

Entrepreneurship & Innovation

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Lecture 6

ENT 511

Entrepreneurship & Innovation



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Creativity and Opportunity



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Students Need to know



What is startup?



What is Idea generation and its process?



What is Opportunity?



What is Creativity ?



What is the difference between creativity and opportunity?

The first answer is fairly obvious – it's a new business!

However, we should think about this a little more closely.

Looking back at your first-year studies, the work you've already done and your reading, we hope that you've noticed that businesses change and develop over their lifetimes. They go through "stages of growth" or "staged development".

As businesses develop, so they need different strategies to support progress.

Start-up is only the first phase of the business lifecycle, so it is worth looking at the strategies, plans and challenges that affect that particular phase.

What's a Startup?

Challenges – Professional and Personal

Professional

How much will it cost?

Where will we get the money?

How do we distribute our product?

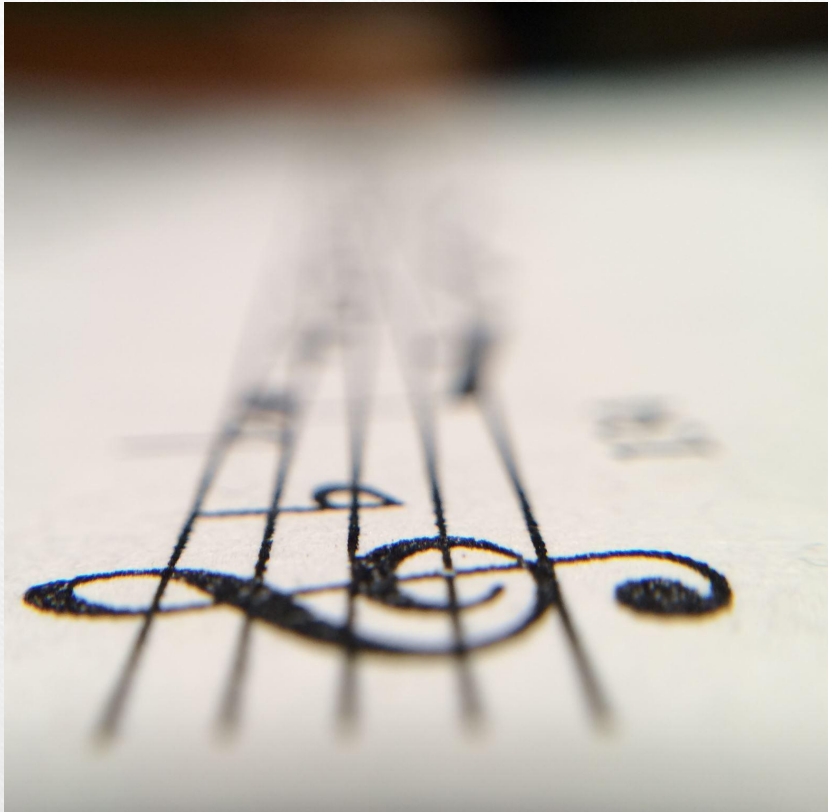
How do we identify our market?

Etc., etc., etc.

