



CREATIVE THINKING

CHAPTER ONE

INTRODUCTION TO CREATIVE THINKING, INNOVATION AND DIGITAL ENTREPRENEURSHIP

Will help you to:

- Understand what creative thinking is
- Importance of creative thinking to entrepreneurs
- How to be creative thinker
- Understand Innovation
- Importance of Innovation to entrepreneurship
- Understand Digital entrepreneurship

INTRODUCTION

Creative thinking, innovation, and digital entrepreneurship are closely related. There's no way you'll talk about digital entrepreneurship without bringing creative thinking and innovative inventions into the mix. Today, many people are doing almost the same things, and it only takes some creativity to stand out from the crowd. But unlike many people think, creativity is not magic. Creativity does not come especially to certain people. You can hone your creative thinking to bring about life-changing and ground moving innovations. Moreso, to be successful with digital entrepreneurship, you need to bring innovations that would make you stand out (Lindzon, 2022).

Now we are sure that there are many thoughts you might have on what creative thinking is, just as you have about innovation and digital entrepreneurship and what brings them all together. When you're done with this chapter, you'll be clear about creative thinking and how you might be able to harness this useful skill. Also, you'll get to understand how innovation and digital entrepreneurship go hand in hand. And what each entails individually. "I have this old 2006 business week framed as a reminder. The risky bet that Wall Street disliked was AWS, which generated revenue of more than \$62 billion last year." This was a tweet by Jeff Bezos sometime in 2022. He recalls how the media came hard on his idea to run people's businesses with web technology. Wall Street wished he stuck with his physical store. However, Jeff Bezos's creative thinking and innovation initiatives were screaming the opposite. Today, the results are a testimony to the decision he made several years ago (Peek, 2021).

Now, we consider Amazon to be one of the big tech industries in the world. The other companies are Facebook, Microsoft, Google, and Apple in no particular order. One thing is significant about these big tech companies. They all dare to be different and come up with seemingly crazy ideas. However, when they implement, it could be a steppingstone to another significant milestone in

their existence. One of such ideas is the metaverse created by former Facebook now Meta CEO Mark Zuckerberg. The invention of the metaverse sees a technology combining blockchain, virtual reality, and NFT into one entity. The metaverse is currently one of a kind and there is nothing like it yet. That is because Zuckerberg is a creative thinker and surrounds himself with creative minds who are looking forward to inventing the next best thing and influencing how we use technology going into the future.

WHAT IS CREATIVE THINKING?

Come to think about it, the metaverse is made of NFT, blockchain, and virtual reality technology. These are things that already existed before now and that is how a creative thinker's mind works. On that note, it is safe to say that creative thinking is about using the information and ideologies that are already existing to generate new ideas and inventions.

It is a no-brainer that to generate novel ideas you need creative thinking. Besides the big tech and their leaders, one other person who has proven to be a terrific creative mind is Elon Musk. His ideas are mind-blowing and extremely futuristic, but he is talking about implementing them now (Alton, 2015).

Elon Musk is a proponent of first principles, which implies that to understand any subject; you need to break it down to the fundamentals. This train of thought goes along with what creative thinking is. You do not become a creative thinker because you were born with it. You become one by looking at the available options and building something unique out of them. In a 2013 TED talk, Musk says that copying what other people do with slight variations is something we have to do throughout most of our lives. Therefore, if you want to become a creative thinker, start looking at the things around you and dissection them into simpler pieces, you might just become the world's innovator soon.

IMPORTANCE OF CREATIVE THINKING FOR ENTREPRENEURS:

Digital entrepreneurship does not require as much hard work as traditional entrepreneurship did in the past. You can connect with your customer on a whim if you put the right technologies to use. In addition, you can now do things in days that would have taken months to do. Hence, there is not much challenge with regards to becoming entrepreneurs these days than solving problems. In addition, that's what the big tech and all the creative thinkers are trying to do these days. There is always a problem or challenge that everyone wishes to obliterate. As soon as you can help to solve that problem, you have started honing your skills towards becoming a critical thinker. This brings us to the fact that creative thinking is not restricted to making world-renowned inventions. Our critical thinking skills can be evident in solving more localized problems like relationships with people and other everyday situations that we encounter in life (Bryan, Tilcsik & Zhu, 2017).

Creative thinking might not essentially win you recognition, but it can help you make more informed and solid decisions as a digital entrepreneur. Let us take an example from Gary. Gary owns a freelance agency delivering copywriting services. He has a reasonable-sized staff of about

20 employees. He is creating solutions and they are basic ones at that. He is giving the budding freelance a platform to scale and doing what he loves best: delivering quality content to his clientele. Although Gary occasionally has dreams of becoming an agency that is the talk of the industry, he also knows that it takes little things to get there. At the end of the day, there are other ways of creative thinking that Gary exhibits. He reflects on how he has interacted with his employees and makes a conscious effort to do better. Gary knows that in the heat of expectations and deliveries, he can be inconsiderate, and he is consistently making effort to figure out his reactions and how he can make things better in the future. Gary is open-minded, and willing to solve problems with his creative thoughts and it doesn't take much more than this to figure out things that can be improvised upon. As you should already know by now. Creative thinking only improves on things that exist already. So unarguably Creative thinking is a skill you must have to become a successful entrepreneur. Creative thinkers seem to see the future. However, when we think about it, what makes the future? It is now. If you can figure out what is happening now, you can make tomorrow brighter (Emami & Dimov, 2017). You cannot be looking aloof and creating innovations out of thin air.

Jeff Bezos created a web tech-driven Amazon empire by combining the budding web technology at that time with his desire to bring solutions for sellers. In addition, L'Oréal is a productive water saver wash that is making an impact by reducing water consumption. That's sustainability. You need to understand that even the simplest solutions can make the best innovations. Moreover, this is why Creative thinking almost equals exponential business growth. How you manage your employees can go a long way to boost productivity in your business.

Elon Musk is one of the greatest digital entrepreneurs today. And what makes him stand out is his creative thinking skills. His imaginations are so big that you might be excused to think that he's crazy. But only after he's thought of the basic things. Therefore, he's not so out of place after all. In 2016, 81% of the leading firms in India found that creativity was important to their business. The only other characters that people attribute to workplace success is productivity. However, it appears that creativity trumps the ability to do so much (Ferrier, 2017). Rather than exerting so much effort to get work done as is with productivity, you can use little effort with creativity. When Covid 19 hit in 2019, several companies did not have a choice but to let their employees work from home. In addition, did you know that productivity saw a significant rise during that time? After several studies on the subject, researchers found out that employees were 47% more productive. They also found out that workers from home added 10 minutes to the periods of productivity.

You might be wondering what creative thinking has got to do with working from home. Like, how did we get here? Well, the stats made it so. In addition, apparently, remote workers are more productive than their counterparts working in the office. Remember how you can almost feel your

employee breathing down your neck at work when you're in the office. You barely get any of that working from. And this allows creativity to thrive since it barely blossoms under so much pressure.

In most of our workplaces today, we emphasize productivity. Productivity is important but many businesses are missing out on more of it because they don't allow creativity to thrive. Unlike in art, creativity in entrepreneurs is not expressed with a visual effect. Rather, it is in the organization of ideas and how you make the business you're venturing into become a success.

HOW CREATIVE THINKING DRIVES SUCCESSFUL DIGITAL ENTREPRENEURSHIP

You are probably itching to know how creativity drives a successful digital entrepreneur to become successful. Entrepreneurs are risk-takers. So as an entrepreneur, you are a risk-taker; that's how the world sees you. However, this seems to be the opposite when we take a deep look at it.

Because the reason for what every other person think is a risk is a well-thought-out idea by an entrepreneur. While the creative thought process is not a 100% guarantee that things would work out, entrepreneurs are not taking as much risk as we think (Chuenban & Sawmong, 2018). It's just that creative thinking makes you see what the majority do not see. Remember, how we talked about not looking too far to utilize our creative ideas. Here are some of the ways that creative thinkers are influencing exponential growth even before the seemingly big innovations happen.

- How you relate with your employees?**

Creative thinkers usually welcome unorthodox ways of doing things. When you have a couple of diverse people working for you, you are bound to get several new ideas. In addition, any entrepreneur who practices creative thinking will be able to take advantage of this and see the advantage in having such a diverse set of individuals working for them. Employees can take the time out to figure out how each employee is useful to the business and employ them to maximum effect where they function best. In addition, because thoughtful entrepreneurs encourage their employees to be thoughtful, there is likely going to be a tremendous increase in productivity. There are several perks to having a team that is allowed to express itself and use the full potential of its creativity. Here, employees will not feel trapped in a rigid system. This helps their mental well-being to flourish compared to their counterparts in highly structured working systems.

IT GIVES YOU AN ADVANTAGE OVER YOUR COMPETITION

Employing creative thinking and having a team of employees bubbling with new ideas will make your business a force to reckon with. Every day will task you with problems and you and your creative team will be up to that challenge. Your competitors won't be much of a problem especially when they aren't as innovative (Gupta, 2019). And even if they are, it keeps the playground interesting as it becomes a battle of intellects. Once you start to use creative thinking as the major

driving force of the decisions that you make, you'll start to develop products that entice your audience and keeps them engaged. The reason is that you will most likely be thinking about their problems and getting them the best ways to solve these problems. These will make your products more appealing. You will keep your customers and will soon be increasing the number as you continue to be innovative within your industry.

CHANGING WHAT IS CONSIDERED NORMAL AND GOING THE EXTRA MILE

Entrepreneurs who are creative thinkers tend to dare the norms. In addition, maybe this is what is considered risky — No one did it like this, is it going to work? Based on research, scientists have discovered that we do not like to break the norms because of the fear that we would be punished for it. Besides, most times the things we keep away from are the results of someone's bad experiences. However, circumstances are always different. The basis of one failure may not apply to future tries (Kerr, Kerr & Xu, 2018). We've all been there at some point in our lives. You get the gist that this is what is considered normal, and this is how we do things. However, if you want to be a creative entrepreneur, you need to dare to be different and challenge what everyone is used to doing. If this isn't the reason, why you chose to be an entrepreneur. You might have failed already.

CREATE SOMETHING NEW

As an entrepreneur, you cannot overemphasize this. Create something new. But know that if you try to create something from nothing, it is going to be absolutely nothing. No law about creative thinking prevents you from doing what other people have done. Galileo is often credited with being the first person to invent the first telescope. However, history also has it that a Dutchman called Hans Lippershey had been making magnification devices before Galileo's invention. Nevertheless, what made Galileo's invention so significant was that he was the first person to use the idea as a scientific instrument. The same thing applies to the invention of the radio. We all know the brain behind the novel creation to be Guglielmo Marconi (Özsungur, 2019). However, if you're looking for the person who laid down the fundamentals for inventing the radio it wasn't Marconi. Sometime around the 1880s a German scientist Heinrich Hertz was already able to transmit and receive radio waves in his lab. The only thing he was not able to do was to create a commercial product out of his knowledge. In other words, there was hardly any innovator that made innovations out of nothing. And creativity is not ingrained in anyone's DNA. For instance, you can start a new niche in your business that relates to the original idea. Jeff Bezos started Amazon in his garage when he intended to sell books online. However, that idea soon developed into selling other things. Nevertheless, Jeff Bezos had always indicated that he wouldn't stop at selling books. Amazon went on to become a global online store and anyone around the world can have access to it. We can also talk about Amazon doing web tech when everyone felt it wouldn't work. Today Amazon is successful with its array of online services that are providing unique customer services all over the world.

- Can you Have Creative Thinking Skills?

We've already talked about how creative thinking isn't magic. And that people weren't born with creativity in their DNA. Therefore, Yes, You can develop creative thinking skills. If you've ever felt like you would never be able to bring great ideas to life, it's time to debunk those impressions. Creative thinking involves going back to the basics and looking out for what you can put together to provide solutions.

- **How to have creative thinking skills?**

Here are some of the steps to take to become a creative thinker and succeed as a digital entrepreneur.

GATHER INFORMATION

You can't hone creative thinking skills out of nothing. So gathering information is one of the first things you need to prepare for the process. Consider this a brain dump where you think about anything possible regarding your subject or a problem you've already identified. Let's say your subject is a transportation problem. You won't just go. Oh, there's poor transportation here, let's get them the fastest buses in the market and the most skilled drivers around the world. Because guess what? It might not even require so much to solve the problem. If you were to go by gathering information, you might first consider what is causing the transportation problem. And that might lead to other things you need to know before an innovation begins to take shape in your mind.

BRAINSTORMING

Having all the fundamentals of a problem before you, you only need to brainstorm and find out how the information you have gathered can become a solution. Sometimes it doesn't require something special to create solutions. Sometimes it's basic. You'll simply see things that no one ever saw that could become the solution to the problem at hand. Other ways of creative thinking don't even have to revolve around your input. You can become a creative thinker by welcoming ideas from other people, being willing to try new things, and being willing to take on challenges.

WHAT IS INNOVATION?

Amazon boss Jeff Bezos says this. One of the only ways to get out of a tight box is to invent your way out. If you analyze this statement critically, it means that you can resolve any problem or limitation by invention. And this requires innovation. Creative thinking paves the way for innovation, and it takes analyzing situations to make innovations. The word innovation is synonymous with new. And from here we can go on to say that innovation is the development of fresh ideas and even new ways of doing entrepreneurship.

We know so much about creativity already. And we should see creativity as the driver of innovation.

Innovation is the manifestation of your creative trait, which is why we have discussed some of the ways that you can foster your creativity.

How does Innovation Influence Entrepreneurship?

As an entrepreneur, your ability to develop new ideas and new ways of doing things are all innovations. And these things determine how well you succeed. Examples of innovation in digital entrepreneurship today. Apple: Between the 1970s and 1993 apple manufactured and sold over 6 million units of the Apple II. The Apple II was a one-of-its-kind personal computer at that time and almost everyone wanted to have one. The processing unit had a 4kb ram that was expandable to 64kb. This is nowhere near the computer's apple is marking today and they are still creating more solutions for the PC market (Kornpitack & Sawmong, 2022). Airbnb: Airbnb Is another innovation in the real estate spaces that leverages lower costs and the use of the internet to help people find accommodation. Almost everyone is on the Internet these days. And what better way to connect homeowners and people looking for accommodation? With Airbnb, selling and looking for homes is stress-free. Over the years, we have simplified tasks that used to be laborious. Therefore, it seems that people have gotten lazier and don't want to move around to get things done. And this makes the Airbnb idea a novel innovation.

Uber: Uber gave passengers a cheaper way to move around and somehow disrupted business for traditional drivers. However, it didn't leave the drivers without something. Drivers on Uber can decide when they want to work.

We can keep on talking about entrepreneurship ideas that have sprung up over the years and the list might never end. What is the way that people can incorporate innovation? The moment you start to have your creative thinking skills, innovation is in its ways. It is what you make of the ideas you get while brainstorming and doing creative thinking that shapes your innovations in the nearest future. What you gain when you have an innovative approach to your business is that you'll always be ahead of the competition. Innovation involves the ability to seek trends and move in fast. You'll quickly leave businesses that won't adapt behind. You can also use innovation to keep up with customer expectations. The innovation-based entrepreneurship is supported by opportunity-based entrepreneurship theory.

OPPORTUNITY-BASED ENTREPRENEURSHIP THEORY

Opportunity-based entrepreneurship theory states that entrepreneurs' ideas to create a business are triggered by the benefits of the opportunities available in the market. The theory claim that entrepreneurs excel by spotting and taking advantage of opportunities caused by changes such as social culture, demographics and technology. The theory demonstrates how individuals cultivate entrepreneurship by learning to take advantage of opportunities by viewing them as long-term development expansion opportunities for businesses (He et al., 2021).

The theory examines the calculative entrepreneurs who interact with real-life processes, learn the need of the market and identify the gap in establishing and running a business. Aggressive individuals apply the theory to promote entrepreneurship culture in the contemporary world where technology is advancing daily. Technology changes and gradual changes in lifestyles have

increased, creating more business opportunities that entrepreneurs can use and establish new businesses. The theory applies to entrepreneurs in a way it helps them to identify new opportunities for establishing new businesses or expanding existing businesses on certain lines. The theory helps businesses grow and expand by taking advantage of the new upcoming opportunities for growth in society and the global market (Zheng and Musteen, 2018).

WHAT IS DIGITAL ENTREPRENEURSHIP?

When you have developed a creative mind and are beginning to see how you can become innovative in your space, you're on your way to becoming a successful digital entrepreneur and digital entrepreneurship already comes with its perks. You can scale your business faster than with traditional methods. For instance, these days you do not need to move physically along with your prospective customers to pitch sales. Today you can use digital marketing to get to more customers in less time and for less amount of money.

Digital entrepreneurship also brings basic ease concerning how you connect your business to your customers. But if you can be innovative about how you interact with your customer it would be even better.

Becoming an authority is also much easier to start with because you can make your business visible and engage more people via the several media platforms we have. With this, your prospective customers can get to know you and see that you are well versed in the topics you discuss and the services that you offer.

Digital marketing is less expensive, and you can take your business with you wherever you go. However, you need to pay the price of always being on your toes and creating something fresh to stay in the competition. The relationship between creative thinking, innovation, and digital entrepreneurship is a close-knitted one. In addition, when you talk of these three things, one thing is for sure. You need creativity and innovation to strive in digital entrepreneurship.

MULTIPLE CHOICE QUESTIONS

- I. _____ is the ability to create and develop initial ideas and concepts
- Creative thinking
 - Innovation
 - Entrepreneurship
- II. Creativity and innovation work hand in hand to ensure that there is growth in the products and services that are being introduced in the marketplace.
- False
 - True
 - Options I and ii only
 - None of the above
- III. All are the roles of creativity and innovation in entrepreneurship except?
- Creativity increases business reputation
 - Thinking of new and fresh ways to boost your business
 - Creativity and innovation are problem solvers
 - Creativity and innovation help sell products and services
 - Creativity stimulated the entrepreneurial quality
- IV. What most creative people lack especially is a sense of direction, and ethics of hard work. Some of them are said to be procrastinators which turns out to be bad for their businesses.
- False
 - True
 - None of the above
- V. _____ and _____ plays a very important role in the success of an enterprise, they are the heart and spirit of the business, and without them, there would be no idea, and no business
- Entrepreneurship & innovation
 - Entrepreneurship& Creativity
 - Creativity & Innovation
 - Technology & Entrepreneurship

DESCRIPTIVE QUESTIONS

- VI. In what way is creative thinking helpful to digital entrepreneurs
- Coming up with ideas for blogs and every other SEO related content,
 - Discovering creative answers to the everyday problems in business,
 - Interesting and fun social media marketing strategies
 - coming up with branding and marketing initiatives
- VII. Mention 2 reasons why creativity is important to entrepreneurs.
- Creativity helps in the generation of new and fresh ideas for the entrepreneur
 - With the help of creativity, your business is bound to grow and remain relevant in the market.

CHAPTER TWO

CHARACTERISTICS AND ATTITUDES OF SUCCESSFUL ENTREPRENEURS

Will help you to:

- Understand what entrepreneurship is
- Know who is an entrepreneur
- Know risks and benefits of an entrepreneur
- Distinguish types of entrepreneurs
- Know 6 C's that motivates entrepreneurs
- Know characters of successful entrepreneurs

INTRODUCTION

Many start-up businesses have fallen because the people or team who had the initial dream do not have what it takes to keep and continue the existence of the business. So, we can see that starting up a business does not make you an entrepreneur; however, been able to overcome the risks, challenges and obstacles that come with the business remaining in continued existence makes you a successful entrepreneur. To be a successful entrepreneur, certain characters are also expected in your profile list.

In this chapter, readers will learn what it takes to build a successful business either as an individual or as a team. They will also learn how successful entrepreneurs act; to start and build their successful venture, the attitude they are expected to play to help them overcome challenges and obstacles that may come up in the course of keeping their business afloat while also maintaining their standards.

WHAT IS ENTREPRENEURSHIP?

Entrepreneurship is simply the act of starting and owning a business and so what entrepreneurs do is that they look out for an opportunity or a need that is not met around them; they use this as a tool to form workable hypotheses while also carrying out structured tests to validate their ideas. They meet the needs of the people who become customers and deliver better value. Entrepreneurs sometimes work as individuals or in a team to achieve their set goals. Some business may require some investment in the form of funds and including more persons as team mates on the team; all working in a chain to deliver a product or service at a good cost (Kraisuth & Sawmong, 2018).

Entrepreneurial opportunities came about because different agents have differing and unique ideas of how resources are turned from give-in to give-out (outputs). These entrepreneurs all have different beliefs and ideas about the value of resources which they utilize to produce unique and distinguishing outputs. So, the entrepreneurial function can be thought of as discovering opportunities and unmet needs and subsequently producing a new economic activity thus creating a new company or organization. Since one doesn't directly sell opportunities, the entrepreneur works to exploit, growing his capabilities and obtaining resources while also organizing and exploiting these opportunities to sell as market to produce outputs. However, the disadvantage of the market of "ideas or opportunities" is not been able to protect ownership of ideas and so when some start-up begin and due to funds or some other reasons fall; other firms steal the business idea and use it to their own advantage.

Entrepreneurship is described under the entrepreneurial factor, its function, entrepreneurial initiative and entrepreneurial behavior or spirit. The entrepreneurial factor described as a new factor in production can be explained through the income for the entrepreneur with the decreased number of people with entrepreneurial capabilities. On another side, the entrepreneurial behavior is the combination of personality traits that is able to combine invention and changes, takes risks and proactive in decision making.

The study of entrepreneurs describes the factors that explains their appearance, individual characteristics, psychological make-up; the mental needs of the entrepreneur (like the need for greater achievements, the ability to control and lead, tolerance of different team member ideas, opinions, and the tendency to take risk.) and non-psychological factors (level of education, level of experience and exposure, family). Successful entrepreneurs come from different spheres of life and so there is no particular personality profile for a successful entrepreneur. However, successful ones need to grow certain characters to help them start and build a successful business.

WHAT AND WHO IS AN ENTREPRENEURS?

Entrepreneurs refer to a larger class of players, including people, the commercial sector, civic society, and the government, exposed to various risks and problems (Kerr et al., 2018). Due to the intricacy of the entrepreneurial culture, entrepreneurs must be very effective and adaptable to compete in the global marketplace. Sorgner et al. (2017) believe that this situation necessitates managers and entrepreneurs who can maximize their potential and maintain profitability and viability. Entrepreneurs have varying talents and capabilities in the many professions they pursue. Entrepreneurs also desire wealth, which drives them to seek out new items and technologies that will help them grow their enterprises. They should also be patient in ambiguous situations.

Entrepreneurs consider the market potential and financial capability before determining an objective that can be met within that period. They establish realistic objectives that must be met within a certain time frame (Stephan, 2018). An entrepreneur is self-sufficient while making decisions and creating goals to succeed. He or she concentrates on the business objectives, and as a company owner, he or she evaluates its performance regularly, primarily after the trading term has ended or after the stock has been renewed.

An entrepreneur reflects on his or her prior errors and experiences and is willing to listen to advice from other successful entrepreneurs. Changes should be accepted and used as a learning tool or motivator by the entrepreneur. An entrepreneur takes physical precautions to avoid company failure or unforeseen expenditures by being careful with time and keeping to the program (Gaddefors & Anderson, 2017).

