WEEK-1

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Week-1

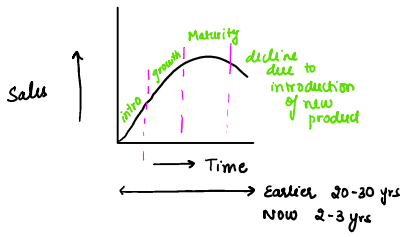
Analyzing the Current Business Scenario

We are nowa-days using many services that are free but still the company is making huge amount of money out of that, eg. gmail, google, youtube, whatsapp, etc. These are the new types of evolving business models in the market.

Business environment
- Internal → factors affecting the firm that can be controlled by the firm itself
- External → Factors affecting the firm that are out of it's control. Eg: Political environment.

Business Environment {External}

→ **Reducing Product life cycle**:- life cycle of product is the amount of time a product stays in market. The life of Black & White TV was around 20-30 yrs but with new colour TVs and new technology, life time or life cycle of products has reduced.



- less time for new product development.

→ **Increasing Expectations**:- Fast development, expectations of consumers is inc. drastically.
- → Low Cost
- → High Quality
- → Low Delivery Time

→ **High Uncertainity**:- We cannot predict uncertainities but, we can make strategies to avoid problems

→ **Global Impact**:- Supply Chain, import, export, any company in many countries, one problem in a particular country, the entire supply chain is affected

Series of Development

- Some Macro Events
  - Industrialization in Europe {Europe had many colonies across the world}
  - North America becoming a Major Economic power America ⇒ Quality ∝ cost
  - Industrialization in Japan based on Quality principles {Japan succeeded because of their quality principles. They made good quality at cheap prices} {waste minimisation}
  - Low cost manufacturing from China

– Low cost manufacturing from China

Now, low cost production is present in China, better quality is provided by Japan, what should a new company do?

Ans :- Innovation

↳ have both cost of china & quality of Japan provide new dimension of development.

Innovation And Creativity - An Introduction

"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"

Recent eg:- Computerisation in railway sector, the process of reservation became easy & much more transparent and corruption free

Another recent eg of change:- demonetisation led to opportunity for e-payment business

3-I's

→ Idea

→ Implementation:- The idea may be old but a new way to implement it is also innovation.

→ Impact :- Idea should have any impact. If there is no impact, it is not innovation.

magnitude of impact depends on type of organisation

- Business
  - → profit
  - → market share
- Non business
  - School
    - → No. of children going for higher education
  - NGO
    - → Tangible results

Idea, Implementation } Invention } Innovation

Impact

Defining innovation {by Peter F Drucker}

→ opportunities arrising from change

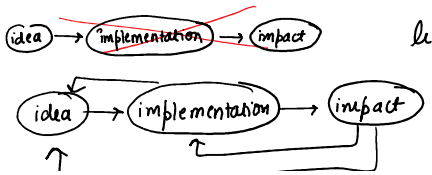
→ 3I's concept

Myths Of Innovation

→ • Innovation begins with creativity.
• Innovation begins with curiosity.

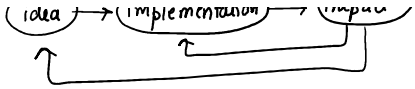
Curiosity is asking questions like why this? & how to improve?

→ • Innovation is a smooth linear process.
• Innovation is iterative and the outcome of a series of experiments.



linear

iterative



iterative

The idea may be implemented again & again
The implementation might not produce desired impact

→ • Innovation is about risk-taking.
• Effective innovation involves risk taking, assessment and mitigation.

There are counters & fallbacks present.

Innovation is a team activity, but starting point is a person who asks questions.
Innovation does not begin with creativity, it begins with curiosity

Innovations In Current Environment

Challenges

- Resistance to Change
  - → Ignoring the idea
  - → Fear of failure
  - → Inertia
  - → lack of confidence
- Prediction Disability
  - → Future is unpredictable
  - → People generally prefer the path which is familiar

VUCA

Prediction Disability

- Volatility
- Uncertainty
- Complexity
- Ambiguity

- Volatility
  - The challenge is unexpected or unstable and may be of unknown duration, but it's not necessarily hard to understand; knowledge about it is often available.

→ A sudden change will happen but you know how to handle that situation
Eg. Demonetisation

- Ambiguity
  - Causal relationships are completely unclear . No precedents exist; you face "unknown unknowns".

