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Lecture 3

Entrepreneurs - Opportunity & Creativity

Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives



www.uwtsd.ac.uk

Objectives

- Understand the importance of opportunity recognition for entrepreneurship to business in the UK and worldwide.
- Understanding the creative process that many entrepreneurs possess

Opportunities & Luck

- Can we create more opportunities for ourselves?
- Can creativity be learned?

What is luck?

- Are some people more lucky than others?

'The secret of Luck'

- [Derren Brown...the secret of luck](#) (brief article and video)
- One specific individual, Wayne, is convinced that he has no luck, so Derren sets a few things up to test the hypothesis he is putting forward
- ... basically, that “luck” has nothing to do with the supernatural or fate, but is more about what is going on inside our heads ... those who are lucky are simply folks who have seen an opportunity and grasped it, but those who are unlucky are folks blind to such opportunities.
- Longer video - <https://vimeo.com/34133694> (45mins)

VIDEO



<https://youtu.be/Xswt8B8-UTM>

- They illustrate this quite well with ‘unlucky’ Wayne. A fake scratch card is planted in Wayne’s mail, if he scratches it, he gets to win a TV (for real), but he tossed it in the bin.
- They set up a fake interviewer in the street giving away £20 to anybody who can answer six questions (these are all questions that relate to what Wayne does). A few folks answer correctly and win the £20, but when Wayne wanders by, he explains that he is busy and does not stop to find out what it is all about.
- Derren even places £50 on the footpath, then when Wayne walks by a few minutes later, he fails to see it and just carries on.

What sort of things can we do as individuals to make ourselves 'luckier'.

- i.e. can we create more opportunities for ourselves?

*“Entrepreneurship is the pursuit of **opportunity** without regard to resources currently controlled”*

Harvard Business School professor Howard Stevenson

Opportunities

- Do we create (make) opportunities?
- Do we find opportunities (research)?

DISCUSS

Is Luck found?

- Study market segments – what type of businesses are doing well?
- Look for areas of potential growth
- Find the most profitable
- Extensive market research and business planning
- Acquires resources that help them implement the plan.
- This assumes your business is going to be sufficiently similar to existing businesses so that historical info will be useful

DISCUSS

Is Luck made?

- Information at start of a venture is incomplete and overwhelming
- The market cannot be defined
- Consumers are not aware of their future
- New technologies may emerge
- Entrepreneur creates or transforms, **adapting and changing opportunities as he goes along**, by talking to potential customers/ investors / suppliers along the way.

Businesses develop and grow over time

- Many of the firms we admire today started out doing nothing close to what they do today.
- e.g. The sticky note paper we all use
- Opportunities were made over time and through interactions with customers, partners, and employees.

Business innovation

- i.e. No-one researched the market and realised there was a need for sticky note paper. The product evolved over time.
- Many creative/innovative companies e.g. 3M, Apple give their employees time within their working day to pursue their own ideas and daydream

Curry in a Hurry

- We have an entrepreneur who is an excellent chef.
- She is looking at starting up her own Indian restaurant.
- How could she do this
 - To be successful does she require luck?
 - To be successful does she require other qualities?

So what does she require?

- Entrepreneurs are not necessarily visionaries but are better than others at exploiting opportunities.
- They make their opportunities often by mundane means.
- They can be discoverers or creators of opportunities.
- Some may argue that a true entrepreneur is a creator of opportunities i.e. there is a strong innovation content to their business idea i.e. the ipad

Do I have a good idea!

- Impossible to know in advance whether an idea will turn out to be a good business opportunity.
- Only way to find out is by implementing it.
- Simplest way to come up with an idea is to think of things we like, we don't like, things we wish we had, things we'd like to get rid of....using our own experience.

How do I know if my idea is good?

- No such thing as a “good” idea upfront.
- There are only ideas we implement and those we don't.
- Why don't people launch their ideas on to the market?