Entrepreneurs accept risks and are enthusiastic about the outcomes. Backtracking is managed by an entrepreneur, who ensures that whatever activity he begins is completed. He or she does not make false promises and treats his employees with respect. A successful entrepreneur hangs around with other successful entrepreneurs and observes their business practices, lives, values, and routines to ensure a company's success.

RISKS AND BENEFITS OF AN ENTREPRENEUR

Various risks and benefits are associated with entrepreneurs since they are opportunity seekers, organizers, and coordinators of production factors. He or she recognizes not only commercial prospects but also mobilizes other resources such as workforce, capital, machinery, supplies, and processes. According to some economists, an entrepreneur's role is to develop coordination. Risk-taking, enterprise oversight, change innovation, motivation, and other associated activities are all part of the corporate enterprise. An entrepreneur must do a mix of these tasks while keeping time and the surroundings in mind. He or she must explore new ideas, demands, and possibilities to participate in technological advancement (Schumpeter et al., 2017). A successful entrepreneur perceives a product or service's possibilities and develops marketing, production, product design, and organizational policies. An entrepreneur is in charge of the whole company's operations, capable of taking measured risks, and is confident in his talents.

Many entrepreneurs start a firm because they want to be more independent at work. Many entrepreneurs are their employers, which gives them a sense of independence and freedom to make and execute their own choices. They are also accountable for all of the company's actions, which make them accountable and diligent. Entrepreneurs must also be willing to take risks, which allow them to test out fresh concepts that might be very beneficial to the company (Smith et al., 2017). Entrepreneurs must set goals and aspirations to thrive in business which aid in controlling and monitoring their behavior to achieve these objectives, promoting healthy market rivalry, and improving demand and supply balance.

Business risks develop due to ambiguity regarding the long-term consequences of present activities; business decisions should include an evaluation of outcomes and the possibility that they deviate from expectations. All entrepreneurs face five categories of risks, according to Stephan 2018: (1) economic risk, (2) social connection risk, (3) career growth risk, (4) mental risk, and (5) health hazard [3]. According to Gaddefors & Anderson (2017), several risk categories, like price, credit, and pure risk, may be applied to corporate decision-making. Market risks associated with the execution of the company strategy, product demand, and cost and pricing difficulties such as production and input are all examples of price hazards. Credit, cash flow, working capital, and foreign currency are among the costs of operational risk, according to Bryan et al. (2017). It may

be inferred that many of these hazards are the consequence of demands associated with growing enterprises, entrepreneurial culture, and information management (Omar & Sawmong, 2007). The credit risk provided by the possibility and extent of financial loss is another company risk. There is also a definite danger. They might include: the destruction of the building structure, destruction to equipment, inventory, company records, or other resources; recovery and replacement expenses following a fire, flood, storm, or other natural catastrophes; and loss of revenue while recovering (Emami & Dimov, 2017). Losses resulting from delivery firms or crimes such as fraud and robbery are examples of pure risks.

TYPES OF ENTREPRENEURS

There exist various types of entrepreneurs, as discussed below.

• INNOVATING ENTREPRENEURS

This sort of entrepreneur is defined by aggressive information gathering and analysis of outcomes resulting from unique combinations of production elements. This set of entrepreneurs is known for being daring in their attempts and quick to capitalize on tempting chances (Calderon et al., 2017). They are entrepreneurs with innovative business ideas. A foresighted entrepreneur sees an opportunity to launch a new technique, commodity, or market. He or she could get capital to establish a firm, assemble the essential components, employ top executives, and get the company up and running.

• IMITATIVE OR ADOPTIVE ENTREPRENEUR

The imitative entrepreneurs replicate or absorb the inventive entrepreneurs' inventions. They are not the ones who come up with the modifications. They merely copy other people's technologies. Entrepreneurs like them are crucial in developing countries since they help the economy grow (Lubberink et al., 2018). Imitative entrepreneurs are most suited for developing nations since individuals in these countries like to mimic technology, information, and skills already accessible in more developed countries.

• FABIAN ENTREPRENEURS

These businesspeople are timid and sluggish by nature. This entrepreneur has little ambition to make new adjustments or employ the most innovative manufacturing processes (Pandey et al., 2017). They follow the methods, practices, traditions, and faiths that have been established. They do not like taking chances and want to follow in the footsteps of their forefathers. They are usually second-generation company owners in a family-owned firm.

• DRONE ENTREPRENEUR

This kind of entrepreneur refuses to replicate or take advantage of possibilities that come their way. They use a traditional approach and keep to their standard goods, manufacturing processes, and concepts (Cairney, 2018). They are fighting to stay alive rather than growing. Laggards are

one moniker for them. In such instances, the business loses market share, its operations become unprofitable, and it may be forced out of business.

6 C'S THAT MOTIVATES ENTREPRENEURS

The following are the 6Cs that encourage entrepreneurs to start their businesses.

- **CHANGE**

Most entrepreneurs wish to be the ones to create change, and they become the ones to do it. They are problem solvers who want to shake things up (O'Shea, 2017). Need for change provides entrepreneurs with a vision, such as "I need to research and acquire all of the available knowledge" or "I need to put an air conditioner in every workstation," and they endeavor to make it a reality. Some are successful, while others are not.

- **CHALLENGE**

Some people like challenges, opting to start a new business since dealing with significant concerns is challenging. These people find regular corporate occupations dull and unchallenging. This motivating factor requires one to be energized by engaging in unique activities or company concepts, subjecting oneself to ongoing learning, and developing creative ideas for future study. Participating in such activities helps them challenge them intellectually by working on something new.

- **CREATIVITY**

Being more creative and having the freedom to discover new things are significant components of running a business. For instance, analyzing a novel website design, designing a new marketing strategy, innovating products that address a pre-existing issue, creating new advertising campaigns, etc. An infinite amount of room is required to welcome and incorporate innovation into a small business.

- **CONTROL**

Several people start their businesses since they dislike being pushed to tasks or working for a product or organization, they have no control over. They prefer being their boss, with their schedule, pace, desired location, preferred employees, and a progressive role in shaping the organization's direction (Özsungur, 2019). The need to work on their schedule, at their speed, at their location, with their preferred staff, and have a say in the company's development can motivate them to be entrepreneurs.

- **CURIOSITY**

Productive entrepreneurs are always worried and wonder what could result if something is done in various approaches. They want to pick from a variety of options while doing a task. Customers' opinions, points of view, markets, and rivals are critical. Curiosity makes entrepreneurs want to

comprehend the customer's thoughts, market needs, and competitors and are constantly curious to see how their specific approach results. They are typically interested in seeing how their idea, such as "people desire to accomplish A with B," plays out (Santos et al., 2017). They are indistinguishable from a scientist attempting to establish his thesis in this regard.

- **CASH**

The last but not least element is money. Money is self-explanatory. Several non-entrepreneurs think that money comes first from entrepreneurs, even though this is seldom (Marques et al., 2018). There is no reason for a billionaire like Elon Musk to continue actively building their companies if this is the case. Money, on the other hand, is not the primary motivator. The firm will likely fail or depart prematurely if it is the dominant motive.

WHAT ARE THE CHARACTERISTICS OF A SUCCESSFUL ENTREPRENEUR?

- **SELF-MOTIVATION**

Motivation is very key as an entrepreneur; even employers also want to employ entrepreneurs who are highly motivated. It isn't about who gives you a paycheck; the real question is will you be able to produce that paycheck yourself if given the chance to? This is possible only when you are very hardworking and ready to deliver in your tasks no matter how bad the situation looks. Low energy kills business and causes decreases your level of output. If you want to be successful as an entrepreneur, it is vital you think of ways to continually remain self-motivated and inspired. Ways to keep the same level of energy as this will help you deal with the heat when the going gets tough or in times of poor or no sales. A positive attitude towards work and a spirit to conquer all no matter how deep you are challenged comes in very handy. To be an entrepreneur, you must remain daring to achieve nothing lesser than success. Remaining passionate and loving your craft is what will keep you mentally afloat in hard times.

- **THINK-OUT OF THE BOX**

For you to remain successful in business, entrepreneurs have the mindset of thinking out – of –the box. So yes, you can say you don't need to have a mediocre thinking. You need to think of new and inventive ways of targeting, delivering and meeting client needs. Thinking- out- of the box includes developing new and better methodologies that improve workflow, increase team productivity and boost performance as a whole.

- **PERSUASIVENESS**

For a new product to be brought into a market; the owner must convince prospective buyers giving them reasons why what they are offering is better than what the customer already is getting from similar sellers. So, to get a customer, an entrepreneur needs to learn negotiation skills. This involves a lot of work because the entrepreneur needs to learn how to project his/her proposed

business to his or her favor, also needs to have good presentation and reporting skills as this is the only way you can sell what you have to offer to your intending market.

- **A BIG DREAMER**

You can't achieve greater things if you are myopic, thinking and acting short sighted. Successful entrepreneurs always have a big dream, set their eyes on the biggest catch, and then set people and processes in place as tools to achieve these goals. You can think of having a vision, fore-sight and been a big dreamer as a character of a successful entrepreneur and a value tool for strategic planning.

Also been very sensitive to the market will also help you remain in continuous check of the market to know how effective your inputs are. So, at every point in time an entrepreneur wants to know what angle or direction the market for his or her product or services are tending towards? Challenges why the company is not hitting its set target, how to overcome them, how each team mates actively carry out their day- to-day responsibilities and how all these together keep the team align to their big picture and long-term goals.

- **BE A RISK TAKER**

Risk is a major part of every business. An entrepreneur needs to know how to take risks and not to be scared of risks since its very normal in business. For you to be successful in business, you need to be well equipped and vast with knowledge regarding every detail of the processes and know-how of your business. With this tool, an entrepreneur is able to take wise risks and not foolish ones since he or she knows the full consequence of any decision taken and how it melts down on your business. An entrepreneur who wants to be successful in business should not be scared of taking risk when introducing a new product or service to either a new or already existing market, or even getting new clients on an already existing product or service.

- **BE FLEXIBLE**

You also need to learn to be flexible and ready to bend as a result of changes or helping out other units to ensure that result is achieved. A successful entrepreneur has to be a great team leader and a great team player. You need to remain open minded and receptive to welcome other teammates ideas and opinions, readily available to help members solve their needs and also assist when needed. A successful entrepreneur must learn to be everywhere and show empathy with team members.

- **BE A GREAT TEAM LEADER, DECIDE ON ACTIVITIES**

Decision making is also another major part of every business. As business owners need to take pivoting decisions to take them to heights. As a leader, it is necessary to always consider the ideas, feelings and needs of your team members; this will help you take better decisions. A successful entrepreneur needs to understand the tact of taking great decisions especially sudden ones and decisions taken under pressure. In business there is no room to take over activities or procrastinate;

you need to be grown comfort taking actions as soon as it is needed and sound ones too. Learning how to place things in the order of priority will help you take impromptu sound decisions and leaves you organized.

- **WORKING TOGETHER**

Being smart and brilliant isn't all there is to owning a business. The ability to work closely with your teammates makes you a better leader, a successful entrepreneur, and an effective team player. A successful entrepreneur produces better results working with others by adjusting with people's work styles, avoiding work politics, celebrating team members successes and small pitches, working with deadlines for activities and always considering company's goals and objectives.

- **BE A MANAGER OF FUNDS**

Many businesses of today fail as a result of lack of capital to constantly keep business afloat. As much as the business at the start may not be yielding so much profit, it is pertinent the entrepreneur learns how to carefully allocate funds and plan the business finances as regards cash inflow and cash outflow month by month. This will help you as the entrepreneur critically judge losses and profits and discover the actual reasons behind what and how to increase profits. As a successful entrepreneur, you'll need to learn how to manage funds and make budgets on future expenditures.

- **PROMOTE SHAMELESSLY**

Be your own brand ambassador. An entrepreneur needs to know how to sell his or her products without shame or even after been woke up from sleep. What your business offer should be the only language in your mouth. If you are running a small business, it might be difficult to advertise your services because you may have to spend much on advertisement and promotions. So to be successful as a small startup business owner, you'll need to invest heavily on the people you meet physically on your day to day activities and the platforms you visit. These people may actually not be direct buyers but somehow one public view may be the reason a potential buyer seeing your products or services again might eventually key in.

MEET AND GET INVOLVED WITH YOUR CLIENTS

Emotions have proven to be a reason why a customer might choose a product over another. Customers like it when business owner are empathic and wear their shoes. This trick might work for you to project your business further. Even if you are not a people's person, get involved and get to know your customers better. This will place you at a higher position in their lives and customers feel comfortable buying from businesses they are familiar with the owners. Although this might not always work since not all customers have the people's personality trait; get to understand your customer so you treat him/ her according to their buying culture.

- **MAKE YOUR PRODUCT/ SERVICE ACCESSIBLE**

It is one thing to pitch a new product or service to an intending buyer; it is another thing to make it highly accessible. Accessibility comes in both ways as regards pricing and reach. Place the price of your services / products at a fair rate; fair been measured to the value of what you offer. When prices of products are extremely high or do not measure up with what the entrepreneur is offering; it tends to scare away new or intending buyers. A successful entrepreneur also knows that making his / her products reachable is essential in maintaining top sales; because when products are not able to be reached by the final consumer who has the need for it, tendencies are that such buyer will tent to another product or service that is within his or her reach.

- **MAKE YOUR BUSINESS STAND OUT OF THE CROWD**

The only way for a successful entrepreneur to make this happen is by creating a competitive edge of what you are offering versus what the buyer is currently getting. This helps clear grounds and present facts as to what the intending customer should buy into what you are offering. There is a need to always make your business stand out of the competition; this will increase the number of customers rooting for your product/ service.

More entrepreneurial characteristics required for a successful entrepreneur are:

- **PASSION DRIVES BUSINESS**

If you want to be successful in a new business venture; why not try to establish a business whose processes, you are passionate about? The reason passion is the watch word for starting a business venture is for entrepreneurs to scale through the hurdles when the going gets tough or when business gets a bit inconsistent. Your faith in your business and the love of helping people meet a particular need should be the actual reason why you see a need to go into it in the first place.

- **CUSTOMER ALWAYS COMES FIRST**

Whatever you do, never forget your customers are the main reason you have a fat paycheck. Successful entrepreneurs always try to understand each of their customer in their uniqueness and their buying styles. The reason for this is for the entrepreneur to know how to increase better sales. Understanding your customers, their buying styles, their likes, and dislikes, what each customer will definitely go for is one step ahead to winning in a new business venture. Entrepreneurs should go for something they know their targeted customers will key into.

- **FOLLOW UP**

This is another very vital note for new business venture. Follow up has to do with trying to reach an intended buyer after he has showed an interest for your product or service. The reason successful entrepreneurs follow up with intending clients is that sometimes when a client reaches out, he might not buy from you at the first instance. Follow up with the clients helps you know what the client isn't comfortable on either the pricing. You can afford to entice the new intending client

with juicy bonuses you know he or she won't resist; this will be a plus for you; because you have turned an intending customer to an actual customer that does and believes in your products.

- **INVEST IN YOURSELF AND YOUR TEAM**

To remain and maintain the business portfolio as top in the expertise or field; it very necessary to invest, train and polish team lead and in fact all staff. Since these staffs are the public figure of the business who represent the business; investing in them will help you gain more grounds increasing the number of experts in your business in your disposal. Their professional ideas will also assist you in making major pivoting decisions regarding the business growth. All these having been mentioned as the characteristics of successful entrepreneurs; the attitude and lifestyle of successful entrepreneurs include:

- An attitude towards growth, changes, inventions, and development.
- An attitude as a risk taker
- An attitude for greater successes
- An attitude allowing expression of ideas and introduction of changes by team members.
- An attitude oriented towards collaboration, networking and inter relation skills
- An attitude centered towards his or her customers.
- An attitude to remain self-motivated to keep your head continually in business.
- An attitude of been a far thinker of having thoughts out of the mediocre thinking.
- An attitude of mastering negotiations.
- Always ready to know it all attitude.
- An attitude of taking firm and prompt decisions.
- An attitude of togetherness as a team.
- An attitude of managing funds.
- An attitude of business promotions.
- An attitude of timely rest when needed
- An attitude of professionalism
- An attitude of been passionate to business
- An attitude of follow up on new and intending clients
- An attitude of self and team investment

MULTI CHOICE QUESTIONS

- I. Entrepreneurs work as _____ and _____ to achieve their set goals.
 - groups and associations
 - Individuals and teams
 - themselves and persons.

- II. Entrepreneurs have the mindset of thinking out –of- the _____
 - Cart
 - Table
 - Box.

- III. A successful entrepreneur must be a great team leader and a great team _____
 - coach
 - keeper
 - player

- IV. A major reason why an individual should think of establishing a business venture is because he or she has _____ for it
 - capital
 - Passion
 - Service

- V. Accessibility or a product comes in both ways; in terms of pricing and in terms of _____
 - Reach
 - Risk
 - Capital

DESCRIPTIVE QUESTIONS

- VI. What is entrepreneurship?
- VII. What are the seven characteristics of successful entrepreneurs?

CHAPTER 3

HOW TO DEVELOP CREATIVE THINKING FOR INNOVATION & DIGITAL ENTREPRENEURSHIP

Will help you to:

- Understand what creativity is
- Understand what innovation is
- Know difference between creativity and innovation
- Understand the role of creativity in entrepreneurship
- Difference between Entrepreneurship & Innovation

INTRODUCTION

The two concepts of creativity and innovation are intertwined but distinct, and both are necessary for a successful workplace. Here is how the two vary, and how you might motivate each of them. Innovation, not creativity, is the catalyst for new product development and business expansion. The problem is that innovation does not take place without the involvement of creative people. Creativity can only be fostered by enabling people to occasionally think outside the box and deviate from the established course of events (Peek, 2021).

If you allow bureaucracy to stifle innovation in your firm, you will lose market share to your competitors.

Anyone who wants to learn more about how to integrate creativity and innovation into truly unique businesses should read this chapter. During brainstorming sessions, corporate meetings, and company mission statements, the terms "creativity" and "innovation" are frequently bandied about. Are these characteristics widely desired in the fast-paced modern workplace, but do leaders who employ the terms genuinely realize the difference? Let's first define the term "creativity" before moving on to the rest of the chapter.

WHAT IS CREATIVITY?

The most human quality, creativity, is demonstrated in our ability to come up with creative solutions to challenges or difficulties. An innovative definition of creativity by Wiley author Shawn Hunter is "the potential or act of conceiving something distinctive or original." The most important thing to remember is that creativity is still only a notion at this point. Animals, on the other hand, lack the ability to transmit complicated thoughts, and much of what they do pass on is based on instinct or on precedent.

When it comes to creativity, it may be divided into four distinct types: purposeful and emotional, deliberate, and cognitive, and spontaneous. Each of the four types of creativity can be experienced by individuals. The purposeful and logical aspects of creativity can come up during one's work,

but the spontaneous and emotional aspects of creativity can only be seen while one is pursuing an artistic endeavor (Smith, Smith & Shaw, 2017). A person's prefrontal cortex governs cognitive and deliberate creativity by forming connections between previously stored knowledge and focusing their attention on it, whereas the amygdala is responsible for emotional and spontaneous creativity. As a result of this viewpoint, let's take a closer look at what innovation absolutely means.

WHAT IS INNOVATION?

An innovation is defined by Hunter as "the application or invention of anything new that has acknowledged value to other people." When a problem is solved using a physical benefit or aid, innovation is at its greatest. Science Times reports that birds and primates, as well as humans, use sticks to retrieve food from restricted areas. As a result, diverse species are more likely to come up with new ideas in a range of contexts.

TYPES OF INNOVATION

Over 2000 successful inventions have been studied, however in this chapter, we have broken it down into three major categories: business model, product, and marketing.

- BUSINESS MODEL**

An organization's internal operations and income are the focus of these configuration advances. These carry a greater degree of risk since they can alter the foundational decisions upon which a company is founded. When business owners and operators discover increasingly crowded markets, low customer satisfaction, or outdated technology, they should pursue business model improvements.

- PRODUCT**

Product innovations are usually tangible, and they either improve or create whole new products. Smartphones, fidget spinners, cordless headphones, and foot-massaging insoles are just a few examples that come to mind.

- MARKETING**

Marketing innovation generates new markets or boosts market share in existing ones. There are several new and innovative ways in which brands can communicate and interact with their customers. Innovation in marketing can be as simple as repurposing an existing product to serve a purpose other than the one for which it was originally intended (Stephan, 2018). To answer the question of what distinguishes creativity from innovation, read on.

WHAT IS THE DIFFERENCE BETWEEN CREATIVITY AND INNOVATION?

Although they are closely related, creativity and innovation are not the same thing. If you're going to measure creativity, you're going to have to do so in terms of the production of something new—

whether that something be a product, an idea, or a process. There are more people who are capable of innovating once they have a concept in mind. Being the first person to recognize that something is conceivable in the first place is a form of creativity. Innovation, on the other hand, is the process of putting ideas into practice, despite obstacles and opposition, rather than simply imagining. However, only one of them can lead to actual revenue and profit in a business (Viswanadham & Daniel, 2016).

The term "creativity" and "innovation" are commonly used interchangeably by business leaders. There's a difference between creativity and innovation. Let's say, for example. It's one thing to hold a brainstorming session and come up with a slew of new ideas, but innovation won't happen unless those ideas are put into action. Rather than simply creating creative goods, processes, and interactions, many executives focus on generating innovation on demand. To be innovative, you don't need a mysterious black box. You can make simple adjustments to existing processes and products. In addition, by focusing on the process of invention rather than the heroically creative individual, we can build innovation at scale."

Karen Gilchrist profiled Sergey Petrossov on CNBC as an example of creativity. He realized that there was a gap in the market for a software platform that might connect low-use luxury planes with travelers who were willing to share their journeys. All of the parts of that market were there, but it was Petrossov who created a new company, JetSmarter, using software to connect them all. Because the process may be repeated and scaled, a creative individual cannot be. When it came to creating a new market, Petrossov was one of a kind, but his software code could be simply replicated by other programmers after it was written. Leaders who understand the distinction between creativity and innovation can better instill these principles in their teams and create an environment that encourages them (Gupta, 2019).

THE VALUE OF NEW IDEAS AND APPROACHES IN THE WORKPLACE

A company's growth and success can be attributed to its ability to meet specific market demands through creativity and innovation, to set itself apart from its competitors, and to evolve its brand in response to shifting consumer preferences. Keeping a company dynamic requires a constant flow of new ideas and concepts. Every leader and entrepreneur rely on their own unique brand of creativity to succeed.

Entrepreneurs are rarely applauded for their innovative problem-solving abilities. Writing and design professionals are often seen as creative thinkers.

THE ROLE OF CREATIVITY IN ENTREPRENEURSHIP

It is impossible for an investor's perspective and skill set to be limited by creativity. Many people, on the other hand, link creativity to recklessness and fear it would result in disorder. Control and order are the hallmarks of leadership, on the other hand. In this way, the two concepts of entrepreneurship and creativity go together like peaches and cream. To be a successful entrepreneur today, you do not need to be an accountant or a realist. Over time, the ability to think

outside the box has become an essential part of commercial acumen. Your business could quickly become stagnant if you lack imagination (Cairney, 2018).