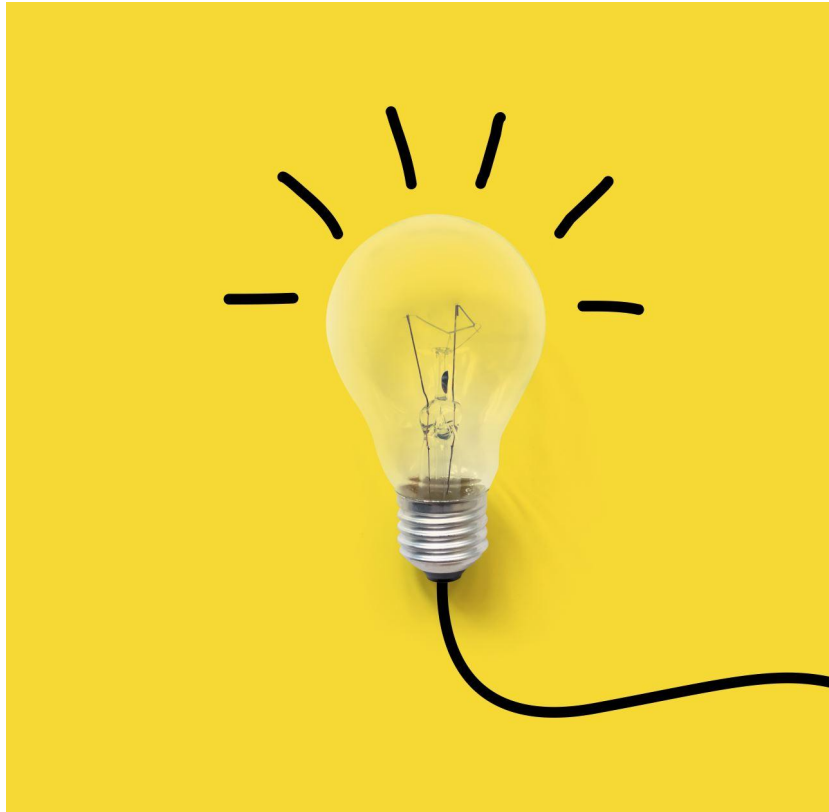
Personal

- Do I understand the business?
- Who will buy this?
- Why will they buy it from me?
- What is the risk?

What is Creativity?



- We often associate the term with artistic endeavour – writing, painting, making music.
- However, we can be creative in business life as well.



A definition:

- “...the ability or quality displayed when solving hitherto unsolved problems, when developing original and novel solutions to problems others have solved differently, or when developing original and novel... products” (Parkhurst, 1999).



What does the definition tell us?

It tell us that:

- Creativity can be about developing new products

BUT

- It can also be about developing new solutions.

Solutions?

What do we mean
by solutions?

In this context, it
could mean

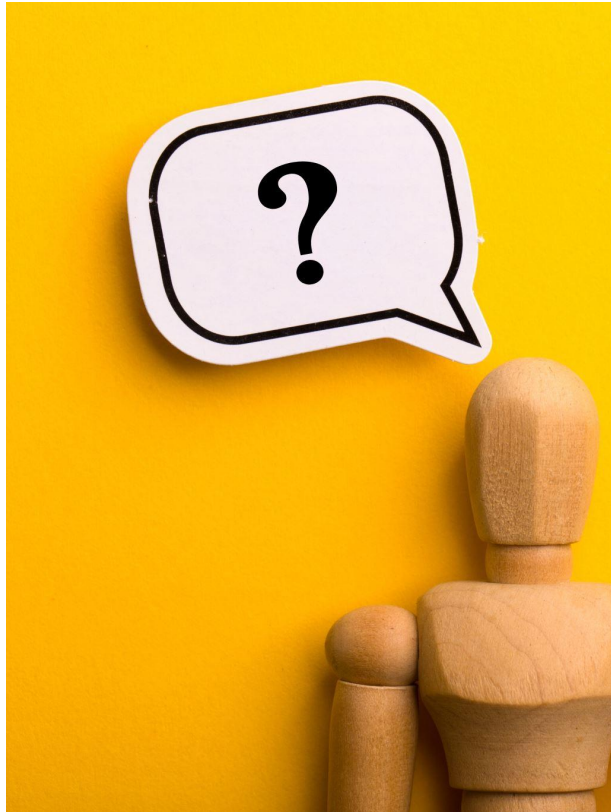
- new processes to help us do something better
- new ways of using existing products
- new services to supply to new or existing customers

etc
New ways of
thinking about
things!



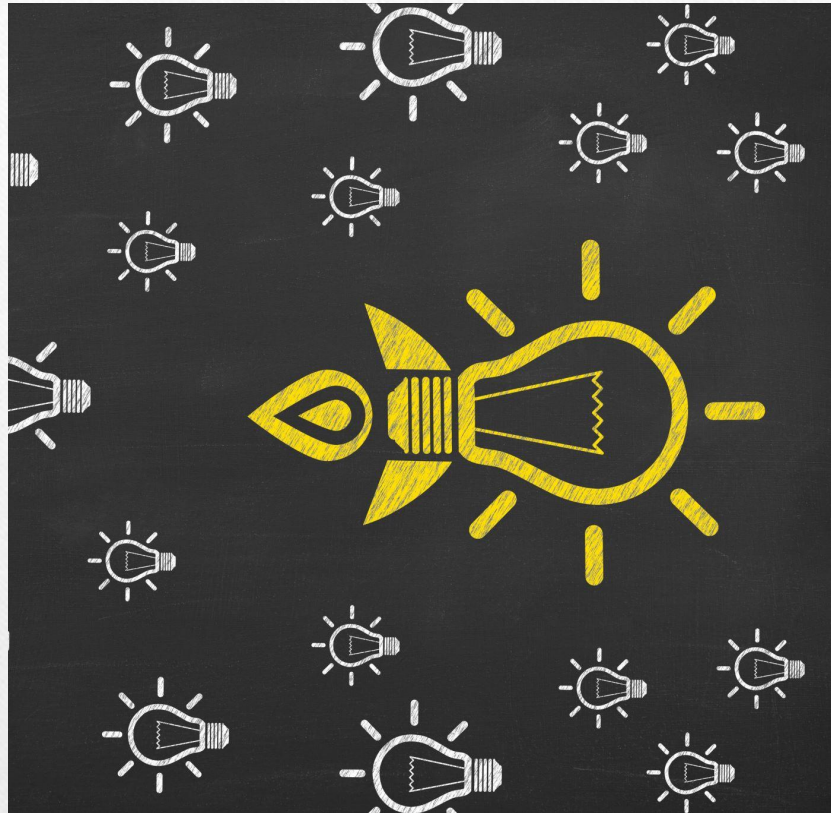
“Solving Problems”