Good idea checklist

- High profit margins
- Low capital needed to see if business works
- Financeable – can breakeven in a short time
- Understandable
- Growing market or large market
- Identifiable market
- Can be patented if something manufactured
- Skills of management exploited

Ideas are plentiful

- ACTION turns ideas into opportunity
- Action = producing prototype/ getting a co-founder on board/ getting money
- VIABLE VENTURE = OPPORTUNITY + COMMITMENT

Words of wisdom

“People think that they shouldn’t go into business unless they have a blockbuster idea that’s going to change the world. It doesn’t really work that way.

There are just mundane kinds of ideas. You do something better than someone else. You take an existing thing and add a new twist”.

Robert Reiss,
founder of R & R

Risk v Uncertainty

- Risk is based on using predictions and variance from them.
- Entrepreneurs see risk differently
 - Don't try and predict
 - Work with what you have and then adapt and/or rebuild

Start with what you have

- Taking the plunge can be ‘venturing gradually’.
- People focus too much on:
 - whether their idea is good or not
 - If they’ll be successful or not
 - They forget what they could be doing with what they already have

Your means

- Who I am
 - Traits, abilities and attributes
- What I know
 - Experience, education and expertise
- Who I know
 - Your social networks

Exercise

Undertake a self-analysis:

- What business might you be interested in creating?
- Undertake an analysis of your means (previous slides)
- If positive could this be a business opportunity for you?

Accomplishments

List 3 or 4 of your most significant personal accomplishments based on something you are:

- proud of
- enjoyed
- and think that you did very well

(Rank them in terms of the most significant accomplishment to yourself)

K.S.A

- [KSA](#)
- **Knowledge:** theoretical not practical.
- **Skills:** capabilities or proficiencies developed through training or hands-on experience.
Practical application of theoretical knowledge
- **Abilities:** innate traits or talents that a person brings to a task

Knowledge, Skills and Abilities (KSA)

- List the K S A's that were needed to achieve your accomplishments

	Knowledge	Skills	Abilities
London Marathon	Research: training programmes	Stamina and fitness	Determination

KSA

- Are there any recurring themes?

Was the process...

- Easy?
- Difficult?
- Enjoyable?
- Patterns?
- Would anyone like to share?

Can We *Learn* to Be Creative?



By overcoming conventional thought patterns and
by suspending conventional thinking long enough to
consider new and different alternatives!

Creative Thinkers

- Always ask: “Is there a better way?”
- Challenge custom, routine, and tradition.
- Be reflective.
- Play mental games.



Creative Thinkers

- Realise that there may be more than one “right” answer.
- Know that mistakes are pit stops on the way to success.
- Recognize that problems are springboards for new ideas.



Creative Thinkers

- Understand that failure is a natural part of the creative process.
- Relate seemingly unrelated ideas to a problem.
- Have “helicopter skills”: the ability to soar above a problem and to see all aspects of it, to stand back and see the bigger picture, the wood rather than the trees.

Lateral Thinking Puzzles

- **Lateral thinking, is the ability to think creatively, or "outside the box" as it is sometimes referred to in business,**
 - to use your inspiration and imagination to solve problems by looking at them from unexpected perspectives.
 - Lateral thinking involves discarding the obvious, leaving behind traditional modes of thought, and throwing away preconceptions.

Barriers to Creativity

- Searching for the one “right” answer
- Focusing on “being logical”
- Blindly following the rules
- Constantly being practical
- Viewing play as frivolous



Barriers to Creativity

- Becoming overly specialised
- Avoiding ambiguity
- Fearing looking foolish
- Fearing mistakes and failure
- Believing that “I’m not creative”



Questions to Spur the Imagination

- Is there a new way to do it?
- Can you borrow or adapt it?
- Can you give it a new twist?
- Do you merely need more of the same?
- Do you need less of the same?



Questions to Spur the Imagination

- Is there a substitute?
- Can you rearrange the parts?
- What if you do just the opposite?
- Can you combine ideas?
- Can you put it to other uses?



