBDO. The term Brainstorming has become a commonly used word in the English language as a generic term for creative thinking. The basis of Brainstorming is a generating ideas in a group situation based on the principle of suspending judgement - a principle which scientific research has proved to be highly productive in individual effort as well as group effort. The generation phase is separate from the judgement phase of thinking. (Brainstorming - Mycoted)

**Forced analogy technique** allows one to generate unique, unusual or highly original options using dissimilar or apparently unrelated objects, elements, or ideas. It stimulates the search for a new perspective, viewpoints or combination possibilities that emerge from unexpected associations. Forced analogy acts as an effective tool of divergent thinking. It acts as a springboard for new ideas.

Forced analogy demands mastery in metaphorical thinking. Playfulness and freewheeling are essential to it. Laughter and humor is not only permitted, but also encouraged during a forced analogy round. Humor helps the participants to go beyond their initial superficial thoughts deep into much more meaningful propositions. “Be natural” is the motto of such exercises. Biomimicking is one of the basic traits of the technique. Bionics or imitation of the engineering of nature is the soul of forced analogy. Forced analogy liberates one from habit-bound thinking and protects one from being stuck in a typical brainstorming session. Forced analogy, in this sense, acts as a brainstorming enhancer. (Panthalookaran, 2016)

**DO IT** is an acronym that stands for:

**D** - Define problem

Analysing the problem to ensure that the correct question is being asked. The following points may help to do this:

* Check that you are tackling the problem, not the symptoms of the problem. To do this, ask yourself why the problem exists repeatedly until you get to the root of it. (see 'Why?' etc. - repeatable questions)
* Lay out the bounds of the problem. Work out the objectives that you must achieve and the constraints that you are operating under.
* Where a problem appears to be very large, break it down into smaller parts. Keep on going until each part is achievable in its own right, or needs a precisely defined area of research to be carried out.
* Summarize the problem in as concise a form as possible.

**O** - Open mind and apply creative techniques

Once you know the problem that you want to solve, you are ready to start generating possible solutions. It is very tempting just to accept the first good idea that you come across. If you do this, you will miss many even better solutions.

At this stage of DO IT we are not interested in evaluating ideas - we are trying to generate as many different ideas as possible. Even bad ideas may be the seeds of good ones.

**I** - Identify best solution

Only at this stage do you select the best of the ideas you have generated. It may be that the best idea is obvious. Alternatively, it may be worth examining and developing a number of ideas in detail before you select one.

**T** - Transform

Having identified the problem and created a solution to it, the final stage is to implement this solution. This involves not only development of a reliable product from your idea, but all the marketing and business side as well. This may take a great deal of time and energy.

Many very creative people fail at this stage. They will have fun creating new products and services that may be years ahead of what is available on the market. They will then fail to develop them, and watch someone else make a fortune out of the idea several years later. (DO IT - Mycoted)

**Mind Mapping** has been developed by Tony Buzan are an effective technique of structuring information and note-taking. They are also useful during the brainstorming sessions. To make a mind map, start in the center of the board with the main idea, invite your team and work in all directions, producing a growing and organized structure using key words/phrases and key images/videos.

Use colorful links, post-its, shapes, icons, images and videos – anything that can help you build a visual map. (10 Creative Techniques You Should Try in Online Whiteboard)

The **nominal group technique** (NGT) improves brainstorming as it incorporates the voting process to rank useful ideas. This also encourages further brainstorming to prioritize the processes. This particular project management technique is a structured form of brainstorming. However, unlike brainstorming, each participant involved in the process should provide their own input. From their input, a discussion will be made so that the inputs will be ranked according to their importance for the project. Thus, this type of creativity technique allows the participants to be more engaged in the discussion to create solutions for the key issue or problem.

The other benefits of this technique are that it allows the gathering of information effectively for analysis and evaluation as it involves everyone in the project team thus involving consensus building among the members of the project. (Nominal Group Technique - Project Management Knowledge)

**CHARACTERISTICS OF A CREATIVE INDIVIDUAL**

Sure, it's possible for everyone to nurture his or her creative side, but honest observation shows that fresh ideas come more easily to some people than to others.

If you're in the market for individuals to drive innovation at your business, how can you hire these naturally creative folks?

A [new Norwegian study has some suggestions](https://www.sciencedaily.com/releases/2013/04/130402091133.htm). [Forget the Myers Briggs](http://fistfuloftalent.com/2013/02/laurie-ruettimann-suggests-saying-no-to-personality-assessments-at-work.html), says the research from Professor Øyvind L. Martinsen of BI Norwegian Business School.

What you really need to look for is a handful of traits that tend to be associated with highly creative individuals.

To identify these characteristics, Martinsen gathered a group of artists, musicians, and marketing creatives and compared them with a control group of managers and others in professions less associated with creativity. Which personality traits stood out among the artistically inclined? Martinsen found seven:

**Associative orientation:** Imaginative, playful, have a wealth of ideas, ability to be committed, sliding transitions between fact and fiction.

**Need for originality:** Resists rules and conventions. Have a rebellious attitude because of a need to do things no one else does.

**Motivation:** Have a need to perform, goal oriented, innovative attitude, stamina to tackle difficult issues.

**Ambition:** Have a need to be influential, attract attention and recognition.

**Flexibility:** Have the ability to see different aspects of issues and come up with optimal solutions.

**Low emotional stability:** Have a tendency to experience negative emotions, greater fluctuations in moods and emotional state, failing self-confidence.

**Low sociability:** Have a tendency not to be very considerate, are obstinate and find faults and flaws in ideas and people.

Although some of these traits sound positive (motivation) or neutral (associative orientation), others, you may notice, sound less appealing. Would you want the desk next to yours to be occupied by someone with low emotional stability and sociability? Probably not.

Martinsen acknowledges these tradeoffs, noting that "creative people are not always equally practical and performance oriented" and advising that an employer looking to bring creativity into her organization "would be wise to conduct a position analysis to weigh the requirements for the ability to cooperate against the need for creativity."

Or, in other words, think carefully about whether being a bit of a jerk is an acceptable tradeoff for being a fount of ideas. Many experts warn it's often not suggesting that your best bet may be to walk a middle way, accepting slightly less creativity in exchange for being more of a team player. (Stillman, 2013)

**INNOVATION**

Innovation is the process of translating an idea or invention into a good or service that creates value or for which customers will pay.

To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves careful application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products. In business, innovation often results when ideas are applied by the company in order to further satisfy the needs and expectations of the customers.

