

Innovation in General Management with respect to Entrepreneurship

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ARTICLE DETAILS

Article History

Published Online: 03 Oct 2018

Keywords

Innovation, Entrepreneurship, McKinsey's 8 questions

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ABSTRACT

In the competitive world, people can no longer establish a business just by imitating an existing business. Out of each new business started, people expect something different and this makes every entrepreneur to be an innovator not just a risk taker. It is important to convince that the innovative idea would actually work in favor of the society and overall development of the economy. It is important for the innovative entrepreneurs to ask themselves the eight questions presented by McKinsey to understand where they stand and where they need to improve. This paper tries to highlight the importance of innovation in this competitive world.

1. Introduction

"Nobody talks of entrepreneurship as survival, but that is exactly what it is and what nurtures innovation and creative thinking" – Anonymous

Innovation and entrepreneurship are two faces of a single coin. It is always in such a way that a creative person will end up doing something innovative and it will be a trend in the respective business world some or the other day. Thus innovation is the key essence of emerging entrepreneurship. An entrepreneurship to be a successful one there should be both entrepreneur and innovator. Innovation is applying creativity with skill to come up with new ideas. Innovation can be considered as a global currency as it not only gives a business competitive edge but also is an answer for several problems faced by the economy. Innovation gives an organization an edge for business continuity along with growth and prosperity.

What is entrepreneurship?

Entrepreneurship is the ability to take calculated risk with confidence to achieve organizational goals and objectives. Entrepreneurship is a risk taking factor which is responsible for the end result in the form of success or failure of a business. It involves key elements like – Innovation, Risk taking, Vision and Organizing skills.

According to Peter F Drucker, entrepreneurship is neither a science nor an art. It is a practice. It is knowledge based. Knowledge in entrepreneurship is a means to an end that is by the practice.

Who is an Entrepreneur?

In simple words, he is a person who starts or sets his business. The main quality for an Entrepreneur is risk taking and innovation. According to Adam Smith, entrepreneur is a proprietary capitalist, a supplier of capital, at the same time working as manager intervening between labor and consumer.

Why is entrepreneurship, call of the day?

It is a solution for unemployment; with emerging entrepreneurs in all sectors the employability of human resource has seen a drastic change. Every new entrepreneur gives working opportunity to more skilled labors. Entrepreneurs play a major role in mixed economy where the growth is shared by public and private sector.

What is Innovation?

Innovation is: production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and establishment of new management systems. It is both a process and an outcome. - Crossan and Apaydin based on Organisation for Economic Co-operation and Development (OECD) manual.

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

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

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

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

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

Characteristics of innovation

- It involves looking into things with a new perspective
- It is a process and not an activity
- It has no set dimensions
- It creates demand in the market

2. The eight essential questions of innovation by McKinsey

Aspire

Do you regard innovation-led growth critical, and do you have cascaded targets that reflect this?

President John F. Kennedy's bold aspiration, in 1962, to "go to the moon in this decade" motivated a nation to unprecedented levels of innovation. A far-reaching vision can be a compelling catalyst, provided it's realistic enough to stimulate action today.

Establishing a quantitative innovation aspiration is not enough, however. The target value needs to be apportioned to relevant business "owners" and cascaded down to their organizations in the form of performance targets and timelines. Anything less risks encouraging inaction or the belief that innovation is someone else's job.

Choose

Do you invest in a coherent, time and risk balanced portfolio of initiatives with sufficient resources to win?

Fresh, creative insights are invaluable, but in our experience many companies run into difficulty less from a scarcity of new ideas than from the struggle to determine which ideas to support and scale. At bigger companies, this can be particularly problematic during market discontinuities, when supporting the next wave of growth may seem too risky, at least until competitive dynamics force painful changes.

Innovation is inherently risky, to be sure, and getting the most from a portfolio of innovation initiatives is more about managing risk than eliminating it. Since no one knows exactly where valuable innovations will emerge, and searching everywhere is impractical, executives must create some boundary conditions for the opportunity spaces they want to explore. The process of identifying and bounding these spaces can run the gamut from intuitive visions of the future to carefully scrutinized strategic analyses. Thoughtfully prioritizing these spaces also allows companies to assess whether they have enough investment behind their most valuable opportunities

Discover

Do you have differentiated business, market and technology insights that translate into winning propositions?

Innovation also requires actionable and differentiated insights—the kind that excite customers and bring new categories and markets into being. How do companies develop them? Genius is always an appealing approach, if you have or can get it. Fortunately, innovation yields to other approaches besides exceptional creativity.

The rest of us can look for insights by methodically and systematically scrutinizing three areas: a valuable problem to solve, a technology that enables a solution, and a business model that generates money from it. You could argue that nearly every successful innovation occurs at the intersection of these three elements. Companies that effectively collect, synthesize, and "collide" them stand the highest probability of success. "If you get the sweet spot of what the customer is struggling with, and at the same time get a deeper knowledge of the new technologies coming along and find a mechanism for how these two things can come together, then you are going to get good returns," says Alcoa chairman and chief executive Klaus Kleinfeld.