Entrepreneurs need to be creative in order to succeed with keeping their ambitions high to achieve success. There is a widespread belief that intelligence is all that is required for success in life. Aspiring entrepreneurs, on the other hand, often take some time to grasp that imagination is just as important as hard work. It's a sad fact that many educational establishments place a higher value on IQ than originality these days. Possibly because academic knowledge can be measured, whereas creativity is more difficult to discern. In any case, circumstances are shifting, and business owners are beginning to recognize the necessity of bringing in creatives to help with their projects (Peek, 2021). If you know how to get the most out of your creative employees, they can be a game changer for your business.

- **ENHANCE OUTPUT**

Entrepreneurs that have a strong sense of creativity are able to step outside of their comfort zones in search of new and innovative ideas. As a result, executives and employees alike must cultivate their innovative abilities. Entrepreneurs are offering their employees with the required technical resources, such as visual collaboration, which is often misunderstood with video conferencing, to assist them come up with new ideas and solutions. Indeed, this is a very cost-effective technique for boosting productivity in the workplace. An entrepreneur's path to success is paved with innovation and inventiveness.

- **TAKE ADVANTAGE OF THE POTENTIAL OF YOUR EMPLOYEES**

If you don't encourage workplace innovation, you're probably only using half of your employees' potential. Entrepreneurs are becoming more aware of the vast reservoir of untapped and dormant creative ideas.

Financial strategies, higher profitability, and quick decision-making can be achieved by utilizing all of these chances. The ability to think outside the box is also a benefit of creativity.

- **PUSH THE LIMITS OF WHAT IS POSSIBLE**

When an entrepreneur has a creative mind, they can make some ground-breaking discoveries. As a result, allowing collisions and blur to occur is vital if disciplines are to be transcended.

An entrepreneur's ability to gain fresh insight into a financial or operational issue is enhanced in this manner. Entrepreneurs that are creative are able to draw connections between seemingly unconnected ideas and come up with workable solutions as a result (Sawmong, 2020a).

- **ENCOURAGE THE DEVELOPMENT OF CRITICAL THINKING SKILLS**

Creativity is gradually becoming one of the finest solutions to deal with today's business challenges. A systematic and concentrated approach to problem-solving is the greatest way to get things done. An entrepreneur's thinking style might be classified as divergent or convergent. Using convergent thinking, an entrepreneur can identify the best cost-effective solution to a management

or financial issue. Data from numerous sources, such as accounting software and computer systems, can be accessed using this system.

Contrary to this, divergent thinking stimulates innovation by allowing businesses to consider a variety of viable solutions to the same problem. Divergent thinking ensures a company obtains the best solution, even though entrepreneurs can blend both thinking types.

- **ENCOURAGE NEW IDEAS**

Manufacturers strive to build products that not only meet, but also surpass, client expectations. Therefore, entrepreneurs must take care to ensure that their products are relevant and valuable to the end consumer.

As your idea becomes a reality, you'll begin to see this in more and more of a clearer light.

At this point, the entrepreneur begins to see the distinctions between invention and innovation. There is a difference between invention and innovation. Inventions are new concepts, while innovations are new ideas that are equally unique and useful as the original ones. To be innovative, you must think beyond the box and come up with new ideas. It's much easier to bring a concept to life this way. Innovation role in entrepreneurship could be expounded using the innovation entrepreneurship theory.

- **INNOVATION ENTREPRENEURSHIP THEORY**

The theory was developed by Schumpeter, who says that the entrepreneur introduces a new product in entrepreneurship. The entrepreneur will use the innovation policy to increase demand for their products or to reduce overall production costs. Innovation is divided into two; the first category comprises all activities that will reduce the overall production cost, such as introducing new techniques or methods of production and new machinery (Campbell, 2019). The second category is for all activities, which will lead to an increase in demand. It includes activities such as opening a new market and introducing new commodities.

The theory is critical since it will enable the entrepreneurs to achieve the following: It will allow the entrepreneur to introduce a new well that the customers are unfamiliar with. The innovation will lead to new production methods, which will be used to develop high-quality goods. A new market will be opened due to innovation research. It will lead to significant sales and maximum margins. The entrepreneurs will be able to find new source suppliers of raw materials. It is also possible to create new organizations, such as creating a monopoly. It will be attainable since the entrepreneurs can produce high-quality goods, making it easy to control their target market (Campbell, 2019).

WHAT IS THE DIFFERENCE BETWEEN ENTREPRENEURSHIP & INNOVATION?

Both parts are about shaking things up: if the status quo isn't good enough, what else is there to explore? Every day, entrepreneurs must rely on invention and creativity to develop new opportunities, disrupt markets, and generate new sources of income. There would be no internet if

scientists were content with using phone lines and satellites for communication. In today's world, we cannot picture doing anything without access to the internet (Gyamfi & Tontoh, 2007). As a result, the project required a lot of imagination and invention.

INNOVATIVE AND CREATIVITY-SUPPORTING TOOLS

For a successful entrepreneur, creativity, innovation, and invention are essential. Enhancing your entrepreneurial arsenal by encouraging creativity and innovation is a must. The first thing you'll learn in this chapter is about a few useful tools you may use to help you develop and innovate. In the following section, we will examine the differences between pioneering and incremental innovation, and define and identify these terms (Parsons, 2022). Toward the end, we will discuss concepts and techniques for cultivating creative, innovative, and inventiveness. Creativity and design thinking are ever-evolving fields of research and practice. An entrepreneur's competitive edge can be gained by keeping up with well-documented, successful approaches, which can remind you that entrepreneurship can be fun, interesting, and refreshing, so long as you keep your creative spirit alive.

CREATIVE APPROACHES TO PROBLEM-SOLVING

There are many different ways to think creatively. These creative thinking tasks for entrepreneurs are the emphasis of this section. We'll wrap things up with a discussion of an in-depth innovation exercise that can help you cultivate a habit of turning creative ideas into new products and services. Results are critical in this section (Sawmong, 2020b). Here, we will examine three different ways to come up with new ideas. In addition to the links at the conclusion of this section, there are many more. Stanford's Design School pioneered the ideation process. The goal is to come up with as many ideas as possible, and then begin to implement some of them. As the name implies, this is a human-centered design thinking activity that involves five steps: accessing and expressing empathy, clarifying the issue, developing potential solutions (brainstorming), prototyping, and testing. It is impossible to begin a process of human-centric design without the ability to empathize with and understand the feelings of others. Emotional intelligence is the ability to connect with others and see things from their point of view. With empathy, you begin to realize the numerous dimensions and forces that will be required in order to solve a problem. Empathy is a prerequisite for the next stage, which is defining the problem. For human-centered design to succeed, the problem must be defined in an honest, reasonable, and emotive manner. The process of generating potential solutions is the third step. You can learn more about brainstorming and how to use it in this section's other ideation exercises or practices, such as the problem-solving and need-recognition techniques, which are also described here. The fourth step in designing for others is to develop a prototype and test it. To determine if you've created an opportunity, you must return to the sympathetic attitude after applying this method to the creation of a product or service. The Six Thinking approach is introduced here in order to better understand ideation as a practice. This brainstorming game has a variety of variations, but they all serve the same purpose: stimulating thought while confining the mindset of the participants. It is easier to come up with creative

solutions if you are encouraged to think in a certain way, rather than thinking about other parts of an issue. The following are the six approaches:

- **ASKING QUESTIONS**

Does research and brings quantitative analysis to the conversation; adheres to the facts in the debate.

- **JUDGING**

It is responsible for determining the difficulties and weaknesses and the parameters by which success is measured is responsible for ensuring that all the other headwear follow the rules and stay in their appropriate lane.

- **CREATIVITY**

Thinking outside the box; encouraging others to think outside the box as well; This strategy is best suited for generating new ideas.

- **EMOTIONS**

Adds real emotion to the mix and provides sensibilities without the need to explain them.

- **ENCOURAGEMENT**

The group's "logical positive" of optimism; encourages minor and huge problems to be solved.

- **LOGIC**

Advises members about the restrictions imposed by the organization they're working with, using rationality and prudence.

CHOOSING THE RIGHT INNOVATION METHODS FOR THE RIGHT SITUATION

The same or comparable creative exercises that we just mentioned can be found by searching for innovation approaches. A foundation of thinking that can be applied to a wide range of innovation challenges will be presented at the end of this course. An open innovation approach is one in which answers are sought beyond the confines of an organization's hierarchy (Ferrier, 2017). To a certain extent, it's impossible to pinpoint open innovation. An open innovation strategy is one that utilizes both internal and external knowledge flows to accelerate internal innovation and broaden markets for external innovation. To put it another way, companies with an open innovation framework explore for solutions outside of their own R&D departments. Product and service development can benefit from this perspective. Aside from allowing the sharing of ideas, open innovation models also allow for the creation of new ideas outside of the original company or institution. Open innovation is hopeful about exchanging knowledge and ideas over instantaneous communication networks in a connected society. Research and development have also been shifted in this paradigm. Your firm, start-up, or social entrepreneurship project benefits when you delegate problem-solving to others. You know that information is hard to keep secret in a reciprocal society. Intellectual property, particularly in fixed product or service practice form, can be protected by patents. However, it's important to expect and encourage the widespread circulation of key aspects of your solutions.

An inventive company should anticipate others to look to its solutions as a source of inspiration if it is looking beyond its in-house research and development capabilities for solutions. While describing the open innovation model in idealistic terms is far easier than actually putting it into action, there are still significant ethical considerations to consider. Industrial and corporate espionage, intellectual property theft, and lawsuits are all too widespread (Sornsaruht & Sawmong, 2017). Despite this, inspiration in invention can come from a variety of places when high-speed data connections are widely available. We've already talked about how important open innovation is for managing and even guiding upheaval in the industry in the future (i.e., disruptive innovation). A few instances of organizations utilizing disruptive technologies may be seen in the Table below.

Amazon	Based on delivery speed Drones and fulfillment hubs in key locations are just some of the delivery methods available. As a result of disruptive technology, orders are already being processed and shipped to customers before they have completed their purchases.
Bitcoin	Unaffiliated with a particular country or monetary standard Value derived from the actions of the market
Uber & Lyft	Taxi drivers versus ride-sharing services Disruption to the taxi service caused by a color-coded alert communication system comprised of apps, beacons, and amplifiers

Academic research and practical solutions are two key components of the open innovation approach. It may be possible to find a middle ground between academia's tendency to proceed at a snail's pace and leading business and entrepreneurial entities' tendency to focus on short-term advantages. As a result, you may be in a position to make a beneficial impact on society and to design things that are viewed as both helpful and elegant, as well as wildly fresh and inventive, and necessary to the human experience at the same time keeping abreast on new techniques. Think about using a web browser to search for ideas and innovation practice connections, as well as academic databases like Google Scholar, and comparing the findings to what you can discover in academic literature. Even if it takes a lot of time and mental energy, it's critical to cultivate an open innovation mindset by being willing to be open to new ideas and influences. The potential for financial, social, and personal gain is substantial.

MULTIPLE CHOICE QUESTIONS

- I. _____ depends every day on creation and innovation to create unique opportunities, market disruption and new revenue streams.
- Entrepreneurship
 - Business
 - Technology
 - Academic
- II. Creativity and innovation contribute to a business's growth and overall success by filling unique needs in markets
- True
 - False
 - Options A & B only
 - None of the above
- III. Creativity is segmented into how many types?
- One
 - Two
 - Three
 - Four
 - None of the above
- IV. Deliberate & emotional, deliberate & cognitive, spontaneous & emotional, and spontaneous & cognitive are all segments of creativity.
- True
 - False
- V. Innovation is realized most vividly in the form of a tool, physical benefit, or aid that solves a problem or creates an advantage.
- Entrepreneurship
 - Business
 - Innovation
 - Technology

DESCRIPTIVE QUESTIONS

- VI.** What are the key concepts of a successful entrepreneurial journey?
- Creativity, innovation, and invention
- VII.** Please explain three to four reasons why creativity is critical to entrepreneurs.

CHAPTER FOUR

DIGITAL INNOVATION FOR MODERN BUSINESS – CONCEPTS

Will help you to:

- Understand what digital innovation is
- Understand benefits and types of digital innovation
- Effective Ways to Adopt Digital Innovation in a Company
- Know what digital transformation is
- Understand digitalization
- Understand digital technology
- Understand digital application

INTRODUCTION

This chapter talks about Digital innovation for a Modern business. There are a host of many terms that are linked to Digital Innovation. Digital innovation will not be complete without explaining common terminologies like Digital Transformation, digitization, digital technology, and digital application.

WHAT IS DIGITAL INNOVATION?

Digital innovation is central in every organization in the present-day world. For efficiency, progress, and cost reduction, it is necessary to apply digital procedures to have things done in an organization. Using digital innovation into the system of an organization is not easy, especially for organizations that function outside the digital world. It progresses to opt for digital innovations as the world has long shifted from primitive times. Speed is central when you are considering digital innovation, especially when your aim is towards transforming ideas into great results that will bring about growth (Di Vaio, Palladino, Pezzi, & Kalisz, 2021). Of recent, competition is very high, and to stand out; you must be vast and prompt in gathering and applying new progressive ideas; this brought the emergence of Digital Innovation. The need for digital transformation brought about the rise of digital innovation. Digital innovation covers specific areas in an organization that needs upgrading. For an invention to be termed successful, it must be tested, followed up, and produce positive results around the business environment.

Digital innovation has become a vital part of business in the 21st century, making the importance of business innovation enormous. Business efficiency has increased, and businesses use digital innovation to track processes within and outside the organization. Another implication is that a company, because of digital innovation, is put at the top of being competitive if it remains diligent

in improving and applying the right technologies, aiming to improve customer experience. Businesses that are being overtaken lately have been too rigid to imbibe the new wave of digital innovation, leaving them at a level where value is not present. Using conventional innovation decreases the growth of businesses; digital innovation, when applied, duly helps skyrockets business growth (Hund, Wagner, Beimborn & Weitzel, 2021). Digital innovation makes sourcing for data and analytics easy to achieve. Digital innovation also allows companies to cover a wider business circle, maximizing profits.

Digital innovation can be also defined as the use of digital applications and digital technology to improve work progress with efficient deliveries within a workplace, launching models and products, and resulting in positive experiences from customers. In digital innovation, progress is measured by positive feedback from customers who have experienced the best from a company. When feedback is not favorable, it is left for the team to sit back, address the challenge on the ground and find a lasting solution.

In other words, Digital Innovation is the process of involving upgraded digital technology to curb issues in an organization and help companies stay relevant in society. Digital Innovations are sure ways to simplify and solve problems within a workplace. Relevance is prime in every organization. No company wants to exist as mediocre; this stirs the need to go digital in all spheres (Kohli & Melville, 2019).

Digital innovation is vital if you are working towards meeting the world's business standards and development. Software technology is the pivot in every business setting. This technology is ever progressing and staying relevant; it is advised to improve.

We are in an age where record labels can be owned without having a studio, where the biggest taxi company doesn't own a single taxi, where a simple mobile application can connect you with the whole world. The function of digital innovation cannot be overemphasized. Digital business strategy is currently adopted by companies geared towards progress, and the number of companies transforming to digitization is of a significant percentage. Globally, companies that are at the top of the chart are companies that have understood the advantages of business innovation and have adopted the best options to suit their model. Digital innovation goes through a series of procedures to consider it successful; it moves from analog to digital, applying the right software, improving technology, applying analytic data to improve company advancement. The four essential elements present in an innovative digital process are People, procedure, program, and portfolio (Sawmong, 2020). People come together to reason and innovate concepts that will birth progress. Procedures are the steps taken to activate a digital innovation, and a program is the structure and implementation process.

TYPES OF DIGITAL INNOVATION

- DEVELOPING FROM CONVENTIONAL BUSINESS METHODS**

This is when an organization chooses to apply digital innovation by improving the already existing processes formally used. This is advantageous for continuity. This innovative move may have negative implications where former business methods are very archaic. Therefore, the initial operation of a business should determine the type of digital innovation to adopt. The innovative team weighs options and applies them the most efficiently.

- IMPROVING ON EXISTING BUSINESS MODELS**

This is a process of upgrading an existing technology at work in a company. As technology upgrades, there is a need to upgrade around the business area. Options should be weighed critically before implementing any types of innovative digital options. An organization should not move to change its technology without knowing the implications involved and the results to expect (Kraus, Roig-Tierno & Bouncken, 2019).

- BUILDING A NEW BUSINESS MODEL**

This is a total transformation where a new model is made from scratch and enforced within an organization. This type of Business Innovation is applied when the existing tools cannot be improved upon or are irrelevant in the present work. A new business model may take time to input because it is an entirely new application that a firm has little or no idea about. For such new models, staff training will help hasten the innovation process.

BENEFITS OF DIGITAL INNOVATION

The advantages of Digital innovation are so many, all geared towards advancement and gain. Here is a list of some of the benefits of Digital innovation.

- DIGITAL INNOVATION PROVIDES A COMPETITIVE ADVANTAGE**

A company concerned about being competitive will always remain at the top. Competition drives you to be better, and it makes you seek ways to be at the top of the chart. Digital innovations have made provisions for competitive goals in the business sphere. Any organization that does not move with the ride of improvement, having rigidity as a factor is likely to fizzle out. A typical example is the mobile world; for instance, some phones who topped the chart over ten years ago are out of the market now while others are coming out only of recent and standing tall, there are others like Samsung and iPhone that has stood the test of time. Their long-term progress only suggests how particular they are about technological advancement.

- IMPROVES PRODUCTIVITY**

An innovative organization improves workers' productivity in different areas within a company. If productivity is low, costs go up, affecting revenue within an organization. Digital innovation allows workers to access colossal data, transforming them into logical understandings.

Technology makes provisions for attending to ordinary tasks while employees focus on other productive actions, saving time. Digital innovation provides for centralized information within the workplace, making it easy to find useful information fast.

- **IMPROVES ROI AROUND BUSINESS EXPENDITURES**

There is an improved equipment performance in digital innovation. Digital technology helps in saving costs because what you will pay someone to do can be done with some technological applications that are also durable, lasting a long time, giving you high ROI around business expenditures. Acquiring such business innovation technology may seem costly in the short run, but over a long period, it proves to be cost-efficient.

- **ALLOWS AN ORGANIZATION TO KEEP A RECORD OF CUSTOMERS' NEEDS**

The needs of customers are changing daily. To know these needs and improve upon them, digital innovation needs to be adopted. Customers are lost when they are not satisfied; you cannot satisfy them if you do not know their desires (Kornpitack & Sawmong, 2020). Digital innovation provides personal experience feedback from customers that help the business remain true to its vision.

WHAT IS THE EFFECTIVE WAYS TO ADOPT DIGITAL INNOVATION IN A COMPANY?

Enforcing digital innovation in an analog system is a hard nut to crack if helpful paths are not set to serve as a guide. Here are some guidelines to effect digital innovation within a firm.

- **DIGITAL INNOVATION BEGINS BY CREATING AN INNOVATIVE TEAM**

The first step is to create a team of individuals that are particular about growth from different departments who will scan through the already existing business policies, the shortcomings, and proffer ways of attending to these issues using Digital innovative tools. The team must be opened to getting feedback from the entire staff and customers.

- **BY ENFORCING A PRACTICAL MODEL**

A practical but sharp model will help the company respond swiftly to customer needs, challenging the company to improve on approach periodically, solving problems. At this age, companies are creating forums for brainstorming and experimenting with digital innovation. A company must be intentional about development to achieve advancement.

- **BY INVESTING IN UP-TO-DATE TECHNOLOGY**

Investing in the most recent software and technology will keep a company at the top of efficiency. More recent and useful technology will help a company's team unify towards productive achievements. The cost of technology pays off in the long run. Many business agencies have shied away from implementing digital innovation because they fear the costs involved and the

procedures too (Holmström, 2018). Digital innovative technology may be expensive in the short run, but the results are enormous with time.

- **BY CREATING VALUE-ADDING SYSTEMS FOR PROJECTS**

A value-adding system is created to select projects that will cause more significant impacts on the company. Such projects should be aimed at growth and income generation for both the long and short term.

- **BY CREATING A NEW DIGITAL ADOPTION STRATEGY**

The best digital strategy creates the most technological investment. It is safer to invest much in a working digital strategy to avoid investing in technologies that may not be very useful to the organization. A plan that ensures change is appropriately managed with a functional production system is excellent. This can be achieved when employers are equipped with the right tools, training, and guidance through digital procedures.

- **SEEKING FEEDBACK**

Good feedback helps the company to stay on course. Get feedback from different departments in your company and implement them. The sooner feedback is implemented; the more efficient business innovations will be. Feedback is also gotten from customers who have patronized the business, and they see in a better position to inform the team on what needs to be done.

EXAMPLES OF DIGITAL INNOVATION

As earlier stated, Digital Innovation covers a whole lot of facets; there are many examples of digital innovation:

- **DOMINO'S PIZZA MOBILE APP**

Dominos, rather than losing sales during the covid-19 lockdown, became innovative and thought of ways to reach customers even during the lockdown. This led them to design an application that helped take orders from customers without being physically present at their outlets and making provisions for delivery services. Currently, Dominos 75% of customers' order using this application, putting them at the top of the competition.

- **UBER**

Uber is the largest taxi company that does not own a single taxi. This was made possible by their mobile application, which allows customers available in a location to drive them around any area they so desire (Ramdani, Raja & Kayumova, 2022). This does not only help customers get taxis from the comfort of their homes, but the drivers also have access to all locations within a city, and the distance tracked by the app determines payment. This digital innovation had placed Uber ahead of other competitors in the same field.

- **WALMART INNOVATION**

The Walmart innovation has combined traditional retail style with the dependent e-commerce. Before customers get into stores, Walmart allows them to know the cost from their shopping list and guide them to each product on their list, making shopping in a mega-mall easy. Also, Walmart has inducted robots for clerical staff and other tasks.

- **DISNEY STREAMING SERVICE**

Recent online content consumption increased as people leveraged on getting content online rather than on physical forms. Disney immediately jumped into action and created Disney+, which increased their profits to a whopping 2.6 million dollars, exceeding their income expectations.

- **RETAIL GIANT**

Retail Giant leveraged an online shopping mechanism to gain more customers and sales. They used POS to allow for mobile and online service payment using the same system to operate. This made the retail giant step up, increasing productivity and income.

- **NEW YORK TIMES**

There was a contention in the print media on keeping relevance today since everyone has transitioned to using mobile devices and computers to access the world. The New York Times newspaper deferred all odds and transformed their news from prints to online documentation. Within a short time, they recorded huge sales of over 40% from digital subscribers.

WHAT IS DIGITAL TRANSFORMATION?

At a certain point, people have used the concept of transformation and innovation synonymously. Both ideas are centered around growth and progress in the business world but are not the same thing.

This may leave you asking, what then is Digital transformation?

Digital transformation is a broad concept, and a challenging term as different industries use different transformative techniques to be adopted in their business. Digital transformation can be defined as implementing digital technology into various company departments, causing a change in business operations and being more valuable to customers. Digital transformation is applying a total change in business procedures that were in existence to new and advanced processes. Digital transformation begins with solving a problem in a company, aspiring for new goals, or searching for better opportunities. When a transformation is geared towards problem-solving, it may improve customer delivery, upgrading products and services (Sheikh, et al., 2021). When it is towards new goals or gaining better opportunities, digital transformation becomes handy. Digital transformation is centered around the customers. Some of the examples of Digital Transformation are hereunder.

REMOTE-FIRST OFFICE

Digital transformation has allowed organizations to have meetings from different locations simultaneously.