In a social context, innovation helps create new methods for alliance creation, joint venturing, flexible work hours, and creation of buyers' purchasing power. Innovations are divided into two broad categories:

* Evolutionary innovations (continuous or dynamic evolutionary innovation) that are brought about by many incremental advances in technology or processes.
* Revolutionary innovations (also called discontinuous innovations) which are often disruptive and new.

Innovation is synonymous with risk-taking and organizations that create revolutionary products or technologies take on the greatest risk because they create new markets.

Imitators take less risk because they will start with an innovator's product and take a more effective approach. Examples are IBM with its PC against Apple Computer, Compaq with its cheaper PC's against IBM, and Dell with its still-cheaper clones against Compaq. (What is innovation? definition and meaning - BusinessDictionary.com)

**TYPES OF INNOVATION**

According to the 4th edition (2018) of the Oslo Manual, there are four main types of 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.

**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.

**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.

**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. (Innovation: Definition, types of innovation and business examples, 2020)

**IMPORTANCE OF CREATIVITY AND INNOVATION**

Creativity goes hand in hand with innovation. And there is no innovation without creativity. While creativity is the ability to produce new and unique ideas, innovation is the implementation of that creativity - that's the introduction of a new idea, solution, process, or product. Creativity is the driving force behind innovation and the incorporation of looking at things from a different perspective and freedom of restrictions by rules and written or unwritten norms.

Creativity and innovation within a well-run companies have always been recognized as a sure path to success. Stimulating creativity and exploring completely new and unknown before territories lead as result to **increasing the productivity of the organization**. Encouraging the employees to think outside of the box and giving them time and resources to explore new areas for innovative ideas is the key to cost-effective business solutions.

Creativity improves the process of **solving problems**. It doesn't matter if we're talking about developing a new strategy or an innovative way to stay ahead of the competition. Creative problem solving gives that **competitive edge**that any business is striving to achieve. (Sokolova, 2015)

Creativity is important in today’s business world, but it’s really only the beginning. Organizations need to foster creativity. Driving business results by running ideas through an innovation process puts those ideas to work — for companies and their customers. Creativity is the price of admission, but it’s innovation that pays the bills. (Business Insider & Primed Associates, 2013)

**FACTORS INFLUENCING CREATIVITY AND INNOVATION**

**Knowing a Lot** - "Not just in the narrow space in which they do their work, more creative people generally seem to possess a breadth of knowledge that falls a bit outside of their core area of work." Continuous learning is an underlying aspect of showing more creativity.

**Recombinations** - "Lots of creativity involves recombinations of things we know with the influx of new data and new information. The classic example is the classic scientific method in which scientists conduct their experiments based on a hypothesis and expect a particular result. When they get a different result, they step back and try to modify their hypothesis to fit the new data observed." As you can see, this is a direct extension from the first point. The more things you know, the more possibilities of combining with any new information that you come across, and hence leading to more innovations.

**Frame breaking** - "The frame is all of your expectations and assumptions that you are so used to, such that whenever new information comes, you interpret it only in a particular way. This prevents us from making some connections or interpretations. All of us have an enormous number of frames working within us at any given point of time. They are so innate to us that we don't even recognize them consciously most of the time. Genius scientists almost always broke frames and that is how they came up with ground-breaking ideas." It is better called as frame shattering, because you are doing more than just breaking a few assumptions, you are re-looking at something from a totally different angle or perspective and forming your novel ideas. Examples are Darwin's theory of evolution and Rutherford's model of the atom, both ideas which revolutionized the previous thinking in the respective domains.

**Adequacy of Time** - "Epiphanies may come suddenly, but they don't come immediately. They are the result of thinking about the problem for a longer period of time on a sustained basis. Einstein published four important papers in 1905 which completely radicalized the field of physics forever, and hence it is called as his 'miracle year'. But he was thinking about some of those concepts for more than a decade, and they took shape over the course of all those years." We need to be able to give time for creativity. The flower of creativity blooms colorfully but requires patience and watering.

**Community vs Individual thinking** - "When you think alone by yourself, you are prone to developing a lot of divergent views. But when you come together as a group and start thinking, you will develop a few convergent views. Both are essential for the creative process." There is an increasing tendency to rely more on collaboration as a tool of innovation, which sometimes limits the number of ideas since there is always an attempt towards consensus and agreement. We need to make sure we give space and time for individual thoughts to grow before collaboration happens.

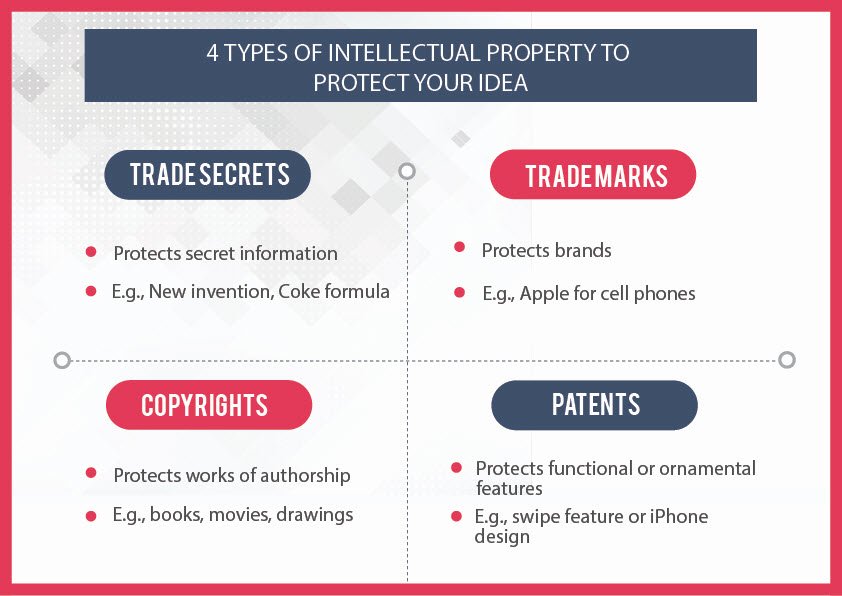
**Failure Tolerance** - "We need to make people more comfortable with error. What our educational system teaches us best is to minimize error, but perhaps that is not always such a good thing. We don't want to eliminate the fear of failure. But we should develop an attitude where we accept legitimate failures in the pursuit of success." The one best line from the show for me was this - "The attitude we want is that we punish negligence, but not failure." (Meenakshisankar M, 2017)

**INTELLECTUAL PROPERTY**

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.

IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish. (What is Intellectual Property?)