→ X = ?± ?Y
Relationships are not known
Eg. launching an extremely new product

- Uncertainty
  Despite a lack of other information, the event's basic cause and effect are known.
  Change is possible but not a given

→ Cause & effect reln is known. Eg X = a+bY , X is dependent on Y
But there might be changes in X which cannot be explained by Y

Complexity :-

How to handle challenges?

How to handle the challenges?

- Two distinct system of thinking
  - Emotional and Intuitive
  - Deliberations and Analysis

Analogy

- Elephant
- Rider of elephant

Characteristics of Both

Elephant (Emotional side)	Rider (Analysis side)
• Heavy	• Ability to see
• Powerful	• Powerless
• Slow moving	• Intelligent

For innovation to take place, there should be perfect harmony b/w elephant & rider i.e. both the emotional & analytical sides.

Rider / Analytical side will remove the problem of prediction disability.

Types Of Innovation

Classification of innovation

→ Jugaad (Ad-hoc): local level, "opportunities to change" ⇒ not a very sustainable method.

→ Systematic Innovation: permanent

Other way of classification:- process of development of innovation

→ Incremental:- Affected by Japanese Quality Management System, mostly TQM, 'Kaizen' we constantly think about improving, reducing waste, we keep doing small innovations.

→ Breakthrough:- Eg. Fire, wheel, steam engine, etc.

Eg:- Moving from 2G → 3G → 4G is incremental innovation but moving from landlines to mobile phones was a drastic change i.e. breakthrough innovation.

Frugal innovation

Frugal innovation

- one that sees resource constraints not as a liability but as an opportunity —
- and one that favors agility over efficiency.
- Frugal organizations don't seek to wow customers with technically sophisticated products, but instead strive to create good-quality solutions that deliver the greatest value to

→ increase value offered by the product to the end user.
→ developing countries cannot spend much on luxuries thus, removing product specification (luxury) & offering better value to end user at lower price is frugal innovation.
→ we are not reducing product quality rather we are inc.

- and one that favors agility over efficiency.
- Frugal organizations don't seek to wow customers with technically sophisticated products, but instead strive to create good-quality solutions that deliver the greatest value to customers at the lowest cost.

which value to the user at some price is frugal innovation.

→ we are not reducing product quality rather we are inc. the value it is providing.

Eg:- A product has Y & Z qualities but costumer wants X quality, so, give only X quality & remove Y & Z.

Also co-creation

According to Industry

Types of Innovation

- Product: developing new products (visible)
- Process: improving process, quality improvement, Kaizen, incremental (invisible)
- Customer Experience: Better exp. to customer. Eg online tracking of orders, etc.
- Business Model: what is target? what are you offering? what is revenue model?

School Of Innovation

Can innovation be taught?

– No, everything cannot be taught but things like examples, Kaizen, etc. can be.

Emotions ✗ Cannot be taught

Analysis ✓ Can be developed

– How to create awareness?

Campaign → Positive

→ Negative – Vaccine {Take vaccine otherwise you will die}

– Development of confidence: Overcome fear

– Removal of Myths

Schools of Creative Thinking

- Design Thinking
- Systems Thinking
- Lateral Thinking

Design Thinking

Use of design principles in Innovation

A design mindset is not problem-focused, it's solution focused and action oriented towards creating a preferred future.

Design Thinking

- Human Centered (Empathy, Spending time with people to observe their behaviour, emotions, anxieties and aspirations.)
- Prototyping using 3D printer, testing idea.
- Rapid iterative improvements
- Collaboration through cross functional teams

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Eg. Demonetisation :- Govt took regular feedback & implemented rapid changes.

Systems Thinking

→ All systems of an organization are made of further smaller interconnected systems.

- Model of the larger system
- Point of leverage : improving a subsystem will improve the entire system exponentially
- Silver bullet concept, targetting point of leverage
- The Fifth Discipline by Peter Senge
- ToC by Goldratt ← For identifying point of leverage

↳ You improve one point of leverage & you will get another point of leverage. This cycle goes on.

Lateral Thinking

- From one known idea to create new idea. → Eg IPL in India from soccer in Europe.
- Six Thinking Hats
  - White : Information
  - Black : Barriers
  - Red : Feelings, Intuition
  - Yellow : Values and benefits
  - Green : Creativity, New Ideas
  - Blue : Manage Process

These type of people should be present / all these things should be taken into consideration.

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Chapter Khatam!!