

Innovation – Theory and Practice

Session 2

Economics of innovation

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Innovation

- What is appropriate definition of entrepreneurship.
- Is it :
 - Any new business ?
 - Any small business ?
- Actual scenario:
- Existing and growing organisations manage entrepreneurship successfully in their businesses/ divisions.
- Entrepreneurship does not indicate organisations' size, existing or new
- Examples

Innovation - Entrepreneurship

- What is appropriate definition of entrepreneurship.
- Entrepreneurship is about type of activity
- How the activity is done.
- It is about innovation

Innovation

- Sources of Innovation
- Unexpected occurrences
- Can problem be an opportunity for innovation

Innovation

- Sources of Innovation
- Compelling requirements of Process
- Example:
 - Automobile – assembly line mass production in early 1900s
- Industry dynamics
- Market dynamics
- Example
 - Telecom market in India

Innovation

- Sources of Innovation
- External opportunities
- Generation of new knowledge
 - One of the most important sources of innovation
 - Can this knowledge be of use
- Demographic changes
- Social environment
- Intellectual environment

Innovation

- Sources of Innovation
- Customer behavior & preferences
- Example
 - Mobile phone & its variations

Innovation

- Principles of Innovation
- One of the main requirement for innovation
- Analyze all sources of new opportunities

Innovation

- Essentials for Innovation
- Knowledge
- Skills, inventive nature
- Clear and out of box thinking
- Focus - most important

Economics of innovation

- Economics of innovation
 - Innovative products, processes and organizations to meet requirements of end customers.
- Objective of Economics of innovation
 - Increase the quantity
 - Get additional products and services at the same cost
 - Alternatively same quantity of products and services at a lower cost

Economics of innovation

- Economics of innovation
- Difference between invention and innovation
- Invention is creating of new knowledge whether it can be utilized or not
- Innovation is the actual utilisation of knowledge for production in different way

Economics of innovation

- Economics of innovation
- Innovation requires lot of hard work, effort and research by the innovator:
 - Individual – could be Entrepreneur
 - Organization – corporate innovation
- Suitability and/ or usefulness of innovation for potential customers

Economics of innovation

- Economics of innovation
- Innovator should get compensated for work done – time, effort and money invested):
 - Suitable reward
 - Return for the investment made
- Innovation should generate profits for Entrepreneur / Organization