**VARIOUS TYPES OF INTELLECTUAL PROPERTY**

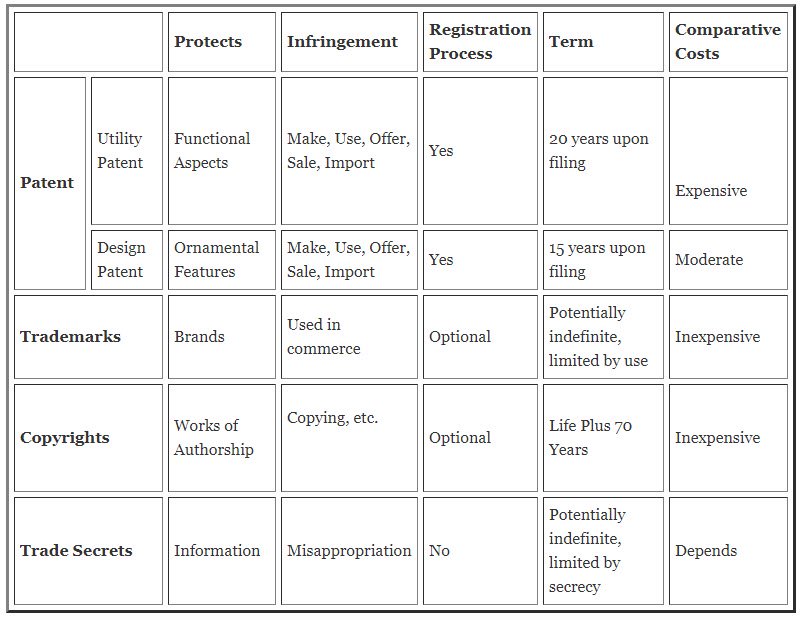


*https://ocpatentlawyer.com/wp-content/uploads/2018/03/Overview-Intellectual-Property.jpg*

Figure 1

To protect your idea effectively when you launch your product, you need to utilize one or more of the other three types of intellectual property before you commence your marketing activities. The table below illustrates each of the four different types of intellectual properties and what they might be used to protect in a broader sense.

You must select the most suitable form of patent protection to protect your idea or device effectively. The information below highlights how you might determine which one of these intellectual property rights might be best for you to use to protect your invention. The discussion will also highlight and provide further clarification on some of the more important information provided in the table. (Yang)



*https://ocpatentlawyer.com/wp-content/uploads/2018/03/Four-Types-of-Intellectual-Property.jpg*

Figure 2

**Trade secrets** are [intellectual property](https://www.wipo.int/about-ip/en/) (IP) rights on confidential information which may be sold or licensed.

In general, to qualify as a trade secret, the information must be:

* **commercially valuable**because it is secret,
* be known only to a **limited group of persons**, and
* be subject to **reasonable steps taken** by the rightful holder of the information to keep it secret, including the use of confidentiality agreements for business partners and employees.

The unauthorized acquisition, use or disclosure of such secret information in a manner contrary to honest commercial practices by others is regarded as an unfair practice and a violation of the trade secret protection.

[*What kind of information is protected by trade secrets?*](https://www.wipo.int/tradesecrets/en/#accordion__collapse__01)

In general, any confidential business information which provides an enterprise a competitive edge and is unknown to others may be protected as a trade secret. Trade secrets encompass both **technical information**, such as information concerning manufacturing processes, pharmaceutical test data, designs and drawings of computer programs, and **commercial information**, such as distribution methods, list of suppliers and clients, and advertising strategies.

A trade secret may be also made up of a **combination of elements**, each of which by itself is in the public domain, but where the combination, which is kept secret, provides a competitive advantage.

Other examples of information that may be protected by trade secrets include financial information, formulas and recipes and source codes.

[*What kind of protection does a trade secret offer?*](https://www.wipo.int/tradesecrets/en/#accordion__collapse__02)

Depending on the legal system, the legal protection of trade secrets forms part of the general concept of protection against **unfair competition** or is based on **specific provisions** or case law on the protection of **confidential information**.

While a final determination of whether trade secret protection is violated or not depends on the circumstances of each individual case, in general, unfair practices in respect of secret information include **industrial or commercial espionage**, **breach of contract** and **breach of confidence**.

A trade secret owner, however, cannot stop others from using the same technical or commercial information, if they acquired or developed such information independently by themselves through their own R&D, reverse engineering or marketing analysis, etc. Since trade secrets are not made public, unlike patents, they do not provide “defensive” protection, as being prior art. For example, if a specific process of producing Compound X has been protected by a trade secret, someone else can obtain a patent or a utility model on the same invention, if the inventor arrived at that invention independently. (Trade Secrets)

A **trademark** is a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises. Trademarks are protected by intellectual property rights.

[*How can I protect my trademark?*](https://www.wipo.int/trademarks/en/#accordion__collapse__01)

At the national/regional level, trademark protection can be obtained through registration, by filing an application for registration with the national/regional trademark office and paying the required fees. At the international level, you have two options: either you can file a trademark application with the trademark office of each country in which you are seeking protection, or you can use WIPO’s [Madrid System.](https://www.wipo.int/madrid/en/)

[*What rights does trademark registration provide?*](https://www.wipo.int/trademarks/en/#accordion__collapse__02)

In principle, a trademark registration will confer an exclusive right to the use of the registered trademark. This implies that the trademark can be exclusively used by its owner, or licensed to another party for use in return for payment. Registration provides legal certainty and reinforces the position of the right holder, for example, in case of litigation.

[*How long does trademark protection last?*](https://www.wipo.int/trademarks/en/#accordion__collapse__03)

The term of trademark registration can vary, but is usually ten years. It can be renewed indefinitely on payment of additional fees. Trademark rights are private rights and protection is enforced through court orders.

[*What kinds of trademark can be registered?*](https://www.wipo.int/trademarks/en/#accordion__collapse__04)

A word or a combination of words, letters, and numerals can perfectly constitute a trademark. But trademarks may also consist of drawings, symbols, three-dimensional features such as the shape and packaging of goods, non-visible signs such as sounds or fragrances, or color shades used as distinguishing features – the possibilities are almost limitless. (Trademarks)

**Copyright** (or author’s right) is a legal term used to describe the rights that creators have over their literary and artistic works. Works covered by copyright range from books, music, paintings, sculpture, and films, to computer programs, databases, advertisements, maps, and technical drawings.

[*What can be protected using copyright?*](https://www.wipo.int/copyright/en/#accordion__collapse__01)

Exhaustive lists of works covered by copyright are usually not to be found in legislation. Nonetheless, broadly speaking, works commonly protected by copyright throughout the world include:

* literary works such as novels, poems, plays, reference works, newspaper articles;
* computer programs, databases;
* films, musical compositions, and choreography;
* artistic works such as paintings, drawings, photographs, and sculpture;
* architecture; and
* advertisements, maps, and technical drawings.