The insight-discovery process, which extends beyond a company's boundaries to include insight-generating partnerships, is the lifeblood of innovation.

Evolve

Do you create new business models that provide defensible and scalable profit sources?

Business-model innovations—which change the economics of the value chain, diversify profit streams, and/or modify delivery models—have always been a vital part of a strong innovation portfolio. As smartphones and mobile apps threaten to upend old line industries, business-model innovation has become all the more urgent: established companies must reinvent their businesses before technology-driven upstarts do. Why, then, do most innovation systems so squarely emphasize new products? The reason, of course, is that most big companies are reluctant to risk tampering with their core business model until it's visibly under threat. At that point, they can only hope it's not too late.

Leading companies combat this troubling tendency in a number of ways. They up their game in market intelligence, the better to separate signal from noise. They establish funding vehicles for new businesses that don't fit into the current structure. They constantly reevaluate their position in the value chain, carefully considering business models that might deliver value to priority groups of new customers. They sponsor pilot projects and experiments away from the core business to help combat narrow conceptions of what they are and do. And they stress-test newly emerging value propositions and operating models against counter moves by competitors.

Accelerate

Do you beat the competition by developing and launching innovations quickly and effectively?

Virulent antibodies undermine innovation at many large companies. Cautious governance processes make it easy for stifling bureaucracies in marketing, legal, IT, and other

functions to find reasons to halt or slow approvals. Too often, companies simply get in the way of their own attempts to innovate. A surprising number of impressive innovations from companies were actually the fruit of their mavericks, which succeeded in bypassing their early-approval processes. Clearly, there's a balance to be maintained: bureaucracy must be held in check, yet the rush to market should not undermine the cross-functional collaboration, continuous learning cycles, and clear decision pathways that help enable innovation. Are managers with the right knowledge, skills, and experience making the crucial decisions in a timely manner, so that innovation continually moves through an organization in a way that creates and maintains competitive advantage, without exposing a company to unnecessary risk?

Scale

Do you launch innovations at the right scale in the relevant markets and segments?

Some ideas, such as luxury goods and many smartphone apps, are destined for niche markets. Others, like social networks, work at global scale. Explicitly considering the appropriate magnitude and reach of a given idea is important to ensuring that the right resources and risks are involved in pursuing it. The seemingly safer option of scaling up over time can be a death sentence. Resources and capabilities must be marshaled to make sure a new product or service can be delivered quickly at the desired volume and quality. Manufacturing facilities, suppliers, distributors, and others must be prepared to execute a rapid and full rollout.

Extend

Do you win by creating and capitalizing on external network?

In the space of only a few years, companies in nearly every sector have conceded that innovation requires external collaborators. Flows of talent and knowledge increasingly transcend company and geographic boundaries. Successful innovators achieve significant multiples for every dollar invested in innovation by accessing the skills and talents of others. In this way, they speed up innovation and uncover new ways to create value for their customers and ecosystem partners.

Mobilize

Are your people motivated, rewarded and organized to innovate repeatedly?

How do leading companies stimulate, encourage, support, and reward innovative behavior and thinking among the right groups of people? The best companies find ways to embed

innovation into the fibers of their culture, from the core to the periphery.

They start back where we began: with aspirations that forge tight connections among innovation, strategy, and performance. When a company sets financial targets for innovation and defines market spaces, minds become far more focused. As those aspirations come to life through individual projects across the company, innovation leaders clarify responsibilities using the appropriate incentives and rewards.

3. Problem Statement

Entrepreneurship without innovation is like entering into a risk market. In a country like India we need innovative practices to overcome population and current employment issues.

4. Objectives of the study

- The main objective of this study is to understand the importance of innovation in entrepreneurship
- To take into consideration few innovative practices
- To spread awareness about innovative practices

To achieve the first objective we had a conversation with the small scale retail shopkeepers in and around our locality where their response was that with the emerging new mall concept they are lagging in their business. So clearly this gives us the necessity for innovation which is required to develop and continue the business in a long run.

The few innovative practices that drew our attention where

- App based delivery concept like Swiggy, Zomato
- Electric Vehicles (EV) from Ather Energy
- Online furniture renting services like Furlanco
- Auto accessory company like Bolt
- News in 60 words from Inshort

This paper aims to spread awareness of innovation through creative thoughts and taking inspiration from the above innovative entrepreneurs.

5. Conclusion

Like necessity is mother of all inventions, innovation is back bone of a sustainable business. The word innovation and entrepreneurship if goes hand in hand it will be easy for everyone to witness a drastic change in the business practices followed across the nation. An entrepreneur who thinks out of the box may not succeed in the short term but if his ideas are nurtured and supported for a longer duration, one can expect to reap benefits out of innovation.

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