- Take care with this use of the word “problem”...
- The normal use of this word might suggest that there is something wrong
- In a business context, we might use the word simply to represent something which makes the customer’s activities less efficient/enjoyable/simple



“Solving Problems”

- So, a “problem” might be something quite trivial, everyday or simple – however, by providing a cost effective solution, we please our customer and make money
- Examples
 - Velcro – a simple alternative to the shoelace.
 - A keyring that beeps – you can find your keys anywhere in the room
 - Gore-tex – water resistant jackets.



Creativity and Commerce

So, think of creativity in terms of ways of thinking which support commercial opportunities, whether in developing new processes, services or products.

What's an Opportunity?

“An opportunity has the qualities of being attractive, desirable and timely and is anchored in a product or service which creates value for buyer or end user”

- A new or improved product
- A new service
- A new means of production
- A new way of distributing the product or service
- An improved service
- New combinations
- Or a hybrid of the above





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Opposing Definitions



We can therefore see that there is a difference between the commonly held definitions of “Creativity and Opportunity” and the definitions used in a business context.



We may think that creativity is related to artistic or cerebral activity and opportunity is a matter of chance.



Business management theory suggests that in a commercial context, creativity can be learned or developed and that it need not relate to complete novelty; opportunity can be created or developed.

Example: Rise of Levi's

- Problem:
 - Working Clothes for Mining Workers do Not Last
- Solution:
 - First Pair of Jeans





Who is Creative and How Can We Be Creative?

- Are creative people born or made?
- Think back to your first year management studies and discussions of what constitutes an entrepreneur, and whether these skills can be learned.
- The literature suggests that creativity can be innate (you're born with it), but can also be learned (you get better with practice).

Creativity – Nature or Nurture?

- Let's look at the field of music:
- If we want to be great musicians what do we need?
 - A good “ear” – which may have some biological origin
 - Talent – again, an innate trait.
 - But also THEORY, STUDY, PRACTICE, PRACTICE, PRACTICE!
- If I am super-talented through natural chance, I may become a great pianist – but only if I study hard
- If I am not super-talented but I study hard, I may not be the greatest pianist in the world, but I can certainly become competent – and even make a living from it.

Nature or Nurture

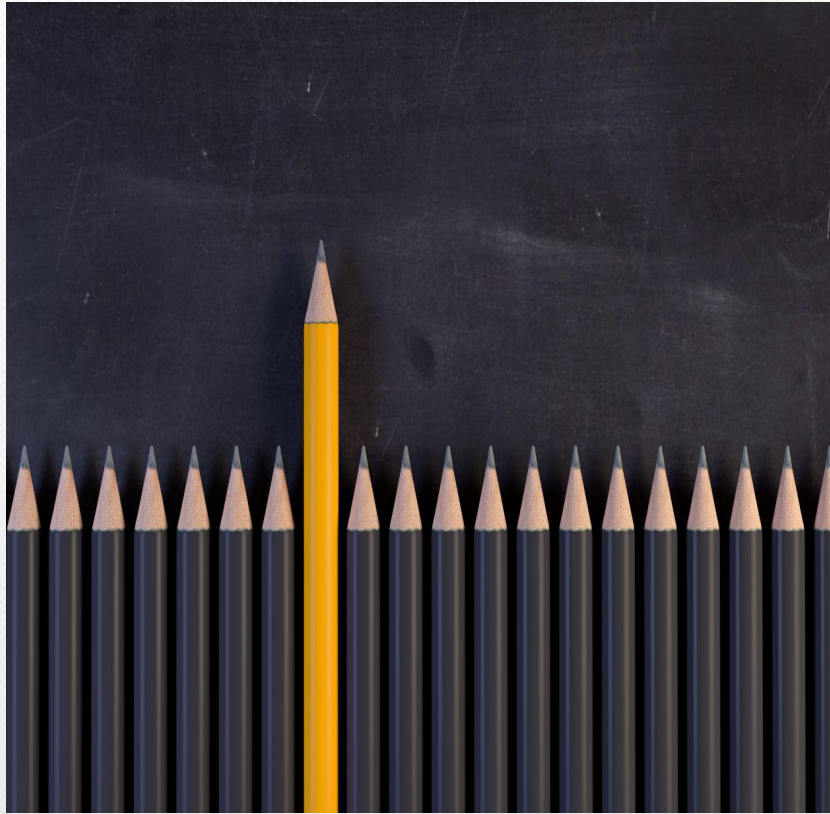
- If business creativity depends on nature, then only a few of us can operate in that sphere.
- Result – business grinds to a halt!
- Luckily, we know, from experience and from research that we can learn techniques which support creativity.
- So, we may not all be creative business gurus who come up with fabulous ideas while sitting in our armchairs