Copyright protection extends only to expressions, and not to ideas, procedures, methods of operation or mathematical concepts as such. Copyright may or may not be available for a number of objects such as titles, slogans, or logos, depending on whether they contain sufficient authorship.

[*What rights does copyright give me? What are my rights as author of a work?*](https://www.wipo.int/copyright/en/#accordion__collapse__02)

There are two types of rights under copyright:

* **economic rights**, which allow the rights owner to derive financial reward from the use of their works by others; and
* **moral rights**, which protect the non-economic interests of the author.

Most copyright laws state that the rights owner has the economic right to authorize or prevent certain uses in relation to a work or, in some cases, to receive remuneration for the use of their work (such as through [collective management](https://www.wipo.int/copyright/en/management/)). The economic rights owner of a work can prohibit or authorize:

* its reproduction in various forms, such as printed publication or sound recording;
* its public performance, such as in a play or musical work;
* its recording, for example, in the form of compact discs or DVDs;
* its broadcasting, by radio, cable or satellite;
* its translation into other languages; and
* its adaptation, such as a novel into a film screenplay.

Examples of widely recognized moral rights include the right to claim authorship of a work and the right to oppose changes to a work that could harm the creator's reputation.

[*Can I register copyright?*](https://www.wipo.int/copyright/en/#accordion__collapse__03)

In the majority of countries, and according to the [Berne Convention](https://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html), copyright protection is obtained automatically without the need for registration or other formalities.

Most countries nonetheless have a system in place to allow for the voluntary registration of works. Such voluntary registration systems can help solve disputes over ownership or creation, as well as facilitate financial transactions, sales, and the assignment and/or transfer of rights. (Copyright)

A **patent** is an exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem. To get a patent, technical information about the invention must be disclosed to the public in a patent application.

[*What kind of protection does a patent offer?*](https://www.wipo.int/patents/en/#accordion__collapse__01)

In principle, the patent owner has the exclusive right to prevent or stop others from commercially exploiting the patented invention. In other words, patent protection means that the invention cannot be commercially made, used, distributed, imported or sold by others without the patent owner's consent.

[*Is a patent valid in every country?*](https://www.wipo.int/patents/en/#accordion__collapse__02)

Patents are territorial rights. In general, the exclusive rights are only applicable in the country or region in which a patent has been filed and granted, in accordance with the law of that country or region.

[*How long does a patent last?*](https://www.wipo.int/patents/en/#accordion__collapse__03)

The protection is granted for a limited period, generally 20 years from the filing date of the application. (Patents)

**IMPORTANCE OF INTELLECTUAL PROPERTY IN BUSINESS**

Intellectual Property are important (whether collectively or individually) to businesses as they are intangible assets that can be financially exploited because like physical property, they can be sold or licensed. Every business possesses such assets whether they are aware of it or not.

When a business is establishing its presence in the marketplace, protecting and managing its intellectual property is critical as it can mean the difference between success or failure. That is why it is important for businesses to understand the different forms of intellectual property because some involve a formal application and examination process before a right can be registered while others come into play without the need for a registration process. (Daly, 2016)

Importance of Intellectual property for Small and Mid-size Enterprises (SMEs)

* **protect innovative** products and services;
* **increase the visibility**, attractiveness and value of your products on the market;
* **distinguish your business** and its products from the competition;
* **access technical and business information** and knowledge;
* **avoid the risk** of unknowingly using third party proprietary content or inadvertently losing your own valuable information, innovations or creative output. (Intellectual Property for Business)

**IV. Activities**

**Exercise 1 –** Form a group. Each group has designated creative technique to them. Conduct a meeting to come up with a new or innovative product using the assigned technique to your group. Create a minutes of the meeting and send it to your instructor.

Correct execution of the creative technique: 50%

Uniqueness of the product: 35%

Minutes of the meeting: 15%

**Exercise 2 –** Create a one or two paged essay about the difference between Creativity and Innovation. Use the following format:

Font: Times New Roman

Page size: Letter

Font size: 12

Spacing: 1.15 (Remove space before and after paragraph)

**V. Life Activity:**

**Exercise 3 –** Make a DIY item that can help you in times of community quarantine or online class.

Creativeness: 70% (How pleasing or attractive your work?)

Uniqueness: 30% (How different your work from the work of your classmate?)

**V. Assessment**

**Quiz #2 :** Answer the following statements/questions.

1-3. Who quoted the following quotes?

“Creativity is a combinatorial force: it’s our ability to tap into our ‘inner’ pool of resources – knowledge, insight, information, inspiration and all the fragments populating our minds – that we’ve accumulated over the years just by being present and alive and awake to the world and to combine them in extraordinary new ways.”

“A product is creative when it is (a) novel and (b) appropriate. A novel product is original not predictable. The bigger the concept, and the more the product stimulates further work and ideas, the more the product is creative.”

“Creativity is the process of bringing something new into being. Creativity requires passion and commitment. It brings to our awareness what was previously hidden and points to new life. The experience is one of heightened consciousness: ecstasy.”

4-8. Enumerate the 5 Stages of the Creative Process

9. Creative technique that was introduced by Alex Osborn.

10-15 Enumerate the 7 characteristics of a creative individual according to Prof. Martinsen.

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**I. Lesson Title:**

**PLANNING AND ORGANIZING A BUSINESS**

(5th Week to 6th Week)

**II. Learning Objectives:**

At the end of the module, you will be able to:

1. Define the advantages and disadvantages of a sole proprietorship.
2. Explain the differences between general and limited partners.
3. Identify the advantages and disadvantages of a partnership.
4. Describe two types of corporations.
5. Discuss the advantages and disadvantages of a corporation.

**III. Lectures and Annotations:**

**Introduction to Planning and Organizing**

Every organization as part of its life cycle constantly engages in the four essential functions of management – planning, leading, organizing and controlling. The foremost of this is planning. It is the part of management concerned with creating procedures, rules and guidelines for achieving a stated objective. All other managerial functions must be planned if they are to be effective (Kaser, 2017).

Managers at all levels engage in planning as objectives and goals have to be set up for the day-to-day activities as well as the broader long-term initiatives (Kaser, 2017).

**Planning**

Planning is the most basic of all managerial functions which involves establishing goals, setting out objectives and defining the methods by which these goals and objectives are to be attained. It is, therefore, a rational approach to achieving pre-selected objectives (Kaser, 2017).

* 1. **Categorize the principles and concepts of business ownership**

Just a decade ago, there were virtually no B-school courses or student projects on social entrepreneurship. Today most top business schools have both.