Questions to Spur the Imagination

- What else could you make from this?
- Are there other markets for it?
- Can you reverse it?
- Can you eliminate it?
- Can you put it to another use?
- What idea seems impossible, but if executed, would revolutionise your business?



Tips for Enhancing Organisational Creativity

- Include creativity as a core company value
- Embrace diversity
- Expect creativity
- Expect and tolerate failure
- Create an organisational structure that nourishes creativity



Tips for Enhancing Organisational Creativity

- Encourage curiosity
- Create a change of scenery periodically
- View problems as opportunities
- Provide creativity training
- Provide support
- Develop a procedure for capturing ideas



Tips for Enhancing Organisational Creativity

- Google encourages its creative staff to spend one day a week, every week, working on personal projects.
- These digital experiments are then put online so that you and can try them out.
- In addition, Google welcomes comments about apps so it can determine whether to develop them further or just let them go.
- It's called Google Labs, and it's where Google Goggles and Google Maps were developed.

Tips for Enhancing Organisational Creativity

- Talk and interact with customers
- Look for uses for your company's products or services in other markets
- Reward creativity
- Model creative behavior



Tips for Enhancing Individual Creativity

- Allow yourself to be creative
- Give your mind fresh input every day
- Observe the products and services of other companies, especially those in completely different markets
- Recognise the creative power of mistakes
- Notice what is missing



Tips for Enhancing Individual Creativity

- Keep a journal to record your thoughts and ideas
- Listen to other people
- Listen to customers
- Talk to a child
- Do something ordinary in an unusual way



Tips for Enhancing Individual Creativity

- Keep a toy box in your office
- Do not throw away seeming “bad” ideas
- Read books on stimulating creativity or take a class on creativity
- Take some time off
- Be persistent



Techniques for Improving the Creative Process

Brainstorming:

The goal is to create a large *quantity* of novel and imaginative ideas.



Brainstorming Guidelines

- Keep the group small
- Make the group as diverse as possible.
- Emphasize that company rank is irrelevant.
- Have a well-defined problem, but don't reveal it ahead of time.
- Limit the session to 40 to 60 minutes.
- Take a field trip.
- Appoint a recorder.



Brainstorming Guidelines

- Use a seating pattern that encourages interaction.
- Throw logic out the window.
- Encourage *all* ideas from the team.
- Shoot for *quantity* of ideas over *quality* of ideas.
- *Forbid* criticism.
- Encourage idea “hitch-hiking.”
- Dare to imagine the unreasonable.



Techniques for Improving the Creative Process

- Brainstorming
 - The goal is to create a large *quantity* of novel and imaginative ideas.
- Mind-mapping
 - A graphical technique that encourages thinking on both sides of the brain, visually displays relationships among ideas, and improves the ability to see a problem from many sides.

VIDEO



<https://youtu.be/WSnzH6tFEbU>

- Think of business opportunities for this B& B
- What can they have as a value proposition
- Who would be their best customers?

What is Innovation

- Innovation means different things to different people.
- Creativity is an essential building block for innovation.
- Widely accepted definition:
- Innovation = creativity + (successful) implementation

Innovation

- Or:
 - Innovation = creativity with a purpose
- Creativity alone, to come up with ideas, is not enough. In order to reap the benefits one needs to do something with it.

Invention/Creativity

- Many great inventors who were not able to reap the benefits of their labour:
 - X-ray scanner, invented by EMI but made a commercial success by General Electric,
 - Video Recorders which had been invented by Ampex/Sony but were successfully commercialised by Matsushita
 - The vacuum cleaner, invented by a Mr Spengler but commercialised by Hoover

Implementation

- Implementation – putting ideas into practice – is made up of three aspects:
 - Idea selection
 - Idea development
 - Commercialisation

Implementation

- What do organisations need to achieve implementation?
- They need processes, procedures and structures that allow the timely and effective execution of projects; implementation is about team effort.
- But even companies that have all the right processes, procedures and structures in place are often unable to be innovative.