BUT

- We can apply creative techniques and thinking processes which help us develop new ideas and keep our businesses flexible and successful.

Why is Creativity Important?

- All business sectors seek novelty
 - Consumer products
 - Media
 - Fashion
 - Travel
- Even seemingly conventional sectors respond to novelty, e.g. medicine seeks new formulations of existing drugs.
- Note that some novelty may be “better”, e.g. better medicine, some is simply a response to the desire for something new, e.g. fashion.
- So, a continual drive for novel developments suggests that creative thinking is key to success.



Can We Learn Creativity?

We can argue that although we might not be able to learn how to turn ourselves into creative people, we can learn how to think about business creatively.



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Creative Thinking

- What are some of the attributes of creative thinking?
- Flexibility – willing to look at an issue from many angles, not set in our ways.
- Originality – attempts to find non-typical responses to problems.
- Non-judgemental – not rejecting a potential solution without giving it appropriate consideration.

What Stops Business Creativity?

Barriers are understandable, but nevertheless can prevent or slow the development of new ideas:

- Fear – change is always frightening.
- Risk – am I risking my established business?
- Convention – we've always done it this way.
- Self-doubt – if it's that good, surely somebody else would have made it by now?
- Fear of failure



Creating Creativity



- We don't just sit waiting for the "lightbulb moment"
- We approach our problem systematically



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De Bono's creative process



1. Generating knowledge and awareness

- Reading, learning, researching, finding out about the world in general and the area in which you wish to operate

2. Incubation

- Time for reflection

3. Idea generation

- Using your own knowledge and creative thinking techniques e.g. brainstorming, to create ideas

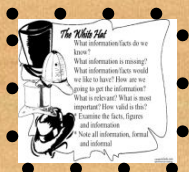
4. Evaluation and Implementation

- Choosing your idea and making it work!



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Edward De Bono: 'Six' Thinking Hats (1985)



Archives, Reports, Media, Articles, Books, Biographies, Images, Audio & Digital Media



Does my Direction Feel Right? Could I be Looking in the Wrong Place? Asking the Wrong Questions?



What Can I do Different? Is there Anything More to Look at? What are the Weaknesses?



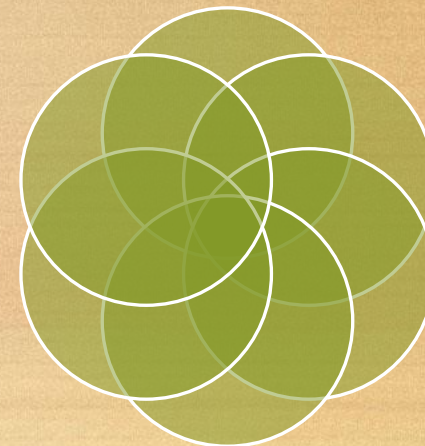
Benefits to Independent Artists? Why is it Worth it? For Whom is it of Interest? Why Can it Be Done? Because it Can.....



Alternative Ways? New Methods or Tools? New Stance? New View of Your Original Stance?



What Has Been Done? What is Still to do? How to Proceed?