But before such a subject can be taught, it must be defined. A social entrepreneur is one driven by a social mission, a desire to find innovative ways to solve social problems that are not being or cannot be addressed by the market or the public sector. *How to Change the World: Social Entrepreneurs and the Power of New Ideas* by David Bornstein adopts this broad definition. Well-documented cases of grassroots entrepreneurial activities to tackle such diverse social problems as child abuse, disability, illiteracy, housing, and environmental degradation give life to it.

The search for financing has sparked a wave of entrepreneurship within the field of social investment, including firms dedicated to investing in businesses that deliver solutions to social problems. Let’s hope that in the process, they help restore the public’s trust in the business community.

—*By Laura D’Andrea Tyson*

**BUSINESS OWNERSHIP**

Each type of business structure offers advantages and disadvantages. The net income from a sole proprietorship taxed at personal income tax rates, but a corporation’s profits are taxed at lower, corporate tax rates. However, a sole proprietorship is easier to set up , so you could be in business more quickly (Kaser, 2017).

**TYPE OF PROPRIETORSHIP**

Understanding how to handle your personal finances can help prepare you for managing your own business. The abilities to plan, manage and keep track to your own money can e applied to handing a business. When you start a business, you have a choice as to how the ownership is legally organized. Business ownership can take one three legal forms (Kaser, 2017).

* Sole proprietorship
* Partnership
* Corporation

1. **Sole Proprietorship** – the word ***sole*** means “single or one.” The work ***proprietor*** means “owner.” The sole proprietorship, therefore, is a business owned by one person. The sole proprietorship is the oldest and most common form of business ownership. Approximately 75% of all business in the United States today are organized as sole proprietorships. Although many people think of corporations when they think about business (Kaser, 2017).

Most sole proprietorship are small-business operations, each owned by an individual. An individual who starts a business is known as entrepreneur (Kaser, 2017).

**Advantages of Sole Proprietorship**

The most important advantage is having the freedom to make all the decisions.

* **Easy Set-up -** A sole proprietorship is the easiest form of business organization to set up. Although local and state governments require some paperwork, you can usually complete this without much difficulty. Starting a sole proprietorship does take some effort, but because a minimal amount of documentation is required, the cost of organizing a sole proprietorship is relatively low (Kaser, 2017).
* **Licensing -** you can organize a sole proprietorship by simply obtaining a license to do business from your local or state government. You might also need to obtain a state sales tax number because you may be required to collect sales tax on any products you sell to customers (Kaser, 2017).
* **Business Name** - are planning to operate under a business name other than your own name, you must apply for a *Certificate of Doing Business Under an Assumed Name*. This is also referred to as a *DBA*, which stands for “Doing Business As.” (Kaser, 2017).
* **Employees** -If you intend to hire one or more employees to work in your business (Kaser, 2017).
* **Total Control** - As a sole proprietor, you can run your business as you wish. This is a great advantage because you do not have to convince partners, stockholders, or other people that your business decisions (Kaser, 2017).
* **Profit to Owner** – when your business makes a profit, you can keep all of it (after you pay taxes). As your business grows and becomes more successful, you will receive larger profits (Kaser, 2017).
* **Profits and Taxes Once** - You as the owner must declare the profits of the business on your personal income tax return. Tax is computed on your total income for the year (Kaser, 2017).

**Disadvantages of Sole Proprietorship**

With most choices people make, there is a positive side and a negative side.

* **Limited Capital** – the only source of working capital, based you borrow, is your own money. Generally, no one else helps you finance the business. Moreover, the amount of cash available to you be limited (Kaser, 2017).
* **Unlimited Liability** – a major disadvantage of a sole proprietorship is that if your business is not successful, you are responsible for all losses (Kaser, 2017).
  + Unlimited liability is a situation in which the owner of the business is responsible to pay the business debts out of personal assets (Kaser, 2017).
* **Limited HUMAN Resources -** Most people have limited knowledge and talents. Perhaps you know a lot about certain goods or services, but your basic business skills are weak (Kaser, 2017).
* Limited Life – a situation in which a business’s life span or existence is determined by the owner’s life span or the owner’s decision to terminate the business (Kaser, 2017).

1. **The Partnership**

Some people choose to form a partnership when starting a business. A partnership is a business owned by two or more persons. Partners as co-owners agree voluntarily to operate the business for profit. When a partnership is formed, the partners sign a special legal agreement (Kaser, 2017).

A partnership Agreement is a written document that states how the partnership will be organized. The agreement includes the following basic information:

* Names of the partners
* Name of nature of the business
* Amount of investment by the partner
* Duties, right, and responsibilities of each partner
* Procedures for sharing profits and losses
* How assets will be divided when and if the partnership is dissolved

**General Partner** - is a business partner who has decision-making authority, takes an active role in the operation of the business, and has unlimited liability for all losses or debts of the partnership. Every partnership has at least one general partner (Kaser, 2017).

**Limited Partner** - is a business partner who has decision-making authority, takes an active role in the operation of the business, and has unlimited liability for all losses or debts of the partnership. Every partnership has at least one general partner (Kaser, 2017).

**Advantages of the Partnership**

* **Easy to Set-up -** A partnership is also relatively easy to set-up. Although some paperwork is required, it is generally minimal. You may need to obtain certain local or state business permits or licenses (Kaser, 2017).
* **More Skills and Knowledge** - The skills and knowledge needed to operate the business in a sole proprietorship are the responsibility of just one person. In a partnership, however, the various partners can contribute different skills and experience. One person may have previous experience running a similar type of business. Another partner might have extensive business or accounting experience. A third partner might have excellent sales and marketing skills (Kaser, 2017).
* **Available Capital -** Several individuals in a business partnership can contribute more money to a business venture than one person acting alone with only personal assets. Moreover, if additional cash is needed to maintain or expand business operations (Kaser, 2017).
* **Total Control by Partners** – in a partnership the operation of the business is the sole responsibility of the general partners, who can do as they want (Kaser, 2017).

**Disadvantages of the Partnership**

* **Unlimited Liability –** if the partnership loses money of the financial problem, each co-owner is personally responsible for all of the debts of the business. In the other words, if your partnership fails and the debts of the business cannot be covered by its assets you and your partners are responsible for paying the bills out of your own personal assets (Kaser, 2017).
* **Disagreement Among Partners –** when several people manage a business, they may not always agree on important business decisions (Kaser, 2017).
* Shared profits – you still must share the profits with partners. The way in which the profits of the business are divided is outlined in the partnership agreement (Kaser, 2017).
* **Limited Life** -the life of a partnership depends on the willingness and ability of the partners to continue in business together. A partnership has a limited life, and partnership can end for a number of reasons (Kaser, 2017).