Creativity

- If implementation is putting an idea into practice, **creativity is coming up with the idea in the first place.**
- Creativity is an essential part of innovation – it is the point of departure.
- *Creativity is the process through which new and useful ideas are generated.*

Creativity

- One of the big concerns for many companies is therefore how to generate more and better ideas – how to become more creative.
- Consider a few things about creativity:
 - As opposed to commonly held opinion, creativity – the act of coming up with an idea – is an inherently individual act. It is the development of an idea and its implementation where the team is needed.

Creativity

- Creativity has little to do with the ‘flash of inspiration out of the blue’. To quote John Hunt, Visiting Professor for Organisational Behaviour at London Business School, “Creativity is not something where someone who has never worked in that field suddenly gets this marvellous idea. Creativity is relating a concept to a particular body of knowledge.
- While certain people are more creative on their own accord than others, creativity can be stimulated and supported through training, and by creating the right work environment and atmosphere

Creativity in the workplace

- In her research Harvard Business School Professor Theresa Amabile identified five environmental components that affect creativity:
 - Encouragement of creativity
 - Autonomy or freedom
 - Resources
 - Pressures
 - Organisational impediments to creativity

Creativity in the workplace

- However, creativity cannot be ordered, it relies much more on intrinsic motivation, on people being enthusiastic, inspired and knowledgeable. You cannot tell people to be more creative and innovative, you have to *inspire* them to be so.

Creativity in the workplace

- Implementation is about being organised and about using the methodological and systematic approach
- It needs to be structured and cannot be left to chance. Time is of the essence – you need to be fast.

Creativity vs. Implementation

- Creativity is less straightforward than implementation, it is not about a new process or establishing a new structure. To be creative people have to think differently.
- To be innovative people have to behave differently. And to be successful organisations have to employ people that think and behave differently. Creativity is about being different, thinking laterally, making new connections.
- Organisations that want to embrace innovation therefore need to find ways of reconciling the tension that lies in the juxtaposition of creativity and implementation.

Levels of Innovation

- While there is generally agreement on the components of innovation, that is creativity and implementation, there is often disagreement about what deserves the title 'innovation'. Redesign of packaging? to the introduction of hydrogen-powered cars?

Innovation and Entrepreneurship

- The more innovative the idea the more Entrepreneurial we judge it.

Innovation & Entrepreneurship

- Peter Drucker:

Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service. It is capable of being presented as a discipline, capable of being learned, capable of being practised.

Divergent v Convergent Thinking

- [Divergent and convergent thinking](#) - can think 'outside the box' while also being good at synthesising a number of ideas into a single concept.

Managing

- De Pree ([2001](#)) makes suggestions for how to manage creative people. The first point he makes is that leaders should be open towards creative people and acknowledge the contribution they can make.
- He further suggest that it might be a good idea to protect such people from bureaucracy and legalism and help protect great ideas from being watered down

How successful organisations draw out creativity in their

- Google is probably the world's most successful creative company. You might like to watch Marissa Mayer, former Google Vice-President and now Yahoo CEO, speaking about some of the ways Google draws out the creativity of its staff