The White Hat

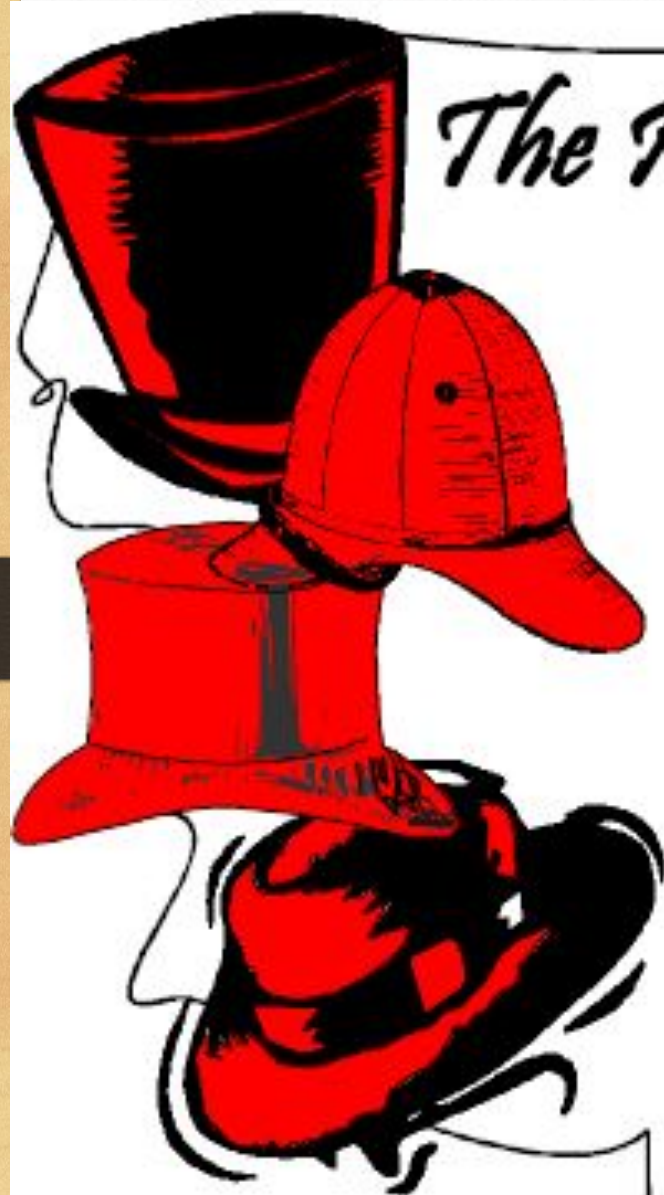
What information/facts do we know?

What information is missing?

What information/facts would we like to have? How are we going to get the information?

What is relevant? What is most important? How valid is this?

- * Examine the facts, figures and information
- * Note all information, formal and informal