• IT UPGRADE

Digital transformation has modernized IT, making it possible to store data on the cloud. Storing data on the cloud make accessibility more feasible and reduces the risks from fire disaster, flood, and the like.

There are a series of other digital transformation examples, all of which is centered around better performance in the workplace. Digital transformation covers four significant areas these are;

- Business Model transformation
- Domain transformation
- Organization transformation
- Process transformation

• DIGITIZATION

Digitization is another critical concept in Digital Innovation. It is the transition process from analog work systems to digital work systems. This transition is in most times, a challenging feat. It is applying an entirely new method in solving issues within an organization (Sawmong, Asawaruangpipop, Srinuan, Suwunnamek & Ahadi, 2021). Digitization, like many other innovative concepts progressive. Take, for instance, how handwritten letters upgraded to typed notes, and currently, because the computer has made it to the mainstream, physical documentation and the risks involved are avoided. Digitization also involves using digital data and analytics to simplify work and save time. Digitization is not about changing business processes; it is about improving delivery on all stages involved, making accessibility possible at different locations, not limited to a single cabinet.

• DIGITAL TECHNOLOGY

Not all technologies are digital; there are analog technologies that have operated before now, most of which are very bulky and functions with the help of physical human resources. Digital technologies are electronic objects and devices used in data creation. Mobile phones are examples of digital technology that do not only connect you to the world within seconds but provide top-notch business opportunities from anywhere in the world. Social media is another major digital technology. Twitter, Facebook, Instagram, and the likes have helped improve human connectivity and business visibility for years now. Digital learning is an aspect of digital technology that takes the physical classroom away and gathers students together in different locations to learn. Other examples of digital technology include the Internet, eBooks, blogs, ATMs, printers, vehicles, and the list goes on (Lyytinens, 2022). Like every different digital concept, digital technology is concerned about doing things better and faster to improve productivity. Digital innovation covers a widespread stream to be able to operate flawlessly.

- **ARNOLD'S THEORY/PERSPECTIVE OF THE CREATIVE MINDSET**

According to John Arnold, design thinking there is something more in addition to thriving innovation. The additional something is usually due to a deeper understanding of the innovation processes. Scientific research was developed to know more about improving thinking design. Arnold was a scientist engineer at Stanford and developed the theory in the 1950s. Arnold used a pedagogical approach to explain creativity. It is a way of solving problems in business (Rong et al., 2020). He clearly showed that entrepreneurs need to collaborate so that they can be able to come up with a solution to business problems. A creative mindset comprises problem flexibility, fluency, drive, daringness and confidence. In the business, the entrepreneurs need to apply the theory to solve any problems that may arise successfully. The entrepreneurs need to exchange ideas with other entrepreneurs; hence it will be easy for them to solve the problem. A perspective mindset is critical since the solution to develop new products or solve business problems will be easy. The problem will be analyzed critically, and it will be easy to find a better solution at the end of the day. To maintain customers or enter a new market, design thinking is required where the entrepreneurs can decide on the best strategies to be used so as to be easy for the business to be successful (Thienen et al., 2019).

DIGITAL APPLICATIONS

Digital applications are software used by mobile devices and computers to perform digital tasks and functions. Digital applications are what we commonly call 'apps' in recent times. Most of these applications are accessible with a mobile device or laptop and internet connections. Back in the day, applications and software could only be installed by a professional who had the raw application software and inputted it into a system (Sverdlov, Van Dam, Hannesdottir & Thornton-Wells, 2018). Of recent, most of these applications have gone digital, and with a single click, you can download and have complete access to these devices. There are different digital applications, some of which aid writing, music production, calculations, etc.

TYPES OF DIGITAL APPLICATIONS

- **AWARENESS APPLICATIONS**

These are solely created for organizations to gain awareness about these brands, thereby pulling traffic to the company.

- **PERFORMANCE APPLICATIONS**

These are applications designed mainly for performing functions that were initially done using human resources, which costs more and takes longer. This digital application helps in increasing the ROI of organizations. Facebook is a channel for performance applications.

- **MULTI-FUNCTION APPLICATION**

This is the kind of application that aids you in generating more customer coverage while improving business productivity.

CHARACTERISTICS OF DIGITAL APPLICATIONS

- **USEFUL**

Digital applications should be helpful to an organization before it is applied. It is proper to research the benefits of using that particular app before going for it. Not all applications are helpful in every organization.

- **SIGHT CAPTURING**

A digital application should be visually attractive to capture the desired audience. The graphics, colors, and font should attract perspective from a single click. Many firms have gotten a breakthrough from their appearances.

- **EXCITING**

A digital application should make its users excited. You should be able to access things with ease and have fun while working. An exciting app will get users to visit repeatedly.

For the best results in the 21st-century world, digital innovation has proven to be the best bet. Talk about growth, speed, profit, customer satisfaction, competition. Digital innovation is a feature to emulate by every organization. Digital innovation is for goal-oriented businesses in the modern world concerned about success.

- **EASY TO ACCESS**

A simple application will always be preferred above one that is quite technical. It is then essential that application designers put simplicity into consideration when designing software. There is much similar software, and if users discover software that doesn't need a long read to understand, they will go for it.

MULTIPLE CHOICE QUESTIONS

- I.** Which of these is not a type of Digital Application?
 - Awareness application.
 - Multi-function application.
 - Dexterous application.

- II.** Which of these is a difference between Digital innovation and Digital transformation?
 - Digital transformation uses technology, while digital innovation uses human resources.
 - Digital transformation is companies, while digital innovation is from individuals.
 - Digital Innovation works on specific departments in a company, making it a small-scale upgrade

- III.** Which of these are examples of Digital Innovation?
 - Artificial intelligence (AI) and chatbots.
 - Analog and digital technology.
 - Digitization and digital application.

- IV.** What are the benefits of Digital Innovation?
 - Speed, profit, and progress.
 - Conventional and using more human resources.
 - Electricity and solar energy.

- V.** Who should use Digital Innovation?
 - Any company or organization after progress, development, and transformation.
 - For any business that wants to gain and profit while satisfying its customers with the best products and services.
 - All of the above.

DESCRIPTIVE QUESTIONS

- VI.** Why is digital innovation important in today's world?

- VII.** Digital innovation cannot function without people, processes, programs, and portfolios. Discuss.

CHAPTER FIVE

DIGITAL INNOVATION FOR MODERN BUSINESS – PRACTICES

Will help you to:

- Understand difference between Digital Innovation & Transformation
- Know why Digital Innovation is so Important
- Evaluate examples of Successful Digital Innovation
- Understand 6 Practices for Embracing Digital Innovation in Your Organization

INTRODUCTION

Disruption and Digital Transformation are the two terms used to describe a shift in a company's operations and management style from the old to the modern and technology driven.

The only thing that remains constant in the business world is change, therefore digital transformation has become a must for all companies, large and small alike. Whether it's in the realm of robotics, logistics, software, retail, or medical technology, digital disruptions are everywhere. New creative business applications are needed to provide a strong digital business experience for customers and employees.

A company's custom apps should be developed at the speed at which new ideas emerge. Keeping up with the competition in today's world means doing just that. The heart of digital transformation is to reduce operating costs and improve customer satisfaction. Moreover, many firms were surprised at the onset of the COVID-19 pandemic when they learned that they were lacking in digital maturity. Digital innovation, on the other hand, has become a need for the survival of businesses. According to Deloitte, a corporation can improve its financials and progress toward its business goals by 22% if it implements digital technology such as cloud computing (Bogéa Gomes, Mira da Silva & Maria Santoro, 2019). Even while digital innovation opens new possibilities for businesses, it also instills apprehension and resistance to change in those in positions of authority. Blockbuster, Circuit City, and Kodak are just a few instances of companies that have gone out of business owing to a lack of innovation. With corporate enterprises increasingly relying on digital innovation to be competitive, it's critical to learn more about the fundamentals of digital innovation and how organizations can use it to their advantage.

DIFFERENCES BETWEEN DIGITAL INNOVATION & TRANSFORMATION

It's common to hear the terms "digital innovation" and "digital transformation." It is not clear if digital innovation and digital transformation are interchangeable or not, and while they have some similarities, there are significant differences. While it is possible for one to lead to the other, this

is not always the case. Digital innovation, on the other hand, tends to be a quick shift in reaction to an existing (or new) challenge. Transformation to digital is a long-term, strategic undertaking that results in a significant shift for the business as a whole (. An organization's digital transformation effort is much larger in scope than a small-scale digital innovation project (Kraus, Roig-Tierno & Bouncken, 2019). As you can see, digital innovation focuses on improving or expanding specific parts of an organization, whereas digital transformation is a complete overhaul. It took some retooling, but Intel's core business was unaffected by the \$15.3 billion acquisition of Mobileye, which allowed it to enter the driverless technology industry.

What exactly does the term "digital innovation" imply?

Technology and applications can be used to improve corporate operations, increase customer satisfaction, or offer new goods or business models through the usage of digital innovation. It's a continuous process, but as I mentioned in the introduction, it can be seen as occurring in waves, with each wave being propelled by new technical breakthroughs. The emergence of Web 2.0, smart mobile devices, and greater high-speed internet connectivity sparked the first wave of the Internet revolution. Internet of Things (IoT), wearables and smart home applications illustrate that Web 3.0 is already influencing our lives and technology (Di Vaio, Palladino, Pezzi & Kalisz, 2021). The vast majority of consumer journeys now begin online as a result of the epidemic. This digital era requires all businesses to consider themselves technology businesses.

The use of predictive data and analytics to gain a deeper understanding of both customer behavior and internal performance can help businesses boost revenue, cut costs, and even generate new revenue streams through digital product development prospects. A great amount of the contemporary landscape of business is being transformed by digital innovation at breakneck speed. In the world of business, there are three kinds of opportunities:

- Enhance traditional business models with the use of digital technology.
- Improve current company models and procedures through the use of digital technologies.
- Construct entire engagement and business models using digital technology.

Digital transformation entails not only a shift in technology, but also a shift in the way people think and the way businesses operate. Organizations must adapt to the ever-evolving nature of business scenarios and demands and find new and creative ways to meet those demands fast. As a company grows, leaders and IT departments must work together to satisfy business needs and create innovation. There are several benefits that may be gained through digital transformation, such as increased efficiency and reduced time to market, as well as a shift in organizational culture, personnel, and competence models (Kornpitack & Sawmong, 2020). Often referred to as "business transformation," digital transformation is also known as "digitalization."

Although the word "digital business transformation" is more in line with the business context, there are others who prefer to use the term "digital business transformation." Innovative technology,

consumer customer behavior, and market demand are just few of the drivers that drive digital company revolutions. Disruptions in technology are caused by technological advancements. Modern technology, such as the cloud, is replacing outdated technologies in the company's operations. Big data, IoT, RAD, and a slew of other buzzwords have emerged in recent years. Enterprise-wide adoption of these and other technological advancements follows. Increase productivity, save costs, and deliver results more quickly using these tools (Kiefer, Dinther & Spitzmüller, 2021).

After that, there's customer behavior to consider. Customers' requests and expectations of the business (and technological demands to meet business needs) are outlined in the following questions. Customers want more technological capabilities, but they also want to be able to use them quickly and easily. Then there are the external factors that businesses must contend with such as changing legislation and economic conditions as well as competition in the market and expectations from business partners. It matters a great deal whether the needs of the business can be met by the current state of technology. This necessitates better capabilities and cheaper costs. According to Accenture Interactive's Forrester Consulting research, profitability, customer satisfaction, and increased speed-to-market are the most important drivers of digital transformation. Digital maturity and a contemporary corporate culture are essential for a business' digital transformation to be a success. Let's take a closer look.

- **CUSTOMER DEMANDS**

Delivering a pleasant experience to customers in every way possible. So that people will talk about your brand, you need to build customer loyalty this manner.

- **PROCESS ORIENTATION**

Increased operational transparency and performance improvement can be achieved through process digitization and staff empowerment.

- **INNOVATION IN BUSINESS**

Existing business models can be digitized, or new digital products and services can be developed that go beyond the current demands of the business and nurture new innovative products and services while also accommodating shifting business requirements. The actual storm brewing in the corporate world is one of company transformation. It influences operations, industry structures, and employees at every level. In order to ensure that digital transformation and innovation are driving business and bringing in productive improvements and creating value, business executives and CIOs are stepping forward.

WHY IS DIGITAL INNOVATION SO IMPORTANT?

Innovative competitors will rapidly surpass companies that ignore the significance of emerging technologies. Always keep an eye on how new technology can help you stay relevant and add

value to your business.” The following are some of the advantages of placing an emphasis on digital innovation in your company:

INNOVATION PROVIDES A COMPETITIVE ADVANTAGE

Those businesses that aren't embracing digital innovation risk falling behind their more technologically adept rivals. In the smartphone sector, for example, Blackberry had a head start because it was the first. Nevertheless, its lack of creativity, complacency, and reluctance to change put it well behind Apple and Samsung. Customer/partner involvement, new product/service development, and internal systems/processes all play important roles in a successful digital solution.

- **PRODUCTIVITY IS BOOSTED**

Workers that are underperforming might increase your operational costs and reduce your company's overall income potential. An organization's productivity can be boosted in several ways by investing in innovation:

- **Big Data & Analytics:** Digital innovation requires access to big data and analytics. These data bits can be turned into useful insights with the help of digital innovation.
- **Task automation:** Artificial intelligence (AI) and machine learning can free up your staff to work on higher-value projects. Human mistake is also reduced by automation.
- In a consolidated system, employees are able to find all of the important data without having to sift through a digital ecosystem, which saves time and effort. Customers' desire for self-service is the main force behind this trend.

- **INCREASES ROI ACROSS BUSINESS EXPENSES**

Improved equipment performance and efficiency can be achieved through digital innovation. It's a long-term financial investment that will result in significant cost reductions and a strong return on investment (ROI) across corporate expenses. Businesses who are willing to invest in new and improved ideas will reap the benefits in the long run, even if the initial costs are high.

- **ALLOWS ORGANIZATIONS TO KEEP PACE WITH CHANGING CUSTOMER DEMAND**

Customers' expectations have shifted dramatically in the wake of the pandemic. Organizations must prioritize digital innovation in order to give their customers a tailored experience. Customers' purchasing habits and preferences can be analyzed using this method to assist personalize the customer experience for various types of customers. Digital innovation should be embraced by any company aiming for long-term success. Here's why:

- **DATA**

It is essential that your digital innovation plan include data and analytics. Businesses today have more access to client data than ever before because of the ever-increasing interconnection in our environment.

Data from customers may be used to make better business decisions if business executives are willing to embrace digital innovation.

- **CUSTOMER EXPECTATIONS**

A flawless customer experience is becoming an absolute must-have for today's customers. From the ease of use of a software program to the way in which you deal with your own personnel, this covers it all. To ensure that you are always providing a great customer experience, put digital innovation at the top of your priorities.

- **EMPLOYEE PRODUCTIVITY**

Automating processes is one way that digital innovation may help businesses increase staff productivity.

Human resources departments, for example, can automate time-consuming tasks like payroll and employee onboarding by leveraging technology. This frees up employees' time to work on more strategic initiatives.

Remote working has advanced the digital transformation efforts of many firms. Teams were compelled to work from home in 2020-21 to ensure business continuity amid worldwide lockdowns. 88% of businesses around the world made working from home mandatory or highly encouraged it after COVID-19 was designated a pandemic (Appio, Frattini, Petruzzelli & Neirotti, 2021). It appears that organizations that were able to quickly transition to a digital work paradigm had advantages such as access to a worldwide workforce and an increase in efficiency (77 percent of remote employees say they are more productive working from home).

- **SECURITY**

Because the number of cyber-attacks has skyrocketed in the age of cloud computing (where 90 percent of organizations now utilize it for some of their services), companies must use technology to enhance their security. Businesses that don't keep up with technological advancements may pay a high price as cybercriminals improve their skills.

WHAT ARE THE RISKS OF DIGITAL INNOVATION?

A well-known failure to adopt an ERP system across the entire company is Lidl's. Because they didn't alter their internal procedures and tailor the application, the corporation lost more than €500 million before understanding that a customized version would be too expensive to expand. Afterwards, Lidl reverted to their old approach, demonstrating the substantial losses that can result from a disastrous digital strategy. Reasons? In SAP's view, Lidl's unwillingness to adapt to the standard specifications of current software is to fault, whereas others argue that the software is to

blame. It's a good illustration of what can go wrong when digital strategies aren't implemented with care and strategic preparation. It is also hazardous to ignore digital innovation (Frey, Holotiu & Beimborn, 2020). Every industry, Gartner predicts, will have embraced digital transformation by 2025. According to CEOs and top executives, just half of them have a digital business strategy, which is a problem. According to a new McKinsey analysis, incumbents are scared that innovation may harm their core business. This is an extremely dangerous tactic in a quickly changing technology world. Real-life examples of companies that have been left behind because they have not kept up with the times are provided by Kodak. As a result, they designed a highly effective approach for dealing with the digital revolution. Digital camera pioneer Kodak hired top-tier executives to run their company. Its refusal to stray from its fundamental business model, on the other hand, was what ultimately brought about its collapse. In 1996, Kodak collapsed from a \$30 billion enterprise to a mere existence because they feared undercutting their most important product, film. After declaring bankruptcy in 2012, the company resurfaced in 2013 with a renewed emphasis on commercial clients.

EXAMPLES OF SUCCESSFUL DIGITAL INNOVATION

While digital innovation isn't easy to grasp, certain industry leaders have taken the risk and integrated digital technology into their goods with remarkable success and stunning results. It is now possible to perform "predictive maintenance" using machine-to-machine (M2M) connectivity. Maintenance intervals can be pinpointed with the use of sensors integrated into machinery. With this, only those parts that need immediate attention are inspected and time is not wasted on machinery in good working order. This ensures safety and reliability (Brown & Brown, 2019).

Consider the oil and gas business. Sensors, rather than human inspections, are being used by many pipeline operators to convey information about pipeline integrity, saving time and money while also boosting safety. New touchpoints are being used by marketers to keep customers engaged. Prior to taking action, customers now interact with firms on many platforms. With a well-thought-out digital strategy, marketers can turn these touchpoints into very successful acquisition channels (Furtner, Shinde, Singh, Wong & Setia, 2021).

A wonderful illustration of this is Starbucks. The company launched a mobile ordering and payment app in 2009 to great success. It's possible to order and pay for meals and drinks using this app, which is available on smartphones. In 2020, mobile orders will make up a record 22% of Starbucks' total sales, proving the program's success; however, for Starbucks, the app's actual worth is in the data it generates. Personalized marketing messages and timely offers can be sent to customers based on their purchasing habits.

A "case study of how digital transformation leads to corporate value," says Fortune contributor Kyle Wong, describes Domino's, a long-standing food delivery company, as having successfully transformed digitally.

6 PRACTICES FOR EMBRACING DIGITAL INNOVATION IN YOUR ORGANIZATION

A digital innovation plan can be difficult to implement, but there are a few simple measures you can take to begin the process. Some of the world's largest corporations have established in-house accelerators, or innovation centers, where staff can experiment with new ideas and methods without disrupting the rest of the company. It is possible to achieve this on a lesser scale by merely encouraging a subset of the workforce to try new things.

- ASSEMBLE A GROUP FOR DIGITAL INNOVATION**

Set up a team of high-performing employees from diverse departments that are motivated to creating value to your firm. As a group, your task should be to find the flaws in your current business processes and implement digital innovation solutions to correct them. To get started, find two or three employees who are enthusiastic about taking the firm forward and get them to brainstorm new ways to use technology to accomplish your goals.

- BE FLEXIBLE IN YOUR EXPERIMENTATION STRATEGY**

Agility will be vital in 2021 because of the quick developments in technology. Agility allows firms to respond quickly and constantly adjust their approach to challenges, which is a key component of an experimentation paradigm. An increasing number of companies are setting up incubator labs to brainstorm, experiment, and speed up their journey to digital innovation. In order to keep track of your work and collect feedback, you'll want to implement an agile experimentation approach. Make sure that this does not interfere with present business operations by scheduling it outside of normal business hours.

- INVEST IN CUTTING-EDGE SOFTWARE AND HARDWARE**

Organizations that want to stay on the cutting edge of digital innovation must make significant investments in new software and digital technology. Incorporating key business ideas like team management, collaboration, cloud access, and product lifecycle monitoring into your IT strategy is possible with the proper technology. Make sure you use the correct technology to meet all of your company's needs. Team management, collaboration, cloud access and product lifecycle tracking might all be included in this.

- AN ROI OR VALUE-ADDED PRIORITIZATION SYSTEM FOR PROJECT PRIORITIZATION**

You must develop a value-added approach for greater digital innovation ROI based on the project's importance, scale, and revenue. Thus, projects that will have a long-term and short-term impact can be given the highest priority in the organizations' plans.

- **AN ADOPTION STRATEGY FOR DIGITAL PROCESSES AND TOOLS SHOULD BE DEVISED**

Optimize your technical investments by developing a well-thought-out digital adoption strategy. When it comes to training and onboarding new staff, a digital adoption solution like What fix can help. These technologies enable firms to handle change quickly and effectively, without sacrificing productivity during the transition period (Brown & Brown, 2019). This is accomplished by offering contextual, in-app assistance using new digital processes and technology to enable employees and users to learn in the flow of work.

- **ANALYZE AND SOLICIT INPUT FROM VARIOUS DIVISIONS WITHIN YOUR COMPANY**

When embarking on an innovation journey, be sure to involve all your staff. Feedback from employees is crucial to the success of your digital endeavor, so make sure you get their input as soon as possible so that they can help drive it forward. Track successes and failures in a systematic way. Here, you will get a better idea of which tests should be continued and which ones should be discarded.

To conclude as a non-tech firm, you need to start considering digitalization. No matter what industry you work in, the utilization of digital innovation in the workplace has only increased in recent years. The question is no more whether your industry will be affected by digital innovation, but rather when it will happen. However, is it time for your company to adopt some cutting-edge digital technologies?

MULTIPLE CHOICE QUESTIONS

- I.** Invest in cutting-edge software and hardware is part of the 6 Practices for Embracing Digital Innovation in Your Organization
 - True
 - False
 - None of the above

- II.** In order to keep track of your work and collect feedback, you'll want to implement _____
 - Digital Innovation
 - an agile experimentation approaches
 - Analyze and solicit input from various divisions within your company
 - Marketing

- III.** Digital innovation is so important because?
 - Improves marketing
 - Boosts productivity
 - Makes Business Digital
 - Boost company profits

- IV.** Digital transformation entails not only a shift in technology, but also a shift in the way people think and the way businesses operate.
 - True
 - False
 - None of the above

- V.** Organizations must adapt to the ever-evolving nature of business scenarios and demands and find new and creative ways to meet those demands fast.
 - True
 - False
 - None of the above

DESCRIPTIVE QUESTIONS

- VI.** What is digital innovation?

- VII.** What are the 4 main areas of digital transformation?

CHAPTER SIX

IDEA CREATION FOR DIGITAL BUSINESS (VALUE PROPOSITION CANVAS)

Will help you to:

- Understand Elements of the Value Proposition
- How to generate new idea
- Understand what Value Proposition Canvas is
- Understand structure of Value Proposition Canvas
- Know how to fill value proposition Canvas

INTRODUCTION

Value propositions explain to customers why they should choose one product over another by highlighting the distinct advantages that product has over its competitors. The Company's Plan of Action an innovative mix of products and services, known as a Canvas value proposition, is offered to customers in order to solve an issue the consumer is currently experiencing or to simply deliver value to the customer. This is where the product you are selling meets the impulse the customer must buy it. It is possible for a product to have more than one value proposition.