VIDEO



STANFORD
TECHNOLOGY
VENTURES PROGRAM

Marissa Mayer

Vice President of Search Products
& User Experience, Google

May 17, 2006

<http://ecorner.stanford.edu/videos/1524/Ideas-Come-From-Everywhere>

VIDEO



STANFORD
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Marissa Mayer

Vice President of Search Products
& User Experience, Google

May 17, 2006

<http://ecorner.stanford.edu/videos/1525/Give-Ideas-Credit-Not-Credit-for-Ideas>

The most common techniques to encourage creative thinking

- Alex Osborn **Brainstorming**(1930s)
<http://www.brainstorming.co.uk>

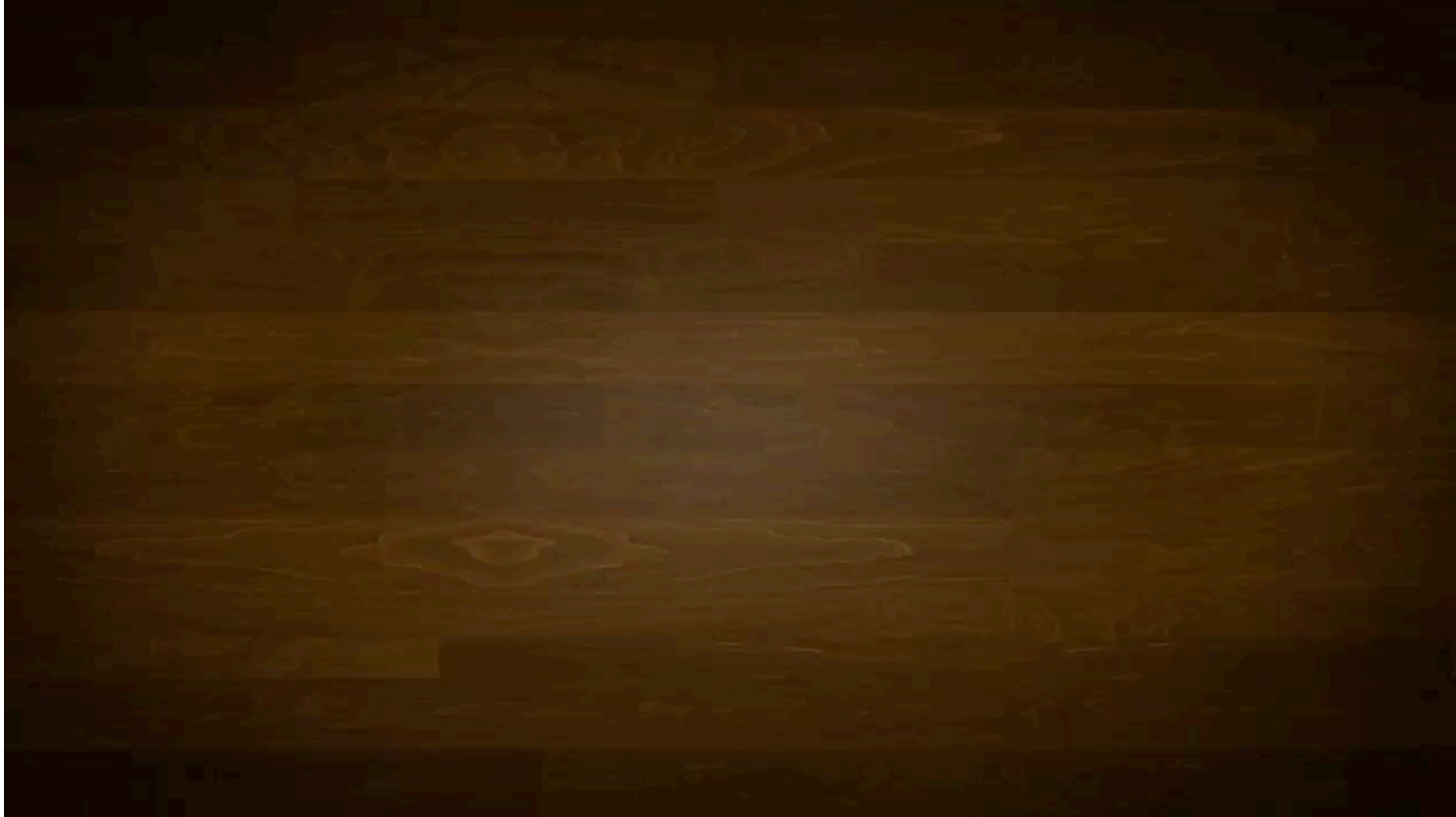
The most common techniques to encourage creative thinking

- Tony Buzan's **Mind Mapping**(1960s)
- <http://www.mind-mapping.co.uk>
- De Bono's **Lateral Thinking**(1960s)
- <http://www.debonothinkingsystems.com/tools/lateral.htm>
- De Bono's **Six Thinking Hats**(1980s)
- http://www.debonogroup.com/six_thinking_hats.php