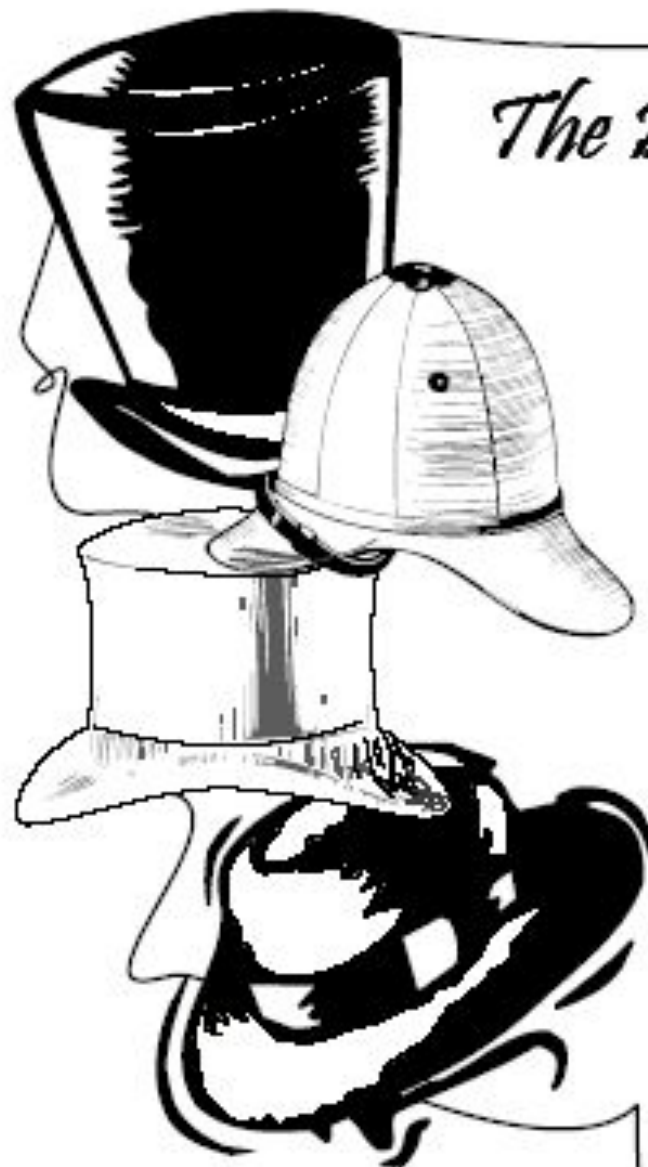
The Red Hat

How do I feel about this right now?

How cold or warm do I feel about this?

How am I reacting to this?

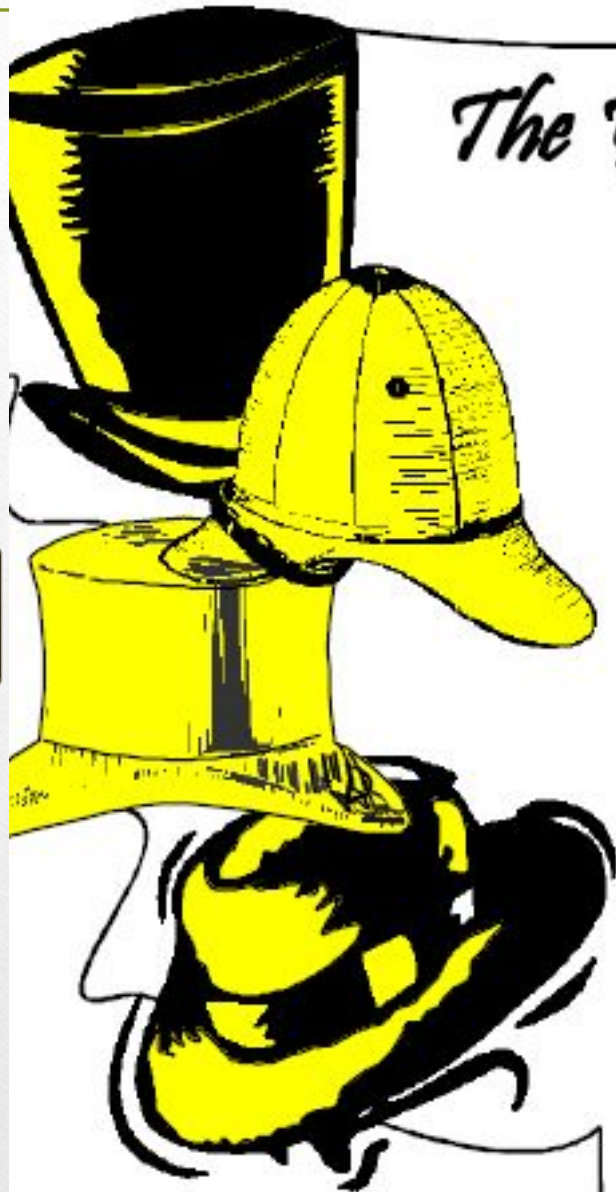
- * Intuition
- * Feelings
- * Hunches
- * No need to justify feelings.



The Black Hat

Is this true? Will it work?
What are the weaknesses?
What is wrong with it?

- * Caution
- * Judgement
- * Assessment.
- * Logic
- * Evidence
- * Consequences
- * Weaknesses
- * If things will work



The Yellow Hat

What are the good points?

What are the benefits?

Why will this idea work? Why is this worth doing?

How will it help us? Why can it be done?