Before launching their products, most start-ups fail to identify their value proposition. Due to entrepreneurs' proclivity for relying solely on their own "ideas," this is a common occurrence in the business world. A product's ability to address an issue in a novel way is critical. Underserved or impossible to work around are only a few of the possible issues. Opposite than evident, critical, or aspirational need for your goods, the other end of the scale is latent. Blatant needs, as the phrase implies, are those that the client openly expresses (Meng, Somenahalli & Berry, 2020). When a customer has a latent demand, they may not be aware of it themselves. Critical needs are those that must be met immediately.

ELEMENTS OF THE VALUE PROPOSITION

• NEWNESS

There are several value propositions that are built on the novelty or freshness that they bring to a product or service. For products that are heavily reliant on technology, this feature is often present. The emergence of the telecommunications business can be attributed to the novelty factor. For a long time, the market for mobile phones was quite limited, but as telecommunications technology grew more ubiquitous, demand for the product skyrocketed with the creation of ever-more powerful cell phones and smartphones.

- **PERFORMANCE**

Most industries have thrived for decades on enhanced performance versions of the same products since they have been the hallmark of numerous product offerings over the years. Faster computers can run more complex software because Intel increases the speed of its chip every year.

- **CUSTOMIZATION**

Individuality and self-expression have become increasingly important to today's consumers. As a means of expressing their values and objectives to the public, they expect their products to be an extension of themselves. Allowing customers to customize their purchases adds value to the product. Concepts like mass customization and client co-creation have recently achieved significant market share for items (Pokorná, Pilař, Balcarová & Sergeeva, 2015). Customization has typically resulted in prohibitively expensive products, but this option allows buyers to put their own personal imprint on a product while still benefiting from economies of scale.

NikeID is a website feature that allows customers to design their own Nike shoes. Customers can customize their own sneakers online using their preferred color palette, positioning, swoosh color and size, and so on. Using this method, they may see how the final product will look, play about with different combinations, and then order the final thing when they are satisfied with it.

- **CONDUCTING THE TASK**

A product's value proposition is proven when it aids a customer or organization in achieving a certain objective. In addition to producing and servicing jet engines for Boeing, Rolls Royce also provides financing through leasing for Boeing's jets and provides leasing services for Rolls Royce's automobiles.

It is easier for customers to concentrate on more important elements when a product's value proposition is 'getting the job done.'

- **DESIGN**

Because of their superior design, most clothing labels charge more money. Because of the power of its designs, Prada charges a lot of money for a simple T-shirt.

- **BRAND/ STATUS**

It's possible to group design and brand/status together because their appeal is so similar in nature. A brand's name, as much as its design, can be a factor in a person's desire to be associated with it. Watches are worn by nearly everyone, however the brand of the timepiece might range from a local jeweler to a well-known brand like Rolex. Despite its extravagant price tag, a Rolex watch is more than simply a timepiece; it is a declaration of wealth and social standing. Brand/status-intensive products let the customer feel more in control, important, and part of the throng.

- **REDUCTION IN COSTS**

Customers benefit from products and services that lower their out-of-pocket expenses in order to meet the value proposition of lower costs. Customers have benefited greatly from technology's ability to save expenses. Among the best examples is Salesforce.com, a customer relationship management program that clients may use for a price without having to buy, install, and administer the software, each of which carries a significant cost.

- **REDUCTION OF UNCERTAINTY**

The more value a customer receives from a product or service, the less risk there is associated with it. Consumers benefit from a reduction in the risk involved with a transaction. When you buy a used automobile, you get a one-year service warranty. Second-hand vehicles are perceived to be less risky because they come with a warranty (Osterwalder, Pigneur, Bernarda & Smith, 2015). Product value propositions that focus on Risk Reduction try to make people feel safe, whether they are actual or imagined, and guarantee a solution to a problem for a limited amount of time.

- **ACCESSIBILITY**

For a strong value proposition, making a previously unavailable product or service available to a specific market niche is an essential component. Because of advancements in technology and new business models, previously unreachable markets can now be served. Many people who do not have the financial resources to fly in a private jet now have the opportunity to do so thanks to the company's low-cost private jet service.

WHAT IS THE VALUE PROPOSITION CANVAS?

The Value Proposition Canvas seeks to identify the issues that customers have and then develop goods or services that address those issues. Your product is not going to make people want it just because you tell them about it. There's no use in creating an amazing product if it doesn't solve a problem for your customers or if you don't properly communicate the value of your product. That is why the value proposition canvas begins with an in-depth look at what motivates customers to make a purchase.

ADVANTAGES OF USING A VALUE PROPOSITION CANVAS

As part of a business concept, the Value Proposition Canvas is essential. It aids in the company's decision-making and product positioning. Customer desires aren't merely depicted graphically. Customers' wants and needs can guide a company's strategy. A product that is desired by clients can be created by using this method. With that, let's take a closer look at the Value Proposition Canvas.

- **CLEARLY DEFINED GOALS**

It's easy to get distracted by the constant influx of new ideas. As a result, the final product does not meet the needs of the customers. This is not what you want to happen. A Statement of Purpose As a visual aid, the canvas serves as a guide. It ensures that a high-demand product is developed with a targeted strategy.

- **ENHANCES THE REACH OF YOUR MARKETING**

It takes a lot of time and money to get a new product off the ground. It entails explaining to potential buyers why they should acquire the product in the first place. A strong brand image can be built in the eyes of consumers by doing this. Customers soon begin to associate the brand with high-quality products and services. A Statement of Purpose In this case, Canvas is a helpful tool. It identifies the demands of the consumer and devises a strategy to meet those needs (Kyhnau & Nielsen, 2015). Promotion and advertising will have an easier time attracting customers' attention now that this has been established.

- **ENCOURAGING CUSTOMERS TO PARTICIPATE**

In order to keep customers interested in your brand and product, you need to put them first. As a result of this strategy, the primary focus is on meeting the needs of the end user. A Value Proposition Canvas connects the process of determining and meeting needs. This framework helps you to concentrate on the aspects of your product that buyers care about the most. In this way, a strong connection to the customer is established.

- **REALISTIC AND EFFICIENT VALUE FOR THE CUSTOMER**

Simply said, Canvas provides a quick and easy way to see how your business works. The product strategy and performance may now be analyzed in depth and in a straightforward manner. When the innovation is adopted, there is economic advancement in an organization as argued by the economic entrepreneurship theory.

- **ECONOMIC ENTREPRENEURSHIP THEORY**

Economic Entrepreneurship theory asserts that there is a close link between entrepreneurship and economy such that both entrepreneurship and economy can thrive together when the economic conditions are favorable. The theory assumes entrepreneurship is encouraged and motivated physiologically by economic gains and increases in real income in a very society. The theory is based on the assumption that entrepreneurship development is increased by economic motivators (Mehmood et al., 2019). The theory suggests that individual industrial entrepreneurs are motivated by sufficiency conditions of economic gains. The theory is applicable in entrepreneurship in assessing the motivating factors of entrepreneurs. Most of them are normally motivated by economic factors to begin businesses to increase their economic status by making more profits in new business. Individuals enter the industry field to maximize the economic opportunities available in the market and the economy. The theory encourages entrepreneurship across the globe.

The theory also helps the entrepreneurs be aggressive and seize the new business opportunities in the economy to keep gaining more economic value in their society. The theory is applicable in business in maximizing profits and applying economic knowledge in investing in new projects. The budgeting and forecasts of business depend on the economic theory to assess the prevailing condition in the economy and how it can impact the business (Darmadji and Suwarta, 2018).

VALUE PROPOSITION CANVAS STRUCTURE

Just a quick glance might lead you to believe it is nothing more than a piece of paper with two overlapping circles on either side. Both the value offer, and the consumer are represented by these two forms. Both contribute to a better understanding of your market's needs and the best ways to meet those needs. Let's take a closer look at this now.

• THE CUSTOMER PROFILE

The client profile is depicted in the shape of a circle. This is the place to begin. There are three sections to the circle: work, pain, and reward. When establishing objectives, difficulties, and wants, keep in mind the end-perspective users with this trio. Let us take a closer look at each section:

• JOBS

Everything a consumer needs to accomplish is a job. Everything that a customer is seeking to accomplish can be included in these tasks. It might be anything from solving a problem to completing a task to satisfying a desire. Work can be both social and emotional, as well as purely practical. The activities we feel obligated to undertake as part of our roles in relationships and society are the driving force behind social jobs. An example of a social job is to reflect your social position when purchasing an automobile. A functional job is one that may be described as a "practical" work in basic terms. Driving from point A to point B is a good example of this type of situation. It is our preferences, likes and dislikes and fears that drive emotional jobs. Buying a car is all about the experience we wish to have when driving. The following questions can help you better understand what a customer's job entails.

- What is your consumer trying to accomplish? undertake specific tasks (such as solving a specific problem or issue, for example)
- What are the aspirations of your client in terms of social good?
- What are the emotional goals of your client?
- What types of work do they enjoy the most?
- What kind of image do your clients wish to project to others? What steps can they take to make this happen?
- What emotions do you hope to arouse in the mind and heart of your target audience? Do you know what he/she must do to obtain this?
- Keep tabs on how your product is being used by the end user during the whole lifecycle. What is the customer supposed to do at this point?

• PAINS

Pains are anything that prevents customers from finishing a task. Consider them as stumbling barriers that clients must overcome. Negative effects that customers desire to avoid are likewise included in pains. In order to prioritize the next steps, you can grade your discomfort on a scale of severe to light (Belleflamme & Neysen, 2021). A customer's perspective is helpful in identifying issues. Identifying the pain points of your customers can be aided by asking the following questions:

- What is it that your customer finds too expensive?? It's something that takes a lot of time, money, or effort to accomplish.
- What is it about him/her that bothers him/her?
- Existing approaches that do not work for your clients?
- What are the most pressing concerns of your client? An inability to comprehend or appreciate the complexity of a task or the challenges in implementing it
- Is there any potential for the client to incur unfavorable social consequences? (Reputation, credibility, trust, social status, and so on are among the things that can be damaged).
- What are the concerns of your client? In terms of any of the domains

• GAINS

Among the benefits are the pleasant memories and aspirations that clients have for the future. Gains might range from the mundane to the ephemeral. Gains, on the other hand, are not the antithesis of losses. Product or service adoption is encouraged by these factors. Customer benefits can be defined by asking the following questions:

- What makes a consumer happy? Money, labor, and other resources
- Is there anything you can do to exceed your customer's expectations?
- What would make your customer's life or work easier? In terms of services, lower prices, additional capabilities, and so on,
- What are your customers hoping to achieve in terms of beneficial social outcomes?
- Inquiring minds want to know. A well-thought-out design, promises, or other unique features are all examples of smart design.

• THE VALUE MAP

The value proposition map is depicted by the square on the canvas's surface. This, too, is divided into three sections, like the circle. Sections of the client profile are referenced in each component. Here, the emphasis is on creating a detailed picture of the features, functionality, and advantages of the product that would pique the interest of potential buyers and meet their needs (Da Costa Fernandes, Pigozzo, McAloone & Rozenfeld, 2020). Let us take a closer look at this now.

- **PRODUCT & SERVICES**

Listed here are all the features, products, and services you'll be offering. Freemium, trial, and other versions of the product can also be listed. Focus on how customers will benefit from the features and products.

- **PAIN RELIEVERS**

This section focuses on how your product will alleviate the misery of your clients. It is important to select pain medicines that are relevant to a certain customer's symptoms. In order to treat different types of pain, there are several types of painkillers on the market. It isn't necessary to go into great detail about the agony right now. The task can be accomplished with a simple phrase. Customers' pain remedies can be defined in the following ways.

- Is there a financial benefit to using your product or service? For example, when it comes to resources like time and money.
- Is your customer's emotional condition improved as a result? If you're having a headache, try to avoid or lessen your feelings of sadness or frustration.
- Is it able to correct the flaws of previous solutions?
- Is it a solution to the issues your consumer is having?
- Your clients may be concerned about the unfavorable societal effects of your product or service.
- Are your clients more comfortable with it?
- Is it a good night's sleep for your customers?
- Is it able to reduce or eliminate the errors that clients make?
- How well does it remove roadblocks that prevent your clients from implementing the particular solution?

- **GAIN CREATORS**

This is where you demonstrate the value your product provides to your audience. In what ways does your product assist users in achieving their objectives? Every new feature or improvement to user experience should be listed here. The following questions can assist you in identifying customer benefit creators:

- Your customer will be satisfied if your product saves them money.
- Is it capable of delivering what the consumer wants?
- Does it make the customer's job or life easier?
- If yes, does it fulfill a need in your customer's life
- Is your product or service a reflection of your customer's hopes and aspirations?
- Is it able to meet the customer's criterion for success or failure?

HOW TO FILL THE VALUE PROPOSITION CANVAS?

- Select a target market.

- Make a list of their duties and rank them in importance to your client.
- Prioritize the issues you find most bothersome.
- Prioritize their advantages by identifying them.
- Take a look at the most critical occupations and identify the top three or four challenges and opportunities.
- Make a list of all the advantages of your product or service and include them in your pitch.
- List all the painkillers.
- The following is a list of individuals or organizations who have generated profit.
- Choose three to five of the most impactful gain generators and pain relievers for your target audience.
- Pain relievers, gain-creators and product benefits should be linked to the problems they answer.
- Determine how you're superior to your rivals.
- Your clients will have more faith in your value propositions if they are simple and free of jargon.
- Customers are a great source of feedback on your value propositions.

WHEN TO USE THE VALUE PROPOSITION CANVAS

As a result of this tutorial, you now understand what the Value Proposition Canvas is all about. What it does and how it works are clear to you. You've taken the time to familiarize yourself with all of the sections and their functions. However, in what kind of professional setting is it most beneficial?

- **ADDING A NEW FUNCTION**

While developing new features for an existing product, you can use the VPC. As a result, you'll be able to determine whether the feature will solve an issue or benefit the users.

- **EXPANDING YOUR BUSINESS INTO A NEW MARKET OR DEMOGRAPHIC OF CUSTOMERS**

If you're trying to break into a new market, this can also be useful. To see if the market needs you, you need to fill out the canvas. You're well-versed in the product or service you're providing as well as the issues your present clients are encountering. A sound decision can be made with the assistance of this.

- **TEST THE PRODUCT-MARKET FIT**

The Value of What You're Offering In order to find the optimum product-market fit, Canvas can assist you. Understanding your market and developing a product to fulfill their true demands is aided by the use of this software. An increase in your odds of success can be achieved by matching your consumer profile to your value proposition.

- **PUT TOGETHER VALUE PROPOSITIONS**

The canvas can be used to develop value propositions based on a value map that you've created. This way you may reach out to buyers concentrating on product benefits, rather than product features. With this information, you can build a value proposition that elicits a strong emotional response from buyers. Using a Value Proposition Canvas, you can visualize your target customer and the value they derive from your product (Payne, Frow, Steinhoff & Eggert, 2020). You can come up with innovative ways to offer your products and services, as well as discover new types of clients who could be interested in you.

It's possible to test and validate a Value Proposition if you can connect a motivated consumer to the reason for purchasing your goods.

- **MAKE ADJUSTMENTS TO YOUR MARKETING PLAN**

For our product Freebees.io, we discovered that we had two completely different customers when doing a value proposition canvas. For months, we tried to communicate with the same customers by using the same methods and messaging. We discovered that we had made some incorrect assumptions about our market by asking about pains and gains. This resulted in the creation of separate marketing campaigns for HR and CEOs. Since their priorities and needs were so different, we could not market to them in the same way as the rest of the population. We must tailor our communications and value propositions to our clients in order to cover the entire market. The value proposition canvas isn't the source of your marketing strategy; rather, it serves as a guide (Payne, Frow, Steinhoff & Eggert, 2020). That being said, this knowledge can provide you a new perspective on your marketing strategy.

HOW TO MAKE THE MOST OF THE VALUE PROPOSITION CANVAS?

VIEW EACH COMPONENT

Parts of a value statement each canvas is distinct, but they are linked. Understanding what the consumer wants and needs is the goal of creating a customer profile. These major findings are being included into the Value Map in order to enhance product quality. The firm has the ability to provide a product that meets the needs of its customers. This can be accomplished by paying attention to the needs of your customers.

- **DEAL WITH EACH AND EVERY ONE OF YOUR CLIENTS**

A business's most common mistake is making this mistake. There are separate jobs, pains, and rewards for each consumer category. Squeezing all of them into a single Customer Profile is a mistake. Why? Businesses have a difficult time determining which customers to target because of this. It's a good idea to create distinct Customer Profiles for different types of clients. This allows you to create value propositions for each category individually. It's now much easier to select a certain customer category to focus on.

- **TAKE A CUSTOMER'S PERSPECTIVE**

A customer's goals, as well as the obstacles that stand in their way, must be reflected in a profile of that customer. Customers' profiles are typically created inefficiently by the majority of companies. They don't pay attention to what buyers want from a product. Only when their product is introduced into the market can they see what the problem is that they're trying to solve (Kandee, 2020). What you can do is have everyone on the team play the role of a customer for a few minutes. What are they up to during the day? What direction are they headed in? What tools are they relying on? You'll be able to notice the flaws in your product once you adopt the mindset of a buyer. Make an effort to discover what motivates a consumer to make a purchase. Is there anything in particular that the consumer needs to be satisfied with? 'Five Whys' and other problem-solving techniques can be used.

- **ANALYZE THE SCOPE OF THE WORK TO BE DONE**

To create an effective value proposition, you need to know what your clients are trying to accomplish. This distinguishes between products based on how intensely a consumer desires one over the other. The most obvious reason to acquire a product is to do a specific task, but the level of satisfaction is minimal. Emotional and social jobs, on the other hand, provide more personal fulfillment. When it comes to social and emotional professions, you should think about developing a product or service.

- **FOCUS ON THE NEEDS OF YOUR CUSTOMERS**

Before you begin creating the Value Proposition Map, take in mind the following. Customer pains and gains can't be addressed in full. In order to achieve success, it's best to focus on the things that matter most to your customers. While developing the product, this will give your team a clear set of objectives to work toward.

As a last point, the Value Proposition for organizations and product teams, Canvas is a fantastic tool. Improve your products and strategy by analyzing them. It aids in the comprehension of your target market and your product. It nudges you to inquire about things you might not otherwise consider. Developing a product can help you realize why you're doing it in the first place. As a result, you'll be able to better match your product to the market.

MULTIPLE CHOICE QUESTIONS

- I.** The business model canvas describes an organization's or a product's what?
 - Value proposition, infrastructure, customers, and finances
 - Marketing Plan
 - Value proposition, infrastructure, and markets
 - All of the above

- II.** Which factor is NOT part of the Elite view of creativity?
 - Having a rare talent
 - Being teachable
 - A solitary process
 - Always being inspired

- III.** Which of these are the five steps of creative thought?
 - Preparation, incubation, insight, evaluation, elaboration
 - Preparation, internalization, insight, evaluation, elaboration
 - Preparation, incubation, reviews, evaluation, elaboration
 - Preparation, incubation, insight, feedback, elaboration

- IV.** How might an opportunity for innovation emerge?
 - New products, markets, processes, and solutions
 - Political and regulatory shifts, demographic change
 - Improvements to the value chain, supply chain and revenue model
 - All of the above

- V.** Focus on the needs of the customers is one of the reasons to use VALUE PROPOSITION CANVAS
 - False
 - True
 - Maybe
 - None of the above

DESCRIPTIVE QUESTIONS

- VI.** What is a value proposition?
- VII.** How can you fill out the VPC?
- VIII.** When should you use the Canvas?

CHAPTER SEVEN

DESIGN THINKING FOR DIGITAL BUSINESS

Will help you to:

- Understand what Design Thinking is
- Understand importance of Design Thinking
- Know the benefits and roles of design thinking to industries
- Know the Non-Linear Nature of Design Thinking
- Know the Origin of the 5-Stage Model

INTRODUCTION

Design thinking for digital business began as a method for developing attractive new goods and technologies. However, this strategy is now widely employed in both the commercial and public sectors, as well as for both business and personal initiatives, all over the globe. IDEO, a design-consulting firm, popularized the design thinking technique. Since the Harvard Business Review published a piece in 2008 titled "Design Thinking and the Future of Business" by Tim Brown, CEO of IDEO, the methods have spread to the greater business sector. At Stanford University, a course called Designing Your Life teaches students how to use design thinking to create a fulfilling professional and personal life. How design thinking works and why it is important are explained in this chapter:

WHAT IS DESIGN THINKING?

Design thinking is an approach to problem solving that puts the demands of the customer first. By monitoring people's interactions in their environments with empathy, it takes an iterative, hands-on method to developing new ideas. To put it another way, design thinking may also be used as a problem-solving strategy to problem-solving. Complex problems that aren't clearly defined or aren't yet known can be tackled by focusing on the needs of the people involved, reframing the problem in terms that are more human-centric, generating numerous ideas in brainstorming sessions, and implementing a practical approach through the use of prototypes and tests (Parizi, Prestes, Marczak & Conte, 2022).

Designers use evidence of how people actually use a product or service, rather than how someone else or an organization thinks they will use it. This is known as "human-centered" design thinking. By keeping an eye on how people interact with a product or service, designers can continually improve the user experience. Design thinking's "iterative" component is exemplified here. Rapid prototyping rather than prolonged research or rumination is preferred. Design thinking can only be effective if it is iterative rather than a linear process of recognizing a problem and then

generating solutions. More than a means to an end, it is a tool to constantly evolve your ideas and adapt your product to the needs of your customers.

WHY IS DESIGN THINKING IMPORTANT?

With the help of design thinking, companies can provide their customers with long-term value. Any complex system (not only design systems) can benefit from the method.

- ACCOMPLISHES A CERTAIN HUMAN REQUIREMENT**

Human-centered approaches can help teams find pain points that they hadn't previously considered, and that the consumer may not even be aware. As soon as those pain spots have been discovered, design thinking may suggest remedies.

- SOLVE UNCLEAR OR HARD-TO-DEFINE PROBLEMS**

Many consumers do not know what their problem is or cannot articulate it. However, if one pays attention to what they see in real consumer behavior, rather than relying just on their own assumptions, one can uncover difficulties. In this way, unclear problems may be defined, and solutions can be found more easily (Magistretti, Ardito & Messeni Petruzzelli, 2021).

- BOOSTS THE DEVELOPMENT OF NEW IDEAS**

It's hard for people to beg for things that don't exist yet since they can't imagine things that aren't thought to be feasible. Some of these previously unidentified problems can be brought to light through the application of design thinking. Problems like this can be solved by using an iterative approach to solving them.

- BOOSTS PRODUCTIVITY AND REDUCES WASTE IN THE WORKPLACE**

Instead of spending a lengthy time investigating an issue without coming up with a solution, design thinking encourages the creation of prototypes and the subsequent testing of their efficacy. It is possible to utilize the five stages of Design Thinking to address complex problems that arise in our businesses, our governments, and even on a global scale if one understands these five stages. The Stanford Hasso-Plattner Institute of Design's five-stage Design Thinking paradigm will be our guide (d.school). Design Thinking is taught best at d.school, the nation's preeminent university. According to the d.school, the five stages of Design Thinking are: empathize, define (the problem), brainstorm, prototype, and test. There are five stages of Design Thinking, and we'll take a deeper look at them (Debowski, Tavanapour & Bittner, 2022).