1. **Corporation**

A corporation is a business organization that operates as a legal entity that is separate from its owners and is treated by the law as if it were an individual person. A corporation can do everything that a sole proprietorship or a partnership can do own property, buy and sell merchandize, pay bills, and make contracts (Kaser, 2017).

**Starting a Corporation**

When you form a corporation, you create a legal entity. This process is more complex that starting a sole proprietorship or a partnership (Kaser, 2017).

* **Paperwork and Documents** – to create a corporation, you must an application with the state for permission to operate (Kaser, 2017).
  + **Article of incorporation –** include information such as the corporate name and the type of business in which the corporation will be involved. The application to operate as a corporation.
  + **Corporate by laws** – are the rules by which a corporation will operate.
  + **Corporate charter** – is a license to operate a corporation.
* **Issuing Stock –** the ownership of corporation is divided into units, which are shares to stock. These shares of stock are bought by people who become known as ***stakeholders.*** (Kaser, 2017).
  + **Closely Held Corporations –** closely held, or private, corporation is one whose shares are owned by relatively small group of people (Kaser, 2017).
  + **Publicly Held Corporation –** a publicly held corporation is one that sells its shares openly in stock markets, where anyone can buy them (Kaser, 2017).
  + **Going Public –** a closely held corporation can be opened to the general public if the stockholders decide in favor of this move. When a corporation decides to sell its stocks on the open market, the decision is known as going ***public*** (Kaser, 2017)***.***

**Advantages of the Corporation**

* **Ability to Raise Capital** – the major advantage of a corporation is the ability to sell its stocks and generate capital or money. If the corporation needs money for growth, expansion or other purposes, the company can sell additional shares of stocks to raise the necessary funds (Kaser, 2017).
* **Limited Liability** – the stockholders, or owners, of a corporation is that they have limited liability. This means that if the corporation has debts or financial problems, the owners may lose only the amount of their investment, the price they paid for their stock (Kaser, 2017).
* **Continued Life –** each time partners enter or leave a partnership; a new partnership must be created. Stockholders may enter or leave at any time without affecting the existence of the corporation. Its legal status as a business continues indefinitely (Kaser, 2017).
* **Separation of Ownership and Management** – the owners do not run the business is most publicly held corporations. Instead, they elect a broad of directors, a group of individual who are responsible for overseeing the general affairs of the corporation (Kaser, 2017).

**Disadvantages of the Corporation**

* **Complex and Expensive Set-up –** a great deal of work is required to create a corporation. You must complete many forms, file reports, and adhere to many laws and regulations (Kaser, 2017).
* **Slow Decision-Making Process** – the major advantages of the corporation are the slowness of the decision-making process. In sole proprietorship and partnerships only, a few people determined how the business is run (Kaser, 2017).
* **Taxes** – a corporation is a separate legal entity, it must pay state and federal income taxes on its profits. Dividends that stockholders received are then taxed again (Kaser, 2017).

Keywords:

**Planning** is the most basic of all managerial functions which involves establishing goals, setting out objectives and defining the methods by which these goals and objectives are to be attained.

**Sole Proprietorship** – the word ***sole*** means “single or one.” The work ***proprietor*** means “owner.” The sole proprietorship, therefore, is a business owned by one person.

**Partnership** is a business owned by two or more persons. Partners as co-owners agree voluntarily to operate the business for profit. When a partnership is formed, the partners sign a special legal agreement.

**Corporation** is a business organization that operates as a legal entity that is separate from its owners and is treated by the law as if it were an individual person.

Summary:

* Sole proprietorships are easy to set-up the owner retains control and profits there are few government regulations; and profits are taxed once as personal income. The disadvantages include limited capital, unlimited liability, limited human resources, and limited life.
* In partnership, general partners have decision-making authority, are active in the business, and have unlimited liability. Limited partners rarely take an active role in the business, and their liability is limited to their investment.
* Corporation operates as legal entities separate from owners and continue no matter from owners and continue no matter from them. Corporations issue stock; stockholders have limited liability. However, corporations are difficult and expensive to established; decision making can be slow; and profits are taxed twice.

**References:**

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**I. Lesson Title:**

**Different Type of Business Ownership**

(6st Week to 8th Week)

**II. Learning Objectives:**

At the end of the module, you will be able to:

1. Define the concept of capital.
2. Discuss the personal assets
3. Explain the importance of sharing information.
4. Distinguish what kind of communication technology to be use.

**III. Lectures and Annotations:**

**BUSINESS OWNERSHIP**

When we use the words “business owner,” meaning one who individually or with partners is in control of monetary and operational decision-making, we are talking about a true sense of ownership. The business owner has ultimate control over the company and decides what to delegate and to whom. Though a business owner can earn a monthly salary, they are not employee and the only one in the company who has the right to take net profit at the end of the year or reinvest that money back into the company (Scott, 2017).

**DIFFERENTIATE BUSINESS OWNERSHIP IN TERMS OF:**

* Capital
* Personal Assets
* Span of Information
* Sharing of Information

1. **CAPITAL**

The term capital has several meanings, and it is used in several areas in business. In general, capital is accumulated assets or ownership (Scott, 2017).

**Capital** is important to business because the cost of buying and owning these investments can affect the business’s value and tax situation (Scott, 2017).

Business Capital is in the form of ***assets*** (thing of value). Capital is necessary part of business ownership because use assets to create and services to sell to customers. Capital can have one of three specific meanings:

* The amount of cash and other assets (owned by a business, including account receivable, equipment, inventory, and buildings of the business).
* The accumulated wealth or net worth of a business, represented on a ***balance sheet*** by its owner’s equity (ownership) minus ***liabilities.***
* Stock or ownership in a company, the capital account of a ***stockholder.***

**Capital for Tax Purpose**

The Internal Revenue Service (IRS) uses the term capital assets to describe assets that are used to generate a profit. These assets aren't easily turned into cash and they are expected to last more than one year. A building, equipment, and vehicles are examples of capital assets for tax purposes (Scott, 2017).

**Capital Structure of a Business**

The capital structure of a business is the mix of types of debt (borrowing) and equity (ownership). Business capital is shown on the business's[***balance sheet***](https://www.thebalancesmb.com/balance-sheet-definition-2946947)***.*** The format for this report shows all the assets of the business in one column and the liabilities and owner equity in the other. Total assets must equal total liabilities plus total owner equity (Scott, 2017).