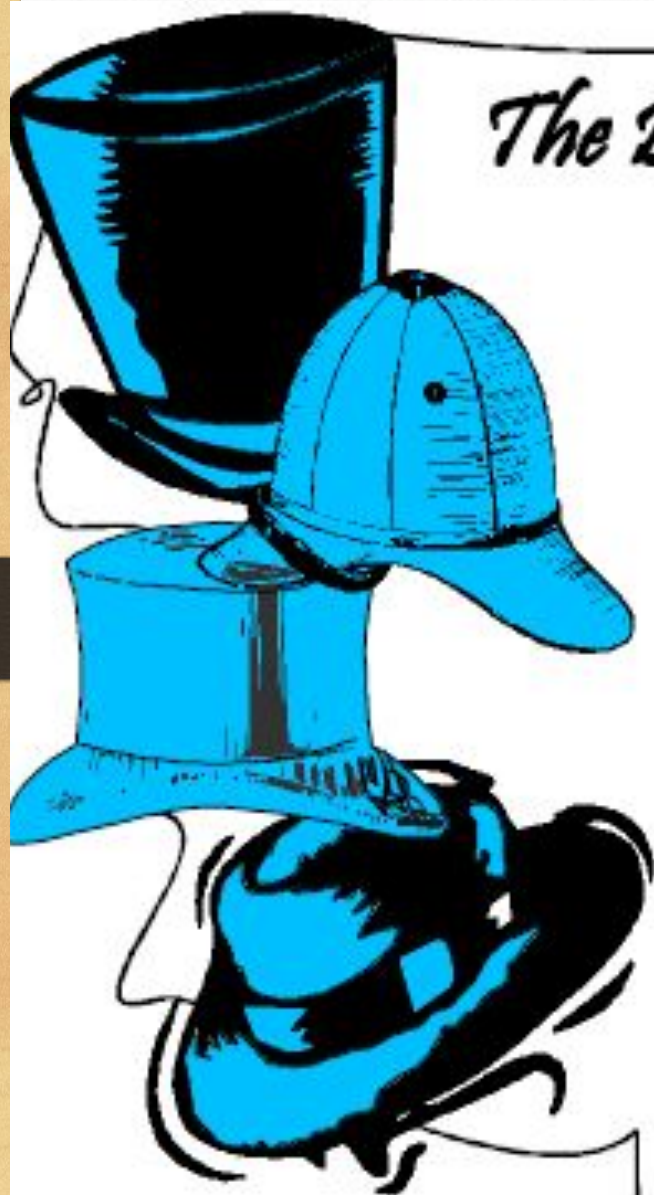
- * Optimism and sunshine
- * Logical positive view of things
- * Feasibility
- * Opportunity.



The Green Hat

What are some possible ways to work this out? What are some other ways to solve the problem?

- * Plants springing from seeds, movement, creativity..
- * New, different ideas
- * Suggestions
- * Alternatives and enhancing
- * Ways to solve problems
- * Proposals



The Blue Hat

What have we done so far?

What do we do next?

What decision have we reached?

- * Controlled
- * Orchestra conductor
- * Thinking about thinking
- * Organisation
- * Getting focus & purpose
- * Making up a thinking plan
- * Making decisions & conclusions

The Unique Blue Hat

The blue hat is different from the other hats because it is involved with directing the thinking process itself

We use the blue hat whenever we suggest the next hat to be used

The blue hat need not be acknowledged at every turn however there are some points which it is often helpful:

At the outset of a discussion – *Lets decide what we want to think about and which hats we will use?*

At a midpoint to restate the thinking goal – *I think we are getting away from what we wanted to talk about. Can someone recall what we decided to talk about?*

At the end to summarise what thinking has been done – *Think of a sentence that tells about what we have been doing today?*



Evaluation Sequence

- To discover the positive aspects and negative aspects of an idea. You use the **yellow hat** (sunny optimism) before the **black hat** (caution).
- You could follow up with the **green hat** (*new ideas*) and **red hat** (*emotion, feelings*) thinking.
- **Examples:** *Consider positive and negative*
- Not doing homework one night

Caution Sequence

- Looking critically at situations. You are first considering facts with the **white hat**.
 - Then use the **black hat** to discover difficulties.
 - This can be followed up with some **blue hat** or **red hat** thinking.
 - **Examples:** *consider the consequences*
- Not letting someone know where you are going.

Design Sequence

- Creating:
 - New ideas
 - Products
 - Improvements to existing designs.
- For this, we could use the **blue (control)**, **green (creative new ideas)** and **red (emotions, feelings)** hats.