- EMPATHIZE**

Design Thinking begins with an empathic awareness of the problem you're seeking to solve in the first step of the method Observing, participating, and empathizing with others to better understand their perspectives and motives are all part of this process, as does immersing yourself in the physical surroundings to obtain a better grasp of the problems at hand. A human-centered design

method like Design Thinking relies on empathy, which allows designers to put aside their own preconceptions about the world in order to obtain a better understanding of the needs and desires of their target audience. It's at this point in the process that a significant amount of information is acquired, depending on time restrictions, in order to better understand the demands and difficulties that underlie the development of a particular product.

- **DEFINE (THE PROBLEM)**

The information you acquired and developed in the Empathize stage is put together in the Define stage. Your observations and synthesized findings will be used here to define the core issues that have been found thus far. In order to arrive at a problem statement, you need to approach it from a human perspective.

"Adolescent girls need to eat nutritious food in order to flourish, be healthy and grow," rather than "We need to raise our food-product market share among young teenage girls by 5%," would be a better way to describe the situation. As a result of the Define stage, your designers will be able to come up with creative solutions to difficulties or at the very least allow consumers to fix their own issues with minimal difficulty. Asking yourself questions like: "How might we...encourage young females to perform an action that benefits them and also incorporates your company's food-product or service?" will help you go forward into the Ideate stage, the next step in the process.

- **IDEATE**

In the third stage of the Design Thinking process, designers are ready to begin brainstorming ideas for new products. Finally, you've completed the Define step, in which you analyzed and synthesized your findings from the Empathize stage to come up with a human-centered problem statement. When you and your team have a solid foundation, you can begin to "think outside the box" in order to find fresh solutions to the issue statement you've produced, and you can begin to seek for other ways of perceiving the problem. Brainstorm, Brain write, the Worst Possible Idea, and SCAMPER are just a few of the hundreds of Ideation techniques available. A brainstorm or worst-case scenario brainstorming session is a great way to get people thinking outside the box and widen the scope of the problem. The Ideation phase should begin with as many ideas or solutions to problems as possible (Radnejad, Ziolkowski & Osipyevskyy, 2020). End of Ideation phase, pick some other Ideation approaches to help you examine and test your ideas so you can identify the ideal solution to either fix a problem or offer the pieces necessary to sidestep it.

- **PROTOTYPE**

As a next step, the design team will create a number of inexpensive, scaled-down prototypes that they can test out the problem-solving ideas they came up with earlier. Within the design team, prototypes can be tested with colleagues in other departments, or with a small number of people outside the design team. Phase four is an experimental one in which the best potential solution to each problem identified in stages one through three is sought. Prototypes are used to implement the solutions, which are then tested and evaluated by actual users before being adopted, refined,

and re-examined. After this stage, the design team will have a greater understanding of the product's limitations and difficulties, as well as a better understanding of how real consumers would engage with the product in practice.

- **TEST**

Designers or assessors put the finished product through its paces by putting the best possible solutions to the test. There are five stages in this model, and in an iterative procedure, the results from testing can help reinvent one or more problems and inform comprehension of users, the conditions of use as well as how people think, behave and feel and empathies. This is the final stage. Changes and improvements are done even at this stage to rule out potential solutions and gain a thorough grasp of the product and the people who use it. The idea and importance of design thinking was expounded by the Michael Mumford's Theory of Creative Thinking as discussed in the following subsection.

MICHAEL MUMFORD'S THEORY OF CREATIVE THINKING

The Michael theory states that it is a process of producing something that is both worthwhile and original or characterized by imagination, originality, and expressiveness. Valuable products will be produced to fulfil the target market's needs. The Michael Mumford theory is critical in business since it is used in developing new products and good management (Mumford and Higgs, 2020). The success of any company depends on the creativity of the top management. In imagination, the management team will use the reflective learning skills from past experiences and school so that the decision will be critical. During creative thinking, brainstorming is involved where the solution of coming up with a product to solve the customer needs is derived. Entrepreneurs use creative thinking to improve the product's quality or even change the brand of goods. The business aims to profit and maintain market leadership while satisfying customer needs. That is why entrepreneurs must always be creative. The entrepreneur usually uses information from scanning the business environment, and it will be easy to develop a new product that will attract new customers and maintain the existing customers. The new valuable products designed through creativity can be improved over time according to the information from the customers so that they will be of high quality. Creative thinking involves the following steps: Problem definition, information gathering, concept selection, conceptual combination and recognition, idea generation, idea evaluation, implementation planning, and the last step is adaptive solution monitoring (Mumford and Higgs, 2020).

What Industries & Roles Can Benefit from Design Thinking?

While design thinking was first employed by designers, it has since spread to a wide range of professions. There is a well-known practice of bringing in non-designers, such as chefs, engineers, social scientists, and biologists, to help with projects at IDEO and other design firms. Design, technologist, and business strategist all work together to apply this process to give value to end

customers, engineers, and other stakeholders in their respective industries. The shift change system for nursing personnel should be reworked with the help of design thinking. The Singaporean government has used it to streamline and humanize the application procedure for a work permit in the city-state. At organizations like Toyota, Intuit, SAP, and IBM, design thinking has been applied to solve business difficulties (Baker III, & Moukhlass, 2020). The ability to deconstruct problems in any complex system, be it business, government, or a social organization, is one of the reasons design thinking is becoming so popular in the industry. Large-scale issues such as how to adapt to rapid technological and globalization development, how to provide support for people while also catering to larger companies can be addressed with this method. Every area in a company can benefit from design thinking. Employees can be encouraged to work more productively in bright, open workspaces that are tailored to their individual preferences. Managers should first identify the consumers they are aiming to benefit, and then use all five stages of design thinking to identify and solve any recognized problems. A company's chances of being inventive, creative, and ultimately more human are increased when they use a design-thinking approach.

THE NON-LINEAR NATURE OF DESIGN THINKING

Our Design Thinking process may appear to be linear in nature, with each stage seemingly leading to the next with a logical conclusion at user testing. However, this is not the case. However, in actuality, the process is far more flexible and non-linear than depicted below. Different groups of designers can work on different stages at the same time, or the designers can gather data and prototype during all stages of development to help them bring their concepts to life and visualize the solutions. It's also possible that new prototypes or brainstorming sessions (Ideate) may come from the findings of the testing phase, which can provide new insights about the users (Prototype). Five stages aren't usually sequential; they don't have to follow a precise order, they can occur simultaneously, and they can be repeated. Thus, rather of referring to the stages as a set of sequential processes, it is better to think of them as diverse ways of working toward a common goal. There are five distinct stages/modes that you may expect to go through in any design project, as well as any creative problem-solving effort, while using the five-stage Design Thinking approach (Micheli, Wilner, Bhatti, Mura & Beverland, 2019). Every project will have its own unique set of activities, but the underlying principle of each stage is the same. The steps depicted in the graphic above serve as a guide to the typical activities that you would typically engage in when using Design Thinking. Changing the sequence of these phases, running them simultaneously, and repeating them numerous times might help you discover the best viable solutions for your project and narrow down the solution space. A major advantage of the five-stage paradigm is that knowledge gained at later phases can be sent back to earlier stages, as illustrated in the diagram above. Understanding and defining the problem and solution domains is constantly aided by information. To keep the process going, the designers are always gaining fresh perspectives on the product and its prospective uses, as well as gaining a deeper understanding of the users and the challenges they encounter.

THE ORIGIN OF THE 5-STAGE MODEL

Herbert Simon's groundbreaking 1969 book on design approaches, "The Sciences of the Artificial," laid out one of the earliest formal formulations of the Design Thinking process. There are seven major stages, each of which has a substage and activity, in Simon's model. This model was influential in shaping many of today's best-known Design Thinking processes. While the number of steps might vary from three to seven, they are all based on the same concepts as Simon's 1969 model, which is still widely used in the 21st century. The Hasso-Plattner Institute of Design at Stanford University has developed a five-stage methodology for Design Thinking that we follow (school). Finally, Design Thinking is an iterative, flexible, and user-centered process that emphasizes the importance of bringing ideas to life based on the experiences of real people. Make Your Next Digital Transformation More Successful by Using Design Thinking. When it comes to solving problems, adding value, and meeting customers' demands, Design Thinking is a philosophy that helps. We have also highlighted five stages he takes to incorporate design thinking, if you've been following along here.

• EMPATHY IS THE FIRST STEP

The process begins with the people you wish to design for and assist with your solution, whether they be your clients, users, or other stakeholders. It is suggested that "a fictional character that represents a type of consumer or user" called User Personas be created. Personas can be created through interviewing your customers, observing them, reading their feedback, or any other way that helps you develop a better knowledge of your customers. Digital transformations are more likely to be a success when they make use of a mindset tool like design thinking (Charles, 2022). It's important to know what your target audience wants and needs before creating personas and designing solutions. Further developing this relationship with your users by following the other four steps of design thinking can help you create new technology around them rather than the other way around. Using this information, you will be able to create a product or solution that is almost tailor-made for your customers.

MULTIPLE CHOICE QUESTIONS

- I. When it comes to solving problems, adding value, and meeting customers' demands, _____ is a philosophy that helps.
 - Design Thinking
 - Marketing Plan
 - Value proposition, infrastructure, and markets
 - All of the above

- II. Which of the following is not part of five stages of Design Thinking?

- Empathize
- Define (the problem)
- Brainstorm
- Motive
- Test

III. Design Thinking relies on which of the following?

- Motive
- Empathy
- Test
- Define

IV. Design Thinking is an iterative, flexible, and user-centered process.

- True
- False
- Maybe
- None of the above

V. The Ideation phase should not begin with as many ideas or solutions to problems as possible.

- False
- True
- Maybe
- None of the above

DESCRIPTIVE QUESTIONS

VI. What is the Origin of the 5-Stage Model?

VII. What industries and roles can benefit from design thinking?

CHAPTER EIGHT

DESIGN THINKING FOR DIGITAL BUSINESS (IDEATE, PROTOTYPE, TEST)

Will help you to:

- Understand Ideate
- How to prepare for the brainstorm
- Know the techniques for brainstorming
- Understand prototype
- Know idea testing

INTRODUCTION

As we learned in our previous chapter, Design Thinking is a design process that takes a solution-oriented approach to issue resolution. It is highly beneficial in solving complex, ill-defined or unknown challenges by understanding the human requirements involved, reframing the problem in human-centric ways, brainstorming ideas, and using a hands-on approach in prototyping and testing. Comprehending these five steps of Design Thinking can enable anybody to apply Design Thinking methodologies to tackle complex problems around us – in our businesses, in our countries, and even on a global scale. We will concentrate on the three-stage Design Thinking paradigm. When it comes to teaching Design Thinking, the three steps of Design Thinking we will talk about in this chapter are ideate, prototype, and test. Let us take a deeper look at each of the three stages of Design Thinking.

IDEATE

Ideate is the third step of the Design Thinking process; designers are ready to generate ideas. You learned to understand your consumers and their needs in the Empathize stage, and in the Define stage, you evaluated and synthesized your findings to create a human-centered issue statement. With this solid foundation in place, you and your team members may be able to "think outside the box" to discover fresh solutions to the issue statement you have prepared, as well as various perspectives on the problem (Parizi, Prestes, Marczak & Conte, 2022). Brainwriting Worst Possible Ideas and SCAMPER are just a few of the many ideation tools you can use. Brainstorming and Worst-Case-Scenarios sessions are typical for fostering freethinking and broadening issues. It is critical to generate as many ideas or issue solutions as possible at the start of the Ideation phase. By the conclusion of the Ideation phase, you should have selected some other Ideation approaches to assist you in prototyping and testing your ideas to identify the ideal way to either fix an issue or offer the pieces necessary to sidestep it.

Ideation is frequently the most exciting step in a Design Thinking project since the goal is to produce many ideas that the team can then filter and trim down into the best, most practical or most original ones to inspire new and better design solutions and products. Ideation sessions are all about coming up with new ideas. It is challenging to obtain the perspective needed to identify design solutions. You will need a dedicated location for standing back and seeking and seeing every view to conducting good ideation sessions. But first, your team must identify the appropriate problem to treat. After "Empathize" (gaining user insights via research and observation) and "Define" (identifying links/patterns within those insights to produce a meaningful and feasible issue statement or point of view), Ideation, or "Ideate," is the third phase in the Design Thinking process (Marful, Danquah, Ansah, Ben-Smith & Duah, 2022). Before you start looking for ideas, your team requires a well-defined challenge to work on — a focused problem statement or point of view (POV) to motivate and lead everyone. "How may we...?" inquiries, such as "How might we build an app that finds affordable hotels in safe neighborhoods?" —assist in reframing difficulties and encouraging effective collaboration toward viable solutions.

A trained facilitator and a creative setting, including a ready room with posters of characters' pertinent information, are required to bring individuals together to conjure ideas and circumvent established borders.

Your team also needs guidelines, such as a 2-hour time restriction, quantity-over-quality concentration, a ban on distractions like phones, and a "There is no bad ideas" attitude. Participants might challenge generally held assumptions and explore options beyond these hurdles by being courageous and curious (Park & McKilligan, 2018). Team members should build on each other's ideas, identify methods to connect thoughts, detect patterns, and turn impossible concepts over to expose fresh insights. The creative process and creative principles are listed hereunder:

- Creativity is the act of imagining something new, whereas innovation is putting something new into action.
- In this sense, creativity is an essential component of every innovation initiative, whether to develop a new product, service, process, social/organizational transformation, or business model.
- Creativity is not an event but rather a process that can be comprehended. This creative process is taken up by the design thinking method.
- Creativity is defined as the capacity to generate novel, startling, and useful ideas.
- To generate such ideas, we need a new way of looking at issues or circumstances that provide unconventional solutions (which may appear disturbing at first), known as Creative Thinking.

To be creative, you need to brainstorm. What is brainstorming? Brainstorming is the mother of all creativity practices ("using the brain to storm the problem. It is a group activity strategy that is used to produce a large number of ideas for issue solving. It is a popular tool among academics, researchers, and business teams. The value of brainstorming is not in the ideas generated; rather,

it is in the framework of shared value and evaluation that is formed (Grönman & Lindfors, 2021). The brainstorming process produces a group of individuals with a common perspective and an understanding of each other's communication styles and can subsequently provide a valuable and effective critique of future work on the issue. Now that we know what brainstorming is, let's talk about the rules to brainstorm appropriately.

PREPARING FOR THE BRAINSTORM

When we're ready to journey into stormy territory, we know we need to brace ourselves for a bumpy ride and bring additional supplies so that we may emerge uninjured on the other side and arrive at our objective. A procedure for generating ideas, such as Brainstorming or Challenging Assumptions, is no exception. Going into a Brainstorm unprepared is asking for problems. You may unintentionally harm your team's view of ideation and scare them away from future creative endeavors. Going into a situation like this might potentially harm team cohesion by forcing team members to clash due to a failed brainstorming session.

RULES OF BRAINSTORMING

No copyright: Other people's ideas may and should be picked up, altered, and improved.
Free expression of ideas: every individual should be allowed to run wild their creativity imagination to develop fresh and creative concepts. Your most insane Ideas are always welcome.
No over critique: Each criticism a rating is deferred to a later face the so-called killer words must be strictly avoided. It should be avoided that the flow of ideas is misconstrued or that participants are hindered in this manner. Commenting is also prohibited.

QUANTITY SHOULD TAKE PRECEDENCE ABOVE QUALITY

As many as feasible should be produced quickly. This criterion ensures that the thoughts offered are as spontaneous as possible. As a result, these guidelines should be placed on the flip chart and made apparent to everyone participating in the brainstorming session.

BRAINSTORMING VARIATIONS

• STEP-BY-STEP BRAINSTORMING

Following a first printing session, the most intriguing concept is a jumping-off point for the next brainstorming session. This enables you to locate ideas ranging from a generic answer to a unique one.

• ANONYMOUS BRAINSTORMING

The participant's thought is put in block letters on a brain card. A mediator read the anonymous ideas out, and on that basis, they were either brainstormed further or grouped and evaluated.

- **VISUAL BRAINSTORMING/BRAIN PAINTING**

Graphed using paper and pencil (or digitally). Discrete sketch-like pictures in the form of spontaneous scribbles that do not need to be flawless and maybe abstracted afterward

- **BLIND STORMING**

The brainstorming takes place with a face mask or in total darkness so that participants are not distracted by visual cues or other participants' gestures/mimics.

- **BRAIN WALKING**

The participants' spontaneous thoughts are printed on a whiteboard or disseminated on posters throughout the room.

- **SPEED STORMING**

Participants trade questions in pairs for a few minutes before switching chairs to talk to someone else.

- **STOP AND GO BRAINSTORMING**

The brainstorming session is carefully interrupted at a certain period and filled with other strategies in the meantime. Alternatively, the phases of idea generation and valuation can be switched.

- **BODY STORMING/ROLE STORMING**

Individuals take on a certain role and discuss it during the brainstorming session. From their point of view, associate/formulate their contributions/ideas. The positions can be specific customers/users characterized by the persona technique.

- **BRAIN STATION**

At separate stations (rooms), groups of participants work on different problems without distinct work zones) using brainstorming. The participants switch stations. After a predetermined time

- **E-BRAINSTORMING**

Ideas are exchanged electronically using chat/instant message networks, allowing people to participate in various venues.

- **BRAINSTORMING IN REVERSE**

There is even reverse brainstorming, which seeks only negative features. The many facets of problems can be considered here. What is currently wrong with the situation? What could go wrong? Why can't the issue be resolved?

- **HEADSTAND TECHNIQUE:**

The question is reversible; it also refers to the headstand approach. What can we do to make X worse? Make it as difficult as possible? Price increase? To turn off as many consumers as possible. Any negative concepts may be transformed into positive (Debowski, Tavanapour & Bittner, 2022).

TECHNIQUES FOR BRAINSTORMING

- **FREEWRITING**

Write down anything that comes to mind.

Don't pass judgment on the writing's quality.

Don't be concerned about style, spelling, grammar, or punctuation.

When you have completed your work and attained your goal, go back over the content and decide on a solution.

- **NOMINAL GROUP TECHNIQUE**

Participants are instructed to write their thoughts anonymously. The moderator then compiles the suggestions, which the group then votes on.

The most acceptable concept is picked.

- **GROUP PASSING TECHNIQUE**

In a circular group, each individual writes down one concept and then passes the piece of paper to the next person in a clockwise pattern, who adds additional ideas.

This process is repeated until each person receives a piece of paper. By this point, participants will have thoroughly studied each concept.

- **INDIVIDUAL BRAINSTORMING**

It often incorporates free writing, free speaking, word association, and thought mapping techniques. Individual brainstorming is an effective strategy for creative writing.

- **BRAINSTORMING QUESTIONS**

This approach entails brainstorming questions rather than coming up with instant answers and short-term solutions. This can be also done using six crucial questions approach.

- Who?
- What?
- When?
- Where?
- How?
- Why?

PROTOTYPE

The design team will create several low-cost, scaled-down replicas of the product or specific elements found within it to study the problem solutions developed in the previous stage. Prototypes can be shared and tested within the team, across departments, or on a small group outside the design team. This is an experimental phase in which the purpose is to identify the best possible solution to each of the difficulties identified in the previous three phases (Pereira & de FSM Russo, 2018). The solutions are built into prototypes, and, one by one, they are investigated and either approved, enhanced, and re-examined or rejected based on user feedback. By the conclusion of this stage, the design team will have a deeper understanding of the product's restrictions and issues and a clearer picture of how real users would behave, think, and feel while engaging with the finished product.

CONCEPTUAL DESIGN & CONCEPTUAL MODEL

The designer creates a conceptual model as a high-level strategy for how the product/service operates and fits together. Conceptual design is the first stage of design. It is the initial product and service step in which drawings, other illustrations, or models are used. Its purpose is to offer a description of the proposed product in terms of specifications, Integrated ideas, and conceptions about what it should accomplish, how it should act, and how it should appear in a way that users can comprehend. It is the design of interactions, experiences, processes, and strategies, and it is the point at where people, knowledge, products, services, processes, and profitability collide, with each serving as a different color on the designer's canvas based on more abstract thinking before a precise design can be constructed (Deitte & Omary, 2019). The concept model is the interface's base, upon which numerous user interfaces can be built. It also entails design decisions but must adhere to the principles and vocabulary of the concept models. The idea models are translated into objects that people can view and interact with through interface design.

IMPORTANCE OF PROTOTYPE

- Communicate with stakeholders and debate ideas
- Create specs and requirements
- Problem-solving and learning
- Evaluate the efficiency of the interface in communicating conceptual models
- Save time and money by developing a conceptual and physical design

FOUR QUALITIES OF PROTOTYPING

• REPRESENTATION

This prototype version is primarily intended for usage in presentations and keynote speeches. That might be a pen and paper, a digital device, or a code.

- **EVOLUTION**

The prototype's life cycle. Some are meant to be iterated and repeated until the desired output is achieved. While others are simply developed and discarded after the desired outcome is achieved.

- **INTERACTIVITY**

The feature is now available to the user. Specifically, interactions might be totally functional, moderately functional, or not functional at all

- **PRECISION**

The prototype's fidelity is defined here. It describes the amount of detail, realism, and overall design. Low-fidelity and high-fidelity are two examples.

TYPES OF PROTOTYPING

There are two types of prototyping

- Low- Fidelity prototype
- High-Fidelity Prototype

Low-fidelity prototyping is meant to offer designers a basic model or sample of the product that has to be tested, is likely to be unfinished, or only uses a subset of its intended functionality.

The low-fidelity prototype, also known as a low-tech, low-fi, or lo-fi prototype, is a semi-finished prototype that focuses on function, structure, and process and provides the simplest framework and parts of a web/app.

FUNCTIONS OF A LOW FIDELITY PROTOTYPE

Low-fidelity prototypes are often basic and inexpensive methods of communicating, exploring, and modifying ideas in the early phases of development, and their objective is to assist and offer answers to the designers' questions. The low-fidelity prototype is used to display the overall form of the design idea and the major features necessary to operate properly. But it is mainly used as a proof of concept and to assist in developing insight regarding the final appearance (Micheli, Wilner, Bhatti, Mura & Beverland, 2019).

ADVANTAGES OF LOW FIDELITY PROTOTYPES

- Low cost: The cost of a low-fidelity prototype is meager.
- Quick feedback: Instead of focusing on every interface aspect, designers may just follow their design ideas and produce a basic and testable product in a matter of minutes.
- Simplicity and iterate: Without going into too much depth, why prototype does not need money or professional talents. Furthermore, additional individuals may join and participate in the same project, and designers can easily make modifications and iterate the prototype during the calibration process.

- Simple to gather input: Because it is low cost and easy to carry and exhibit, designers may immediately share it with other people to obtain design feedback.

DISADVANTAGES OF LOW-FIDELITY PROTOTYPES

A low fidelity prototype frequently necessitates some user creativity, generally based on a scenario developed in advance by the research team, restricting the outcome of user testing.

Interactivity is limited—complex animate. Sessions or transitions cannot be conveyed with this prototype style.