**Other Terms for Business Capital** (Scott, 2017).

* **Capital Gains -** Capital gains and losses are increases or decreases in the value of stock and other investment assets when they are sold.
* **Capital Improvement -** Improvements made to capital assets, to increase their useful life, or add to the value of these assets. Capital improvements may be structural improvements or other renovations to a building to enhance usefulness or productivity.
* **Venture Capital -** Private funding (capital investment) provided by individuals or other businesses to new business ventures.
* **Capital Lease -** A lease of business equipment that represents ownership and is shown in the company's [balance sheet](https://www.thebalancesmb.com/balance-sheet-definition-2946947) as an asset.
* **Capital Contribution -** A contribution to the business by an owner, partner, or shareholder in the form of money or property. The contribution increases the [owner's equity](https://www.thebalancesmb.com/what-is-owner-s-equity-398387) (investment) in the company.

**Business Capital and Taxes**

Businesses with capital assets must deal with two types of tax reporting. The business must report depreciation, amortization, and deductions for income taxes during the time the business owns the asset. It must also report and pay capital gains taxes when the asset is sold (Scott, 2017).

**Income Taxes**

The expense of buying or improving an asset must be capitalized for income tax purposes. That means the assets must be spread out over a number of years, rather than being deducted in one year. Each year, the business can take a tax deduction for the yearly deduction for all capital assets (Scott, 2017).

**The two processes for capitalizing assets are:** (Scott, 2017).

* **Depreciation -** For tangible assets like vehicles, equipment, furniture, and buildings
* **Amortization -** For intangible assets like patents, trademarks, and trade secrets

Capital improvements on an asset, which add to an asset's value and must be capitalized, are distinguished from repairs, which are deductible.

Some deductible repairs are painting, repairing a roof, or fixing an elevator. Some capital improvements that must be depreciated including replacing a roof or improving a storefront.

**Capital Gains Tax**

Businesses that have capital assets must pay [capital gains](https://www.thebalancesmb.com/what-are-capital-gains-and-capital-losses-for-businesses-398173) tax on those assets when they are sold. Capital gains taxes are payable at a different rate from ordinary business gains. Short-term capital gains are taxed as ordinary income to the individual, and corporations pay short-term capital gains tax at the regular corporate tax rate of 21%. Long-term capital gains (held more than a year) are taxed at different rates, depending on the individual's income (Scott, 2017).

**Gathering Asset Information for Taxes**

Capitalizing business assets is probably the most difficult and complicated part of business taxes; it's not something you should attempt yourself. Before you turn over your yearly records to your tax preparer, gather all the information you can on the original costs of each asset, called "[asset basis](https://www.thebalancesmb.com/what-is-the-basis-in-an-asset-398142)" (Scott, 2017).

**Information for asset basis for physical assets includes:** (Scott, 2017).

* Sales price
* Sales tax
* Freight
* Installation and training
* Recording fees
* Permit and inspection fees

The asset basis for intangible assets like patents, copyrights, trademarks, trade names, and franchises is usually the cost to buy or create it. For a patent, for example, the basis is the cost of development, including costs of research and experiment, drawings, working models, attorney fees, and application fees. You can't include your time as the inventor, but you can include the time for workers you paid to help you (Scott, 2017).

1. **PERSONAL ASSETS**

An Assets is anything of value or a resource of value than can be converted into cash. Individual, companies, and governments own assets. For a company, as asset might generate revenue, or a company might benefit in some way from owning or using the assets (Scott, 2017).

Personal Assets are things of present or future value owned by an individual or household. Common example of personal assets includes:

* Cash and cash equivalent, certificates of deposit, checking, and saving account, money market accounts, physical cash, treasury bills.
* Property or land and any structure that is permanently attached to it.
* Personal property boats, collectibles, household furnishings, jewelry vehicles.
* Investment annuities, bonds, the cash value of life insurance policies, mutual funds, pensions, retirement plans, stocks.

Your net worth is calculated by subtracting your liabilities from your assets. Essentially, your assets are everything you own, and your liabilities are everything you owe. A positive net worth indicates that your assets are greater in value than your liabilities; a negative net worth signifies that your liabilities exceed your assets (in other words, you are in debt) (Scott, 2017).

**Business Assets**

For companies, assets are things of value that sustain production and growth. For a business, assets can include machines, property, raw materials and inventory – as well as intangibles royalties, and other intellectual property (Scott, 2017).

**Current Assets**

Current assets are assets that can be converted into cash within one fiscal year or one operating cycle. Current assets are used to facilitate day-to-day operational expenses and investments (Scott, 2017).

Example of current assets include:

* **Cash and cash equivalent** – treasury bills, certificates of deposit, and cash.
* **Marketable securities** – debt securities or equity that is liquid.
* **Accounts receivable** – money owned by customers to be paid in the short-term.
* **Inventory –** goods available for sale or raw materials

**Fixed Assets**

Fixed assets are long-term assets, or non-current assets, tangible fixed assets are those assets are those assets with a physical substance and are recorded on the balance sheet and listed a property, plant, and equipment. Intangible fixed assets are those long-term assets without a physical substance, for example licenses, brand names and copyright (Scott, 2017).

Example of fixed assets include:

* Vehicles (such as company trucks).
* Office furniture
* Building
* Land

The two key differences with business assets are non-current assets (like fixed assets) cannot be converted readily to cash to meet short-term operational expenses or investment. Conversely, current assets are expected to be liquidated within one fiscal year or one operating cycle.

**Other Related Terms** (Scott, 2017).

* **Noncurrent Assets –** are a company’s long-term investment for which a full value will not be realized within a year and are typically highly illiquid.
* **Current assets** – are a balance sheet item that represent the value of all assets that could reasonably be expected to be converted into cash within one year.
* **Hard asset** – a physical object or resource owned by an individual or business.
* **Property, Plant, and Equipment (PP&E)** – are long-term assets vital business operations and not easily converted into cash.

1. **SHARING INFORMATION**

Traditionally, an organization management distributed information along a well-defined, top-down channel. Today, due to the spread of social technologies, information can be shared with great ease and almost no effort. This ease of information sharing makes it very difficult to assure that all information travels along the defined channels. Thus, many organizations that already use social technologies to a wider extend are facing the problem of how to adopt their policies to the new nature of information sharing (Scott, 2017).

Open information sharing means “establish an organizational and technical infrastructure that encourages free exchange but also enforces controls that mitigate that risks of irresponsible use,” according to authors Roland Deiser and Sylvain Newton. There are six different concept of open information sharing (Scott, 2017).

* **Explaining Decisions –** this concept aims at explaining management decisions and strategies. Employees should not only understand management’s behavior but also comprehend the background of their decisions and strategies. This may strengthen their motivation (Scott, 2017).