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Other Sequences

Red + White

- *Comparing fact and opinion*

Black + Yellow + Green

- *Comparing and synthesising (coming up with new ideas from the known)*

White + Blue

- What do we know (*facts*) and where are we going (*planning*)

Example: Creative Problem Solving Steps

1. Problem Definition

I Used the *Explorer* Mindset To look at the Larger Issues Related to Entrepreneurship (Quadrant C and D thinking) Then to find the main issues of interest the *detective* mindset was used (using Quadrant A and B thinking)

2. Idea Generation

In the second stage, brainstorming a multitude of creative ideas using the imaginative, intuitive mindset of an *Artist* (Quadrant C and D thinking)

3. Idea Synthesis

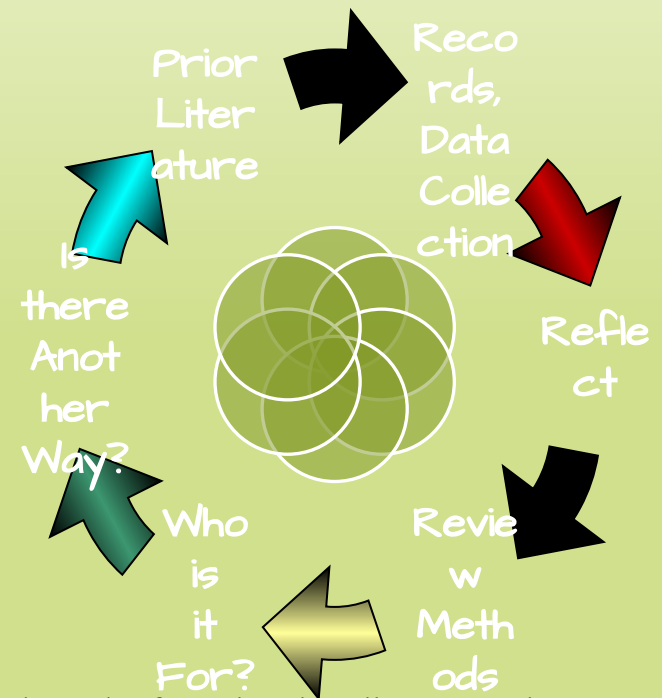
In the creative idea evaluation phase, I try to obtain more practical, solutions using the mindset of an *engineer* (Quadrants D and A thinking)

4. Idea Judgement

In the critical idea evaluation phase, I must determine which ideas And solutions are best, thinking like a *Judge* (Quadrants A and B)

5. Solution Implementation

Putting the solution into practice requires the mindset of the *producer* where the focus is primarily on carrying out the data collection within the research project (Quadrant B and C are especially important, but the whole brain must be used)





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Recognising an Opportunity



Opportunities are not like raindrops – they do not fall at our feet.



Well, not usually! From time to time something might just happen which allows an entrepreneur to move forward.



However, if we wait for an opportunity to turn up, we will probably never succeed.



As creative businesspeople we seek or develop opportunities.

Drucker's Opportunity Scan

- Internal

1. The unexpected - can we react to change?
2. Incongruity – can we cope with the difference between what we thought would happen and what actually happened? This could create an opportunity.
3. Inadequacy in underlying processes – can exiting processes and procedures be improved?
4. Changes in our industry or our market – can we respond positively?

- External

1. Changes in demographics – age, income, health, etc.
2. Changes in perception, mood, meaning - can we react to changes in fashion, culture, attitudes.
3. New knowledge – science and industry affect our products and processes.

Idea Generation



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Ideas?

- Coming up with an innovative idea on which to base a business start-up or project is not easy
- Most ideas come to us through experience – often negative experiences
- Problem solving and idea generation often go hand in hand
- Change is a catalyst in much the same way – change creates new ‘problems’ requiring new ‘solutions’

The Business Idea: Ideation

- Opportunity identification
- Creativity - idea generation
- Idea development
- Continual refinement

Examples: Change

- What were the main business opportunities associated with the drink-driving laws?
- What were the main opportunities associated with the smoking ban?

Innovation in the wider sense

- Just as opportunities can be created by changes in the environment, the environment can be changed by ideas that have been developed into opportunities.
 - Low cost airlines
 - Internet

New Industries: Low Cost Airlines

- The Airlines
 - Entrepreneurial idea – revolutionised the industry. E.g.,
 - Use of remote airports – reduces cost
 - On board catering sales – income
 - Seat allocation sales – income
 - Other opportunities created by this change, e.g.,
 - Bus services from remote airports
 - Retail expansion at formerly low-use airports
 - Accommodation
- LOOK FOR CHANGE TO GAIN IDEAS

Developing Creativity



Brainstorming –
alone or in a
group



E-brainstorming



Templates – A
problem,



Templates - An
interest

Brainstorming

- Brainstorming – non judgemental
- All ideas count
- Do not try and evaluate as you go on



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Reading



- Fillis, I. (2002) An Andalusian Dog or a Rising Star? Creativity and the Marketing/Entrepreneurship Interface. *Journal of Marketing Research*, 18(1), 379-395.