FUNCTIONS OF A HIGH-FIDELITY PROTOTYPE

High-fidelity prototyping is often computer-based and allows for realistic (mouse-keyboard) user interactions. High-fidelity prototypes get you as near a genuine portrayal of the user interface as feasible. High-fidelity prototypes are thought to be far more effective in gathering actual human performance data (for example, time to complete a job) and demonstrating actual goods to clients, management, and others. The high in high-fidelity refers to comprehensiveness that allows designers to explore usability questions and draw conclusions about user behavior thoroughly. High-fidelity prototypes look and perform as closely as possible to the final product. Teams typically produce high-fidelity prototypes when they have a good idea of what they want to build and need to test it with actual users or receive final-design clearance from stakeholders. Three distinct characters of high-fidelity prototype

- **CONTENT**

Designers make use of actual or close-to-real content. The prototype contains most, if not all, of the material that will appear in the final design.

- **VISUAL DESIGN**

Design that is realistic and detailed — all interface components, spacing, and visuals seem exactly like the genuine version of the product.

- **INTERACTIVITY**

Interactions between prototypes are extremely realistic.

ADVANTAGES OF HIGH-FIDELITY PROTOTYPE

- **MEANINGFUL INPUT DURING USABILITY TESTING**

High-fidelity prototypes frequently seem to consumers as to actual items. This means that test participants will be more willing to participate in usability testing sessions. Act naturally, as if they were interacting with the genuine thing

- **INDIVIDUAL UI ELEMENT OR INTERACTION TESTABILITY**

High-fidelity interactivity allows you to test graphical features like affordance or specific interactions like animation transitions and micro-interactions.

- **CLIENT AND STAKEHOLDER BUY-IN IS SIMPLE**

This prototype form is beneficial for showing stakeholders. It provides clients and potential investors with a clear understanding of how a product is designed to function. A well-crafted high-fidelity prototype piques the interest of your target audience in ways that a low-fidelity, a bare-bones prototype cannot.

- **DIS-ADVANTAGES OF HIGH-FIDELITY PROTOTYPE**

Costs will rise. Making high-fidelity prototypes is more expensive, both time and money, than creating low-fidelity prototypes. Miscommunication and timing Stakeholders might become distracted when high-fidelity prototypes are presented or demonstrated early in the design process. A conversation about functionality may easily devolve into a debate about a missing period; therefore, it is critical to assess where the team is in the design process.

- **TESTING**

Designers or evaluators subject the whole product to thorough testing, employing the finest solutions discovered during the prototype phase. During this phase, changes and enhancements are done to rule out problem solutions and obtain a complete understanding of the product and its users. The data acquired during the testing phase is often used to redefine one or more issues and deepen the understanding of the users, the conditions of usage, and how people think, behave, feel, and empathize in an iterative method.

The following fields should be included in the test report.

- Feature coding
- Test data
- Test case number
- The user's competency level
- Result test case wise

TIPS FOR TESTING PROTOTYPE

Provide many prototypes for comparison in addition to extremely promising concepts. Designers might purposefully construct prototypes for ideas that would eliminate inefficiencies. Request feedback without making any comments. Each evaluation on the designer's side might impact the customer's appraisal. Request that the customer make suggestions for or implement improvements to the prototype. The designers used Input Collect GRID's basic application to capture their observational results and user feedback. It was critical to preparing the users for their interaction before the testing session so that designers could proceed with the proper testing mentality (Panke, 2019). Designers must be sensitive to comments and surprise discoveries throughout the testing

process, rather than becoming defensive about the input they get about their prototype or justifying the reasons for their design. This grid is divided into four quadrants.

- Designers recorded their consumers' comments on what they appreciated about the prototype in the first quadrant.
- The user's constructive comment is contained in the second quadrant.
- The questions that surfaced throughout the testing were housed in the third quadrant.
- The fourth quadrant comprised new ideas or enhancements that arose due to the testing.

TESTING WITH THE END-USER

When designers test with end-users, they have another opportunity to empathize and learn something new that may be utilized to improve their prototypes. Testing shifts the attention back to end-users, revealing secret insights that designers could never have predicted without having end-users interact with their prototype. When testing with end-users, designers must consider four factors.

- The design prototypes
- Situation and context
- The interaction between the user and the designer.
- The process and method for observing, collecting input, and reflecting.

THE POINT ON TESTING TECHNIQUE

The majority of products and services are used on an individual basis. One-on-one interviews are generally more productive than focus group sessions. During focus group sessions, people/end-users influence one other's opinions, which may compromise the testing results following the interviews; it is helpful to do a focus group session (Panke, 2019). One of the most difficult aspects of the testing phase is locating people who embody the target personas. Testing requires a fully equipped test laboratory. Design thinking teams may be hesitant to dedicate a specified time and budget for testing sessions. Observing users as they engage with the solution can be enough to discover and evaluate most problems.

MULTIPLE-CHOICE QUESTIONS

- I.** Ideate that brainstorming is an important aspect; which is a rule for brainstorming?
 - No copyright
 - Observing users as they engage with the solution
 - Speed and blind brainstorming
 - Communicate with stakeholders and debate ideas.

- II.** When testing with end-users, designers must consider some factors; which option is correct?
 - The design prototypes
 - Situation and context
 - The interaction between the user and the designer.
 - All of the above

- III.** There are two types of prototypes?
 - big and small fidelity prototype
 - Medium and large fidelity prototype
 - low and high-fidelity prototype
 - none of the above

- IV.** What should be included in the test report?
 - Feature coding
 - Test charge
 - Test red note
 - Total cost

- V.** What is a concept model?
 - The interface's base, upon which numerous user interfaces can be built.
 - The first stage of the design
 - Problem-solving and learning
 - Process in which drawings, other illustrations, or models are used

- VI.** What is the creative process and creative principles?

- VII.** What are the six crucial questions when brainstorming?

- VIII.** When is best to prototype?

CHAPTER NINE

BUSINESS MODEL FOR NEW VENTURE

Will help you to:

- Understand what business model is
- Know types of business models
- Understand the steps to create business model design
- Differentiate between business model and business plan

INTRODUCTION

Our minds are innovative and always give us ideas. Once we have that excellent profit-making idea up in our heads, it becomes an endless cycle of thoughts. Most times, it is challenging to determine where to start. Some people think the first step is to design a logo, while others struggle with the right business name. The proper steps are always complicated, but you can never go wrong with a business model.

When you decide to start a new venture, a business model is an ideal way to have your thoughts in order. It is safe to know that new ventures are risky and prone to failure. The easiest way to avoid failing is by having a comprehensive business model. It will serve as a guide for turning your new idea into a successful business.

Before proceeding with your new speculative business idea, you have to be sure you want to do it. There are specific questions to answer concerning your new venture. Are you in it for profit or flexibility? Is your new venture an existing idea in the market or industry of your choice? If yes, how would you present this business differently to your target audience? Is your capital worth the risk of this new venture? These are some questions that a business model will help you answer and give you a narrow focus for your new venture.

WHAT IS A BUSINESS MODEL?

Every new venture needs a roadmap and a blueprint to avoid failure. The business model is the right tool for owners to determine how their business will work. A business model is how a business makes money. Your prototype is irrelevant if you do not have a business model. It explains what your business does and the value it will offer to the market and industry (Kraus, Palmer, Kailer, Kallinger & Spitzer, 2018). A business model explains whom a business is for, what purpose it serves, and the plans to achieve these goals.

A business model is a strategic plan that helps you break down your business idea for better understanding. It defines the new venture and makes profit-making easy to determine. A business model innovation focuses on the economic, cultural, and social values of a company. A business model is different from a business strategy (Ferreira, Fernandes, Veiga & Hughes, 2021). It describes how a company is run. It is the framework of how a business will add value to the market.

Every new venture needs a business model because it gives an idea of different ways to create something.

If you create a new venture from an existing company, the business model will be interdependent. It is a different way a company wants to profit from the already existing establishment. For a better mental image, if company G has to create a new venture, capital is needed. The new venture, now known as company H, will be an enterprise of its own. The business model will contain the products and services of company H and what it has to offer to the market. A business model is essential for every company that wants to create value and generate income (Stål, 2018).

Every business model focuses on creating, delivering, and capturing value while also focusing on profit. A new venture has to generate value to be successful. For a new venture to create value, it needs to solve problems. The value is delivered through marketing and distribution of products under this new venture, and to capture value, products need to be sold at a price people can afford. A standard business model addresses the business offer (what is the value proposition of your product to your customer?), customer intent on using your product, and the resource value of your product to the consumer. The business model helps new and old ventures avoid challenges in the future (Kaminski, et al., 2020).

TYPES OF BUSINESS MODELS FOR A NEW VENTURE

Now that you understand the reason for a business model, it is safe to know that there are over 50 types of business models. Depending on the new venture, you have in mind; these business models will add value and generate profit.

- **THE MANUFACTURER:**

An example of this business model is an automobile company. When a new automobile is ready, it is sold to the retailer, who pushes it to the consumer. The manufacturer's business model uses raw materials to produce valuable offers to the consumer (Trapp & Kanbach, 2021). Green entrepreneurship and business models: Deriving green technology business model archetypes. Journal of Cleaner Production, 297, 126694. Sometimes the manufacturer sells directly (especially in the clothing industry) to the consumer (Paul & Rosado-Serrano, 2019). It is the most basic business model as it uses raw materials or already existing parts to create a new product. The products can also get outsourced to another company giving rise to the Business-to-business or B2B model.

- **DISTRIBUTOR:**

As the name implies, the business model of a distributor is to resell products to the public or retailers. A custodianship company is an example of a distributor business model. The company buys its products directly from the manufacturers and is a middle point. They always have to come up with effective promotion strategies to bring profit.

- **RETAILER:**

If your new venture focuses on making a profit through retailing, then your purchase comes directly from the wholesaler or manufacturer. The retailer business model enables the company to create value for its customers while also a profit from the manufacturers. Pharmacies are a suitable example of a retailer business model. They sell products that add direct value to their consumers.

- **FREEMIUM:**

Have you ever had an application on your phone offer your 7-days free trial? Or one of your favorite applications restricts you from using some add-ons until you pay a certain amount? It is how freemium works. It is one of the most common business models in the digital world. With this business model, you disperse your product into different categories. A consumer with access to the basic plan has limitations instead of a consumer who has paid for other add-ons in the application (Blanco-García, 2020). The freemium business model is an excellent way for businesses to profit. It is a good marketing strategy that yields results. The freemium business model also attracts users to all the perks of your new venture; this is because humans naturally hate to be left out.

- **SUBSCRIPTION:**

While some people will choose the freemium business model because consumers like free trials, the subscription business model has its benefits. It ensures your consumer gets retained for an extended period. The subscription business model is like a long-term contract between a company and its consumer. Companies like Netflix and Spotify have many consumers because of their subscription business model. There can also be revenues attached to the product to make consumers make payments during this long-term contract. All a consumer must do is pay a certain amount of money between months and a year. It is left for the company to offer the promised value to their consumer to have them come back every time (Shetty, Renukappa, Suresh & Algahtani, 2019). If your new venture is service based, the subscription business model might be the right one for you to try.

- **FRANCHISE:**

The illustration made earlier about company G and company H is an example of how the franchise business model works. If Company G is the parent brand, company H can distribute and retail its products while paying royalties to company G. In the franchise business model; Company H can retain the brand and model of the parent brand to attract more consumers. It allows for company expansion. An example of a company with a franchise business model is McDonald's. It has a growing number of franchised restaurants around the world.

- **BRICK AND MORTAR:**

When a new venture gets into the brick-and-mortar business model, consumers get a personalized experience of their services. It is a traditional business model that allows a new venture to offer quick and detailed customer service to their consumer. The manufacturers get to interact with the consumer face-to-face. The brick-and-mortar business model is excellent for restaurants and companies that offer food services. The local grocery store uses this business model. Manufacturers get immediate feedback about the value they offer to their consumers.

- **NICKEL-AND-DIME:**

If a new venture decides to use the nickel-and-dime business model, it might involve a lot of risk-taking. The products get sold for a low amount to make a profit. Even though the nickel and dime business model is cost-sensitive, it attracts many customers. Most companies combine two

products and sell at a lower price, it makes people purchase the one they need and the other product they do not need to save cost.

- **ADVERTISEMENT:**

This is one of the most evolving business models. It works with a strategy that supports the selling of adverts. Content restores and media publishers on YouTube use the advertising business model. When a particular sponsor gives them a free product, they help generate revenue by selling it to the audience. There are different types of advertisement, print, media, direct mail, television, etc.

- **AFFILIATE BUSINESS MODEL:**

This is a way to offer value to consumers and generate income. Affiliate business models work for a person with traffic on their website. They become a middle point between companies and consumers by selling a service. Income gets generated by featuring or selling services offered by other companies on your website. The websites are paid to review, recommend and feature other company's services. They generate income with every sale that the company gets.

- **AGENCY-BASED BUSINESS MODEL:**

The agency-based business model primarily offers freemium services to its users. If your new venture is an agency-based one, it means other companies will hire you to complete a task. If a company needs to recruit new staff, they always reach out to a talent recruiter or human resource agency. The talent recruiter runs an agency-based business model. It also applies to companies that need designers, website developers, digital marketers, etc. Apple has an ad agency that runs its business promotion. The agency-based business model generates income by monetizing the traffic on their website and generating leads for other companies.

- **E-COMMERCE:**

In every market industry, a company is always leading. In the Chinese market, Alibaba tops the list. It serves as a middle point between lots of companies and consumers. Alibaba as an e-commerce business model, offers the same services like Amazon, connecting companies to their consumers. When a product gets sold on Alibaba, they collect a certain percentage and allow the seller to take the rest. The percentage Alibaba keeps is how an e-commerce business model generates revenue (Von Delft & Zhao, 2021). They allow sellers to grow their business and earn a fixed percentage for every product sold. There are various types of e-commerce business models. The business-to-business (B2B), customer-to-business (C2B), customer-to-customer (C2C), business-to-customer (B2C), and all allow each party to run a transaction through an online shopping platform. Walmart, eBay, and Amazon run the e-commerce business model.

- **DROP-SHIP BUSINESS MODEL:**

The business model is almost like e-commerce, but it's unique. The new venture that runs a drop-ship business model contacts manufacturers and suppliers of a product with promises to sell their product. If a consumer places an order on the manufacturer's website, the drop-shipper handles the logistics and delivers each package. Income generation in the drop-ship business model does not require inventory or a third party. The new venture makes its money by offering logistics services to the consumer.

- **NETWORK MARKETING:**

Also known as multi-level marketing, the network marketing business model has several people selling a company's products and services. Income in this business model gets generated by adding more people to become a part of the sales pyramid. It is also a form of direct marketing, and it runs on a commission basis. The service or product is marketed directly to the consumers, and the more people added to the network, the more goods or products get sold.

- **BLOCKCHAIN:**

The blockchain business model serves as a digital database or ledger. No one owns the database, but everyone contributes to the growth of this new venture. All revenue and income on the blockchain are recorded on the decentralized digital ledger. The blockchain business model makes a profit from tokens. The new venture offers blockchain as a service and promotes peer-to-peer interaction.

- **HIGH TOUCH:**

Hair salons run the high-touch business model. The owner of the company puts trust and credibility in the hands of their salesperson to offer value to the customer. The customer has no direct communication with the manufacturer of a product or service offered. It follows a series of interactions and strategies of communication to offer value and make revenue. The consumer does not place much value on the person selling this product (Saura, Palacios-Marqués & Barbosa, 2022). It is a partnership between a company and a salesperson or individual in a team. Consulting firms run the high-touch business model to get a percentage of income from a company.

- **LOW TOUCH:**

The low touch business model does not require human communication. It is the opposite of the high-touch business model. The company that runs this business model primarily decreases cost and revenue because they run their services through technology. Consumers have all their needs answered and can acquire a product without human interaction. Ikea runs a low-touch business model and ensures customer service gets satisfied digitally.

- **RAZOR AND BLADES:**

A new venture using the razor and blades business model will have to offer a one-time product at no cost to its customers. With the one-time product comes another product that will require the customer to make repeated purchases. It is primarily for companies that sell complimentary products, and a razor complements a blade. Gaming companies also run the razor and blades business model. When you purchase a game console at a low price, it is only essential to buy the games to play. The company makes its profit from the price of each game attached to the console.

- **REVERSE RAZOR AND BLADE:**

Unlike the razor and blade business model, the new venture offers the complementary product at a higher price. The razor gets sold at a higher price, while the blade comes at a pocket-friendly price. A consumer can only enjoy the main product when purchasing the complementary product. Therefore, the company makes a profit while selling off two products. Another example of the reverse razor and blade business model is Apple products. When you purchase an iPhone (which costs a fortune), you can use iTunes at a low price. iTunes offers premium music and can only be

enjoyed while using an Apple product. It allows high customer retention and steady revenue for the company.

- **BAIT AND HOOK:**

The bait and hook business model is, also known as the tied products model, shares similarities with the razor and blade model. The primary product is sold at a low price, and the profit for the company comes from the complementary products. The bait for the consumer is the product sold at a low price, and the hook comes with the customer seeing the complementary product as essential. For example, we download games on our phones for free. When our brains get into the game, the company requires us to pay a certain amount of money to pass a challenging level or get better game features. It mostly comes at \$1.99. Gaming companies make a lot of revenue through the bait and hook business model.

As a new venture, the take-home from these business models is to apply two for better results. The business model you choose depends on the value you offer to your customer. If you combine the Manufacturer Subscription-based High Touch business model with your new venture, you offer extra value to your customers and make profitable revenue.

It is evident that the creation of a new business or venture by an entrepreneur depends on the resources available. This concept is in line with the Resource-Based Entrepreneurship Theory.

RESOURCE-BASED ENTREPRENEURSHIP THEORY

Resource-Based Entrepreneurship theory argues that the resource accessibility of the business's founder is key to predicting the opportunities of entrepreneurship and the growth of the new venture. The theory suggests that valuable resources are rare, cannot be substituted, and are difficult to imitate. The best position for a new venture is successfully in the long term (Hameed et al., 2021).

The theory states that entrepreneurs need valuable resources to establish and run a business successfully. Since money and time are insufficient for an entrepreneur to begin and run a successful business, the theory emphasizes the importance of social, Human and financial resources in discovering new business opportunities as the entrepreneur that creates entry power into the market.

The theory encourages entrepreneurship by empowering the ideas and abilities of entrepreneurs with the resources necessary for actualizing the ideas into business ventures. The strategic resources are believed to grow the capability of the entrepreneurs causing them to be super performance over time in their entrepreneurship responsibilities.

The theory helps entrepreneurs discover the fundamentals of resources and how to improve them to be valuable to a standard of creating competitive advantage in the market for the sustainability of the new venture in the long term (Barney et al., 2021).

STEPS TO CREATE A BUSINESS MODEL DESIGN

Now that you have chosen the type of business model for your new venture, it is time to create the design. There are essential components of every business model. It follows the mobilizing, understanding, designing, implementation, and management phases to create a solid business model.

Your business model needs to have a defined problem that it solves. The product for your new venture will help you determine the three critical problems of your consumer. The first step is to define the problem your new venture solves.

Define your target audience. At the same time, your product has three critical problems to solve, matching each of these problems to a type of customer. It will help you understand your target audience even in a saturated marketplace (Wirtz & Daiser, 2018).

Determine the core aspect of your business offerings. Will your new venture be offering delivery services to customers? When you know the core aspect of your new venture, it is easier to establish a business process.

A new venture requires a strong value proposition. Your business model needs to detail how your company will stand out. What unique selling point or value are you offering to your target? Know your competitors and establish why your company is better than them. Link each value proposition to the product or service you offer.

The partnership is essential for the growth of a new venture. Everyone needs critical partners to help with a functional business. When you create a business model, include partners to help you reach established goals. Select the suitable suppliers, digital agency, and advertising partner to include in your business model.

As a new venture, monetization is essential. Add at least 5 monetization strategies to your business model. With your product, test each monetization and stick to what works. The other strategy will be a backup strategy for your business model.

A generation strategy is a necessary part of your business model. By generating leads for your new venture, you will close sales. The generation strategy in your business model is a good start for your customer journey or roadmap. It lets you understand what the customer would do once they discover your brand. A generation strategy enables you to take action.

With your new venture, you need to leave space for innovation. No one is sure if a business model works until paying customers. Always review your business model and make changes to improve your income and services offered to your customers.

These steps will help you design a suitable business model for your new venture. Remember that the business model is not a static document; changes can always be made. By following the steps, you will have the proper foundation for your new venture (Ramdani, Binsaif & Boukrami, 2019). Business model innovation: a review and research agenda. New England Journal of Entrepreneurship. Business models are keen to evolve.

Also, old businesses can always look at their business models to make changes and adjustments for better revenue.

A suitable business model helps you add value to a market in need. Sometimes, the business model lets you create an entirely new market. Ensure your new venture satisfies the market and answers an unmet need of the customers.

It is best to experiment with your business model before launching. You can send out prototypes to consumers and request honest feedback for the services you offer. The feedback will let you know if your product needs to be tweaked and glitches to be fixed.

Now that you have a suitable business model, it's time to set timelines and milestones until launch day. Hire project managers for your new venture. They will help in molding the evolution of your business. View your new venture from a long-term perspective.

Ensure your business model has the following: Customer needs, value proposition of products or services, revenue streams, key partnership, cost/monetization structure, customer relationship and room for innovation.

Difference between a Business Model & a Business Plan

A business model is a way through which a company generates profit and it's mostly at the center of a business plan. A business plan is a document with the strategy for bringing income to the company over a number of years (Ramdani, Binsaif & Boukrami, 2019). Business model innovation: a review and research agenda. New England Journal of Entrepreneurship. A business plan allows a company to know their financial projection. They are both essential parts of your business planning for a new venture. The business model creates the foundation for a new venture to survive while the business plan gives it structure.

A business plan helps you ensure your company is making money (profit). It shows how a new venture is functioning. A business model cannot function without a business plan. Always remember that the business model explains the marketing equipment needed to retain customers.

MULTIPLE CHOICE QUESTIONS

- I. Why is the business model essential in planning for a new venture?
 - It gives direction on competitive advantage and profit making
 - It gives ideas for a company logo
 - It creates value for a product in the market
- II. Which of the following best defines a business model?
 - A target set over some time to achieve goals
 - A roadmap for business that outlines goals and details of a venture
 - A profit making plan for a company
- III. Which is another word for bait and hook business model?
 - Razor and blade business model
 - Tied product business model
 - Affiliate marketing
- IV. Why is a generation strategy important in the business model of new ventures?
 - It boosts business planning
 - It gives insight on how to convert prospects to lead and generate income.
 - It outlines how a business will compete in a market or industry
- V. Which of the following is not a component of a business model?
 - Value proposition
 - Customer retention
 - Deposit pledge

DESCRIPTIVE QUESTIONS

1. What is the significant difference between a business model and a business plan?
2. What are the components of a business model?

CHAPTER TEN

STRATEGY FOR NEW VENTURE

Will help you to: (10)

- Understand ten Steps to Start Your Business
- Know the Options to Fund a Business
- Know Types of Business Structures

INTRODUCTION

Do you want to be first to market if an opportunity emerges, or is it better to wait and see what happens? When making the decision to be the first to market with a new product or service, what elements should an entrepreneur take into account? To what extent may new ventures be improved? Introducing a new product or service is examined in New Venture Strategy, which provides readers with a framework for thinking about the difficulties associated with new venture success. For instance, market conditions, product or process mimicry, barrier advancement, and independent and corporate venture differences are all examples of factors to consider when deciding when to enter a new market or market sector. Entrepreneurship, new product development, small business, and strategic planning classes will find New Venture Strategy useful. Those who are establishing business strategies and those who are involved in new venture fundraising, marketing and business growth will also find it useful.