Using social technologies to explain decision is a first step to openness and is already widespread. The intranet of many organizations has evolved into a corporate social network that include internal weblogs. Employees are able to comment and discuss decisions made by their managers. Vice versa the management can listen to staff opinions and take part in ongoing (Scott, 2017).

* **Mutual Report –** with mutual reporting, management and employees of an organization regularly provide and update each other with information about current development. Social technologies enable an interactive, two-way exchange of information. They can also be divided into individual communication channel to which executives and employees can subscribe (Scott, 2017).
* **Information Sharing with Partners** – information exchange can include both internal and external information that staff or management exchange with external stakeholders of the organization. The general aim is to build and maintain external relationships in order to obtain direct access to all relevant information. The two previous concepts described how organization use social technologies for internal information sharing, while this and the following concepts refer to the information exchange with external partners (Scott, 2017).
* **Encourage Participation** – employee, customers, partners or external supports are invited to contribute their opinion, their own ideas or any other information. The information collected allows the organization to assess its own performance from different perspective and to build on the motivation and engagement of individuals who are willing to freely support the goals of the organization (Scott, 2017).
* **Outsource Problem Solving** – an open exchange with customers and business partners can generate ideas that help to improve the organization’s performance, to solve specific problem and to develop innovations (Scott, 2017).
* **Open Interfaces** – the concept of open information sharing is different to the others because it does not focus on the exchange between people but on the exchange between computer (Scott, 2017).

Open interfaces allow external actors to build on standardized process of the organization and enhance these processes by adding new components. They also allow the automatic exchange of information, which is often the basis for entirely new services (Scott, 2017).

**SHARING INFORAMTION EFFECTIVELY**

1. **Define your communication “stack” –** something we often do as a technology business is think about our “technology stack, these are all the different software and products we use to build something (HTML, CSS, and Javascript) (Scott, 2017).

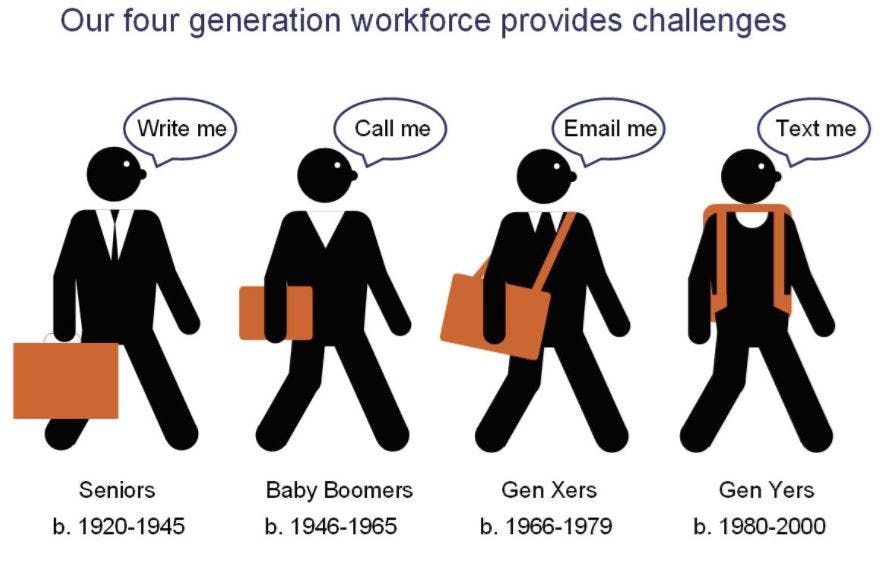
Ways to communicate online in a company: (Scott, 2017).

* **Instant messaging** – for quick communication
* **Email** – for official notice
* **Company wiki –** for shared knowledge
* **Google docs** – or information sharing
* **Yammer** – for water cooler chat

Ways to communicate offline in a company (Scott, 2017).

* Daily standups
* Weekly team meetings
* Monthly all-company meetings
* Quarterly all hands meetings
* Annual company retreats

1. **Determine Transparency -** When it comes to sharing information, transparency is incredibly important; it one of the foundation stones of employee engagement. Everything from company salaries to equity and even company revenue is shared transparently on a series of dashboard. Whether you’re that transparent, completely private or somewhere in between (Scott, 2017).
2. **Information to share vs. information to capture -**  helping to build a culture and structure for managing knowledge is an important of sharing information more effectively (Scott, 2017).
3. **New-age methods of sharing information –** more common to receive a company memo by message. It’s instantaneous, more likely to be seem and get the information to where it needs to be more quickly. At the same time, that information becomes siloed to just the sender and recipient (Scott, 2017).



**Figure 4: Our Generation Workforce Provides Challenges**

**Source:** <https://screencloud.com/blog/share-information-effectively>

1. **Tell people how to communicate** (Scott, 2017).

* The importance of meeting up in person
* How much information an employee needs to keep up with (only those thing important to their specific role).
* How to share information through a variety of channels like email.

1. **Foster two-way Dialogue –** most modern companies know that sharing information to a company-to-employee interaction. Two-way dialogue and increasing the feedback loop is essential to sharing and understanding information (Scott, 2017).



**Figure 5: Feedback Loop**

**Source:** <https://screencloud.com/blog/share-information-effectively>

**Measure Success -** this could be running an employee survey to locate information gaps, blocks and bind spots. It could also be finding out where information isn’t being shared and the causes.

If you use a web-based wiki or knowledge system you could even use analytics to see the most clicked on or searched terms, plus a voting system for employees to feedback how useful they find the information (Scott, 2017).

**Keywords:**

**Capital** - is important to business because the cost of buying and owning these investments can affect the business’s value and tax situation.

**Personal Assets -** An Assets is anything of value or a resource of value than can be converted into cash. Individual, companies, and governments own assets.

**Fixed assets** - are long-term assets, or non-current assets, tangible fixed assets are those assets are those assets with a physical substance and are recorded on the balance sheet and listed a property, plant, and equipment.

**Measure Success -** this could be running an employee survey to locate information gaps, blocks and bind spots. It could also be finding out where information isn’t being shared and the causes.

**Summary:**

1. Capital can have one of three specific meanings: • The amount of cash and other assets (owned by a business, including account receivable, equipment, inventory, and buildings of the business).
2. Other Terms for Business Capital • Capital Gains - Capital gains and losses are increases or decreases in the value of stock and other investment assets when they are sold.
3. The two processes for capitalizing assets are: • Depreciation - For tangible assets like vehicles, equipment, furniture, and buildings • Amortization - For intangible assets like patents, trademarks, and trade secrets Capital improvements on an asset, which add to an asset's value and must be capitalized, are distinguished from repairs, which are deductible.

**References:**

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