Todd Henry – Accidental Creative

- Short ad video:
<http://www.accidentalcreative.com/theaccidentalcreative/>
- Ted x video (longer):
<https://www.youtube.com/watch?v=7hWRvasPeE>

VIDEO



<http://www.accidentalcreative.com/theaccidentalcreative/>

Creativity

- ‘the use of imagination or original ideas to create something’
- importance of associating – making new links
- incremental and radical creativity
- divergent and convergent thinking
- pattern recognition

Blocks to creativity

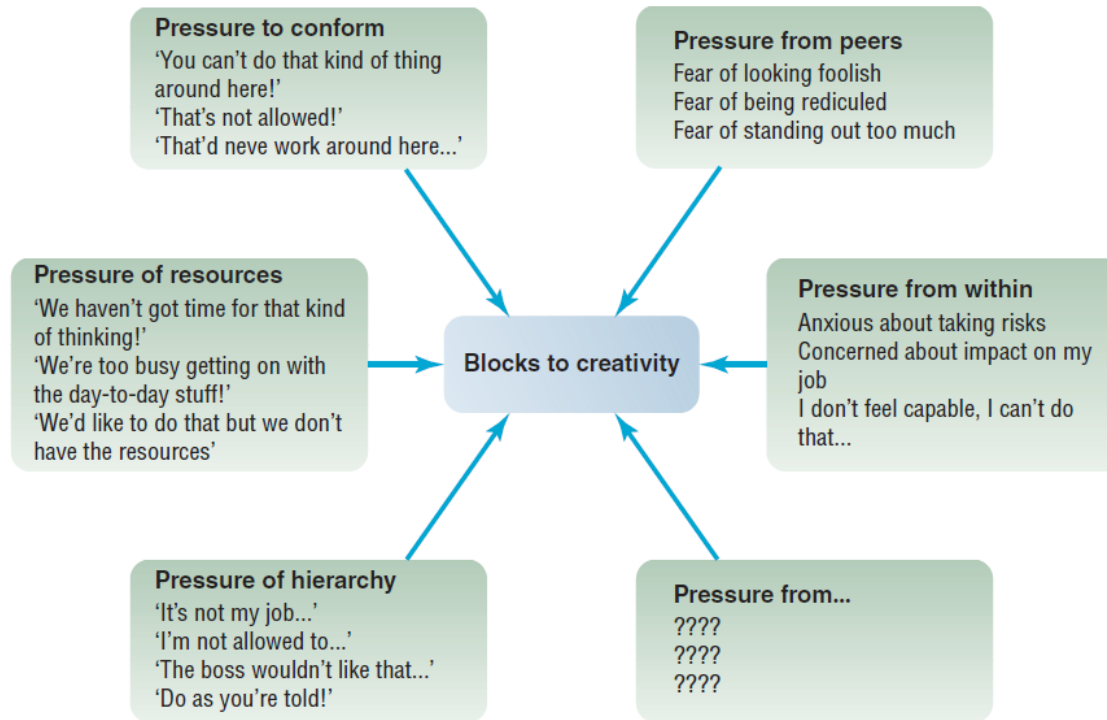


FIGURE 5.3 Blocks to creativity

Summary

- Opportunity or being lucky is a state of mind.
- Everyone is naturally capable of creative thinking but there are differences in the ways people prefer to express their creativity (creative style) and differences associated with personality and prior experience.
- Developing creativity is less about injecting something new than in creating enabling conditions to support a natural process. At the individual level, thinking skills can be enhanced through the use of techniques aimed at developing new ways of dealing with the core process.

Assignment 1 – Due 22nd May 2020

Part 1 (75%)

- Using an entrepreneur of your choice, critically evaluate their entrepreneurial motivations and characteristics using appropriate academic models (1500 words)

Part 2 (25%)

- Present your findings in a ten-minute power-point presentation