TEN STEPS TO START YOUR BUSINESS

• RESEARCH THE MARKET

In order to determine the viability of your business plan, you should undertake market research. This technique makes it easier to get information on potential customers and local businesses. Take a moment to think about how this information can benefit you.

Conduct market research in order to identify potential customers. Market research uses consumer and economic trends to confirm and strengthen your business idea (Anwar, Khan & Khan, 2018). Identifying your target audience early on is crucial to the success of your business. Even if your firm is merely a twinkle in your eye, market research can help you minimize your exposure to risk. The demographics of your target audience can help you discover the best ways to communicate with them. If you're looking for information on the demographics of your target market, this is where you'll find it.

As a beginning point, answer the following questions:

Is there a demand for what you're selling?

It's important to know the size of the market you're targeting.

Indicators of the economy: What is the range of income and the percentage of people employed?

Geographical reach: How far can your company's products and services be delivered to customers?

Availability: How many similar products are already on the market?

How much are these options going to set you back?

Be aware of the current business trends as well. It's critical that you figure out how much of the overall market share is going to affect your bottom line.

It is possible to conduct market research through established channels, or to conduct your own study and speak directly to customers.

You can save a lot of time and effort by using existing sources, but the content may not be as specific to your audience as you would like. You can use it to answer queries about, for example, industry trends, demography, and household incomes, which are both generic and measurable. Check out our list of market research resources or do some research on your own (Hemmert, et al., 2021).

You may learn a lot about your specific target market by asking people what they think about your product or service. Direct investigation, on the other hand, can be time consuming and costly. Using this information, you can find out what people think of your logo, what improvements you can make to the shopping experience, and where customers might go instead of your business.

Direct research can be done in a variety of ways, including:

- Surveys
- Questionnaires
- Discussions in small groups
- An in-depth conversation
- **WRITE YOUR BUSINESS PLAN**

The cornerstone of your company is laid out in your business plan. Using this guide, you'll have a clear idea of how to set up, run, and expand your new company. Using it to persuade others that working or investing in your firm is a good idea is what you'll do with it (Long, Hong & Su, 2021). Business plans aid in the management of your company.

Starting and running a business is easier if you have a solid business plan to guide you along the way. Using your business plan can help you structure, run, and grow your new enterprise. It's a method for contemplating the most important aspects of your company.

In order to secure money or bring in new company partners, a business plan can be quite useful. An investor's first concern is whether or not they will get a return on their capital. In order to persuade others that working with you or investing in your firm is a good idea, you will need a business plan.

Identify a format for your business plan that works best for you

You can write a business plan in any method that works for you. What matters most is that your plan is tailored to your specific requirements.

Traditional business plans and lean startup plans are the most prevalent types.

In a traditional business plan, each portion is broken down into sub-sections with a predetermined format. They can be dozens of pages long and necessitate a lot more labor at the beginning.

Despite the fact that lean startup company plans are less popular, they follow the same basic framework. Your plan's core aspects are condensed into a single paragraph, with only the most critical points highlighted. Typically, they are one page and maybe completed within an hour.

Traditional business plans

as we've always known it In-depth, time-consuming, and all-encompassing, this is the best form of a business plan to create. This plan is frequently requested by lenders and investors.

Lean startup plan

High-level focus, quick writing, and only the essentials are the hallmarks of this style of strategy. You may be asked for further information by lenders and investors.

• **FUND YOUR BUSINESS**

Starting a business is expensive, and your business plan can help you figure out how much money you'll need. Capital must be raised or borrowed if you lack that amount on hand. It's good to know that there are more options than ever to get the money you need. Starting a business requires a significant amount of capital. It's one of the first and most critical financial decisions that smallest business entrepreneurs have to make. This decision could have a significant impact on the way you structure and run your company (Huang, Zhu, Zhang & Ding, 2021).

Figure out how much money you'll require.

There is no one-size-fits-all financial solution for every organization. The financial future of your firm will be shaped by your own financial condition and goal for the company.

• **PICK YOUR BUSINESS LOCATION**

The location of your business is one of the most critical decisions you will ever make. When starting a new business, whether it's a brick-and-mortar establishment or an online store, there are a number of factors to consider, including taxes, regulatory requirements, and revenue generation. The taxes, zoning restrictions, and regulations that apply to your business are determined by where it is located. Starting a business in a particular state, city, or neighborhood will necessitate some forethought.

- Locate your business in the greatest location possible.
- Your firm must be registered, taxed, and granted licenses and permissions at the location you choose.
- It's important to consider your target market, business partners, and personal preferences when choosing a location for your company. The expenses and advantages of various government entities should also be taken into account.
- Business expenditures based on location.
- Determine your startup costs by taking into account the cost differences between your region and the costs of various expenses.
- For example, salaries, minimum wage regulations, property valuations and rental rates are only some of the costs that might vary greatly by area.
- Local zoning ordinances
- If you're going to operate your business out of a physical location, check to see if the zoning ordinances in that area will allow you to do so.
- Commercial or residential development is the norm in most neighborhoods. Specific types of businesses might be restricted or prohibited from operating in a specific region by zoning rules (Mahathevan & Wanninayake, 2020).

- Home-based enterprises may be exempt from some zoning regulations, but they are not exempt from the need to comply with local rules.
- Check with your city's department of city planning or a comparable entity to learn more about zoning restrictions in your neighborhood.
- Taxes imposed by both the state and local governments.
- It is important to consider all three levels of government when thinking about taxes. Each jurisdiction has its own unique set of tax rates for the many categories of income (including sales tax, property tax, and corporate taxes).
- Several states are well-known for their tax policies that favor certain types of businesses. As a result, tech companies, financial institutions and manufacturers tend to cluster in specific regions of the country.
- Investigate your region's tax situation by visiting the websites of your state and local governments.
- Incentives provided by state and local governments
- Tax incentives for small enterprises are available in several states and localities. A state-specific small company lending program or other financial incentives may be available.
- Jobs, energy efficiency, urban redevelopment, and technology are frequently linked to incentives and rewards.
- Decide on a company structure
- There are several factors to consider when deciding on the legal structure of your organization. All of your daily activities, taxes, and the value of your personal assets are impacted by the business structure you choose. Consider the legal protections and advantages of various business structures before making a decision.
- Taxes, raising money, paperwork, and personal liability are all affected by the structure of your firm.
- Before submitting an application to the state, you'll need to decide on a business structure. For most firms, obtaining a tax ID number and obtaining the necessary licenses and permissions are also necessary requirements (Sindakis, Aggarwal & Chen, 2019).

Choose wisely. Depending on where you live, you may be limited in your ability to change your business form in the future. Among the problems that could arise as a result are tax ramifications and an accidental dissolution.

Business counselors, attorneys and accountants may be able to provide assistance.

• REVIEW AND PICK BUSINESS STRUCTURES

This is the next step in your business. You have to select the most suitable business structure for your business. The various business structure that could be considered include sole proprietorship, partnership, limited liability Company, conventional corporation, benefit corporation, close corporation or non-profit corporation.

The legal structure of the business is critical because it influences several aspects of the business in the future, including how much tax the business will pay, the amount of paper work that the business will require, the associated personal liability and ability of the business to raise money.

For instance, while the sole proprietorship is easy to establish, the owners are personally liable to the financial obligations of the business (Velayati, Ayatollahi, Hemmat & Dehghan, 2022).

Therefore, the aspects that should be considered while deciding the legal business model to adopt include the earnings and deductions associated with the structure, the taxations, and tax planning aspects, the exposure to liability in terms of products, services and location of the business. Additionally, the involvement of partners or investors will also influence the structure of the business.

- **CHOOSE A BUSINESS NAME**

It's difficult to come up with a good name for a company. You'll need a brand that embodies your company's values and represents your unique personality. Also, check to see if someone else is using your intended business name.

- **OBTAIN A BUSINESS LICENSE.**

Once you've chosen the ideal company name, it's time to register it and safeguard your brand. The federal and state governments may require you to register if you're operating business under a name other than your own.

- **GET FEDERAL AND STATE TAX IDS**

You'll need your EIN to open a bank account and pay taxes as your business grows, so you'll want to get one as soon as possible. It functions as your company's equivalent of a social security number. Some states, but not all, require you to obtain a tax identification number as well.

- **APPLY FOR LICENSES AND PERMITS**

By adhering to all applicable laws, you can keep your business running smoothly. Depending on your sector, location, and other circumstances, you may require a variety of licenses and permissions for your firm.

- **OPEN A BUSINESS BANK ACCOUNT**

Maintaining a company checking account will help you stay on top of legal, tax, and day-to-day financial matters. The good news is that if you have the proper documentation and registrations, it's simple to get started.

STEPS OF WRITING A BUSINESS PLAN

A traditional business plan style may suit you better if you're a stickler for fine print, need a complete strategy, or want to seek traditional sources of funding.

You don't have to follow the identical business plan outline while writing your company plan. Instead, use the areas that are most relevant to your business and your needs. These nine sections are common in traditional business plans.

- **EXECUTIVE SUMMARY**

In a few sentences, explain what your company does and why you think it will succeed. Include your company's goal statement, your product or service, and some basic information about your leadership team, personnel, and location. If you plan on requesting financing, you should also include financial facts and high-level growth plans.

- **COMPANY DESCRIPTION**

Provide specifics about your business in the description you write for your company's website. Describe in fully the issues that your company resolves. List the customers, organizations, or enterprises your company intends to service.

In order for your firm to succeed, you need to explain your competitive advantages. Your team should have a group of experts. Is your store at the right location? It's okay to brag about your abilities and accomplishments in your job description (Sovacool, Kester, Noel & de Rubens, 2020).

- **MARKET ANALYSIS**

You'll need to have a firm grasp of the prognosis for your industry and the size of your intended audience. In order to see what other companies are doing and how they differ from yours, conduct a competitive analysis. Themes and trends are important to look for in your market research. What are the strategies of the most successful rivals in your industry? Why is it so effective? What can you do better? Here's your chance to respond.

- **MANAGEMENT AND ORGANIZATION**

Describe the organizational structure of your business and the individuals who will be in charge. Tell us about your company's legal structure. C or S corporation? General or limited partnership? Sole proprietorship? Limited liability company? State your business structure here (LLC).

Put your company's hierarchy on display with an organizational chart. Demonstrate how the diverse backgrounds and perspectives of your team members are critical to the venture's success. Take into account the resumes and curriculum vitae (CVs) of essential team members.

- **PRODUCT OR SERVICE LINE**

Describe the product or service you're selling or providing. Explain the benefits to your customers and the product's lifecycle. If you are planning to file for copyright or patent protection, let your colleagues know. Explain in detail what you're doing for your service or product's R&D.

- **MARKETING AND SALES**

There is no one-size-fits-all approach to marketing. For each individual, a customized plan is necessary.

Describe how you plan to attract and keep clients in this portion of your proposal. You'll also explain how a sale will actually take place. Remember to include all of your marketing and sales tactics in this section because you'll need them later on when making financial estimates.

- **FUNDING REQUEST**

If you're requesting financial assistance, this is where you'll detail your money needs and ask for assistance. An important part of your plan is to be able to articulate how much money you'll need in the next five years and what you plan to do with it (Suppatvech, Godsell & Day, 2019).

Select the type of financing you want, the conditions you prefer, and how long you want it for. Make it clear how you intend to spend the money you've received. You can use the funds to buy equipment or materials, to pay salaries, or to cover specific bills until your revenue increases. Specify your needs. Describe your long-term financial goals, such as paying off debt or selling your firm, in your resume.

- **FINANCIAL PROJECTIONS**

Provide financial predictions in support of your financing proposal. As a business owner, your goal is to persuade the reader that your company is steady and profitable.

If your company has been around for three to five years, include income statements, balance sheets, and cash flow statements. Make sure to indicate any additional collateral you may have available to secure a loan.

Provide a five-year forecast for the financial situation. Predicted income statements, balance sheets and cash flow statements should be included in the financial forecasts. You should utilize quarterly or even monthly estimates for the first year. If you're asking for financing, make sure your estimates and demands are in sync (Schoneveld, 2020).

A fantastic location to include financial graphs and charts is in your company's annual report.

- **APPENDIX**

Supporting documents and other materials might be included in your appendix. Items like credit histories, resumes, product photos, letters of recommendation, and various kinds of permits and licenses as well as legal documents and contracts should all be included.

OPTIONS TO FUND A BUSINESS

There are several options for funding your startup, and the first step is figuring out how to get it.

- **Self-funding can help you start and grow your business.**

Also known as "bootstrapping," this method allows you to use your own money to help fund your firm. Withdrawing from your 401(k) or other retirement assets can be a viable option for self-funding (k).

As a result of self-funding, you retain full control over the company, but you also assume all of the risk. When withdrawing money from retirement funds, be careful not to spend more than you have. Your plan's administrator and a personal financial counselor should be consulted before making any changes to your retirement plan (Bonini & Capizzi, 2019).

- **Borrow money from investors in the form of venture capital.**

Venture capital investments can be made by investors to help you get your business off the ground. In exchange for a stake in the company and an active involvement, venture money is typically offered.

There are numerous ways in which venture capital varies from conventional financing. In the case of venture capital, this is what happens:

- Focuses on fast-growing businesses
- Instead of taking out a loan, the investor returns funds in the form of equity.
- In exchange for more rewards, one takes greater risks.
- An investment strategy with a longer time horizon than standard sources of funding

At the very least, venture funders will demand a seat on the company's board. As a result, you should be ready to part with some of your company's ownership and control in exchange for funding.

To secure venture capital funding, here are the steps to follow. In order to secure venture financing, there are no guarantees, but the process normally follows the same fundamental phases.

Find an investor

An "angel investor" or a venture capital business may be able to help you. To ensure that the investor is trustworthy and has previous experience working with start-up companies, make sure you complete adequate background investigation (Anwer, 2019).

- **Share your business plan.**

Your business plan will be examined by the investor to ensure that it fulfills their investment criteria. An industry, a region, or a company's stage of development is the focus of the majority of investment funds.

- **Perform a thorough investigation.**

There are a lot of things investors look at when they're considering a potential investment in your firm.

- **Defining the terminology**

Agreement on a term sheet, which details the investment terms and conditions, must be reached first if they want to invest.

Investment

It is possible to obtain the money once you have agreed on a term sheet! When a venture capital firm invests in a startup, it takes a hands-on role. A "round" of venture capital funding is the usual. Further rounds of financing are made available as the company achieves milestones, with pricing adjustments made as the company executes its plan.

Fund your company through the use of crowdsourcing.

It is possible to generate money for a business through the efforts of a big group of people known as "Crowdfunder's" through the use of crowdfunding. If you're crowdfunding, you aren't an investor because you don't get a stake in the company and you don't expect a financial return.

In exchange for their investment, Crowdfunder's anticipate a "present" from your company. In many cases, this gift is the product you want to sell or other particular benefits, such as meeting the business owner or their name in the credits. People who desire to create artistic works (such as a documentary) or physical products find crowdsourcing to be an appealing choice (like a high-tech cooler).

As a result of the little risk involved, crowdfunding has become a popular option for small businesses. In addition to having complete control over your company, you are often not obligated to reimburse your Crowdfunder's if your idea fails. Don't forget to read the fine print and understand your financial and legal responsibilities on every crowdfunding platform.

- **Borrow money to start your own business.**

Consider a small business loan if you wish to run your own company but lack the cash to do so. You need to have a business strategy, an expense sheet, and financial projections for the next five years in order to get a loan. These calculators can help you estimate how much money you'll need and show the bank that you're a good risk to lend to.

Contact banks and credit unions to request a loan once you have all of your materials ready. To receive the greatest deal on your loan, you'll need to shop around.

TYPES OF BUSINESS STRUCTURES

• SOLE PROPRIETORSHIP

An easy-to-form sole proprietorship gives you full control over your firm. As long as you engage in commercial activities but do not register as a business entity, you are considered a sole proprietorship.

Unlike corporations, there is no independent legal entity created by a sole proprietorship. This means that your personal and business assets and liabilities are not separate. It's possible that you'll be held personally responsible for the business's debts and responsibilities. A trade name can still be obtained by sole proprietors. Because you cannot sell equity in your business, it may be difficult to raise capital, and banks are wary of lending to sole proprietorships.

Low-risk enterprises and individuals who wish to test their business idea before creating a more formal business can benefit from sole proprietorships.

• PARTNERSHIP

Partnerships are the simplest form of business ownership for two or more persons. LPs and LLPs, or limited liability partnerships, are the two types of partnerships most found in business (LLP).

One general partner has unlimited liability, whereas the other partners have restricted liability in a limited partnership. A partnership agreement specifies the extent to which the limited-liability partners are able to exert influence over the business. The general partner — the partner without restricted liability — must pay self-employment taxes as well as personal tax returns.

Similar to limited partnerships, limited liability partnerships limit the responsibility of each participant. Each partner in an LLP is shielded from liability for the activities of the other partners, thus they are not liable for the obligations of the partnership.

For enterprises with numerous owners, professional groups (such as law firms), and organizations looking to test their business ideas before forming a more formal business, partnerships may be a viable option to consider.

• LIMITED LIABILITY COMPANY (LLC)

An LLC combines the advantages of a corporation with those of a partnership.

If your LLC goes bankrupt or is sued, your personal assets, such as your car and house, will not be at risk. This is because LLCs protect you from personal liability in most cases.

Protecting your personal assets and separating them from your business assets is a key benefit of forming an LLC.

Profits and losses from a corporation can be transferred to your personal income tax return tax-free. However, members of an LLC are self-employed and must contribute to Medicare and Social Security through self-employment taxes.

Many states restrict the duration of an LLC's existence. It is possible for some states to demand that an LLC be dissolved and re-formed when a member enters or exits, but only if there is an agreement already in place inside the LLC for transferring ownership interests.

Choosing an LLC can be a wise decision for firms with a moderate to high level of risk, owners who wish to preserve large personal assets, and owners who wish to pay a lower tax rate than that of a corporation.

- **CORPORATION**

A corporation, also referred to as a C corporation, is a legal entity distinct from its founders and shareholders. Corporations can profit, be taxed, and be held liable for their actions in the legal system.

Although corporations give the best protection against personal liability for its owners, the process of establishing one is more expensive. More extensive record-keeping and operating systems are also required by corporations.

Corporations, unlike sole proprietorships, partnerships, and LLCs, are subject to income tax. When a corporation produces a profit, it is subject to corporate tax twice: once when the profit is realized and again when dividends are distributed to shareholders and reported on their personal tax returns. Unlike individuals, corporations have a distinct existence apart from their owners. However, C corporations can continue their operations if one or more shareholders leave or sell their stock.

The ability of corporations to raise capital via the selling of shares may also serve as an advantage in luring new staff.

Medium and high-risk enterprises, as well as those seeking to go public or be sold in the future, can all benefit from becoming corporations.

- **S-CORP**

Double taxation is an issue for conventional C corporations; a S corporation, also referred to as a S corp, is a specific sort of S company designed to prevent it. S corporations allow gains and some losses to be routed straight to the owners' personal income without being subject to corporate tax rates.

In most states, S corporations are taxed as if they were a separate legal entity, and stockholders are taxed as such. In some states, S corporations are taxed on profits above a certain threshold, whereas in other states, S corporations are not taxed at all, and the business is treated as a C corporation.

In order to become a S corporation, S corporations must file with the IRS, which is a separate process from registering with their state.

S corps are subject to additional restrictions. To see if you qualify, visit the IRS's website. A C corporation's stringent filing and operational procedures will still apply to you.

Like C corps, S corps have their own lives. Even if a shareholder decides to leave or sell their shares, the S corp will be able to carry on as usual.

Businesses that would otherwise be C corporations but meet the requirements to file as a S corporation can benefit from a S corporation.

- **B CORP**

In the United States, a benefit corporation is a for-profit corporation that is recognized in a majority of the states. In terms of purpose, responsibility, and openness, B corporations differ from C corporations; nonetheless, they do not differ in terms of taxation.

Both mission and profit drive B corporations. Some type of public benefit is expected from the corporation in addition to a financial gain from its shareholders. Depending on the state, B corporations may be required to produce annual benefit reports that demonstrate their positive impact on society.

Although there are a number of third-party certification services, none are required in states where the legal status of B corporations is accessible to be legally regarded a B corporation.

- **CLOSE CORPORATION**

Close corporations are similar to B corporations, but they are organized differently. Smaller businesses don't need to adhere to the same rules and regulations as larger organizations, because to this.

In most states, public trading of stock is illegal. A board of directors is not required in closely held firms, which are managed by a small number of shareholders.

- **NONPROFIT CORPORATION**

Charitable, educational, religious, literary, and scientific endeavors are the primary goals of nonprofit businesses. Nonprofits are eligible for tax-exempt status, which means they don't have to pay state or federal income taxes on any profits they make because their work helps the public. Nonprofits are required to register with the Internal Revenue Service (IRS) rather than their state in order to receive tax exemption.

Nonprofit corporations must adhere to the same set of guidelines as a standard C Corp. Additionally, they must abide by a set of rules regarding how they spend their money. They can't, for example, give away revenues to their members or political causes.

Nonprofits are frequently referred to as 501(c)(3) corporations, after the Internal Revenue Code section that grants tax-exempt status to the majority of them.

- **COOPERATIVE**

An organization or business that is owned and operated for the benefit of its customers is referred to as a co-op. Members, or "user-owners," are entitled to a share of the cooperative's profits and earnings. Typically, the cooperative is administered by an elected board of directors and officers, with ordinary members having the authority to vote on the cooperative's direction. Cooperative members can buy shares, but the number of shares they own has no bearing on how much influence they have in decision-making.

- **UTILIZE A VARIETY OF BUSINESS MODELS:**

It's important to remember that tax statuses such as "S corp" and "nonprofit" are more than just business designations. C corporation, S corporation, or non-profit status can all be applied to an LLC. There are fewer of these arrangements, and they can be more time consuming and harder to organize. Consult a business advisor or an attorney if you're thinking about one of these non-standard arrangements.

- **COMPARE AND CONTRAST BUSINESS MODELS:**

It's important to realize that each state's corporate structure may differ from the others when comparing these general characteristics. Please use the information in this table solely as a starting point. Confirm your company's specific requirements by speaking with a tax consultant.

MULTIPLE CHOICE QUESTIONS

- I. Maintaining a company checking account will help you _____ stay on top of legal, tax, and day-to-to-day financial matters.
 - Design Thinking
 - Marketing Plan
 - Value proposition, infrastructure, and markets
 - All of the above
- II. Before submitting an application to the state, you'll need to _____ empathize with your customers
 - define (the problem)
 - decide on a business structure
 - motive
 - test.
- III. A corporation is a legal entity distinct from its founders and shareholders.
 - True
 - False
 - Maybe
 - None of the above
- IV. There is a one-size-fits-all approach to marketing. For each individual, a customized plan is necessary.
 - True
 - False
 - Maybe
 - None of the above
- V. It's not necessary your company's hierarchy on display with an organizational chart.
 - False
 - True
 - Maybe
 - None of the above

DESCRIPTIVE QUESTIONS

- VI. What are some common business structures?
- VII. Explain the Market Analysis of Business plans in the traditional format?

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