ENTREPRENEURSHIP AND INNOVATION

Class 1 - Introductions, formalities, and a quick overview

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Pontificia Universidad Javeriana in Bogotá, Fall 2018
The 5 Ws

- Javier A. Rodríguez-Camacho, Ph.D.
- Mondays, 6:00 pm to 7:30 pm & 7:45 to 9:00 pm
- Room SC009-P111 (for today)
- Sebastián Salazar (T.A. - j.salazarc@javeriana.edu.co)
- rojavier@javeriana.edu.co
What do you know about the course?

Go here: http://tiny.cc/wzpmvy
The course in a nutshell

A 12-week venture-creation simulation.

- Find or create a business opportunity
- Generate and deliver value for some customers
- Capture it through a start-up type organization.

- The only way to learn about entrepreneurship is being an entrepreneur.
- Entrepreneurship is only possible in teams.
- You really have to want it.
The course in a nutshell

- You form a team (3 to 5 people)

- Develop an entrepreneurial project to be evaluated at several stages
  - Two presentations (pitching sessions)
  - An open air event (demo day)

- The learning plan
Am I interested in making a living doing what others do?

How do they do it? → Business Model
Can I do it differently? → Value Proposition
Is it worthwhile, profitable? → Validation

YES

Technical
Managerial
Business Plan
Financial
Am I interested in making a living doing what others do?

Do I know how to solve any problem?  → Value Proposition
Whose problem?  → Customer Segmentation
Is my solution feasible, unique?  → Validation
Thus, in this class you will learn what a business plan is

- Why it is useful
- How to read/understand one
- How to prepare one that works!
The business plan is just a learning tool

You should focus on making your idea a reality.
The Surprising Joy of Virtual Reality

And why it’s about to change the world

By Joel Stein

Palmer Luckey, ZZ
Inventor of the Oculus Rift, is one of the pioneers making virtual reality a mainstream reality.
Empty buzzwords are banned!!!
How do I sell this?

There are two caveats, though.
This is an entrepreneurship class

Make a new/crazy idea a reality
This is an innovation class

You have to think outside the box
How will we achieve that?
The Formalities
The Program

What is expected of you?

- Originality
- Honesty
- Respect
- Punctuality
- Full commitment
- Constant engagement in the class
- Proactive attitude
- Consistency in effort
- Take the most out of the class!
- Compliance with the university norms
Let me tell you three little secrets

- Plagiarism = death.
- I love rewarding effort.
- Extra points are extra.
Evaluation activities

- Final project to be developed in groups (55%)
  - Two preliminary evaluations (15% each)
  - Public presentation to an external evaluating committee (25%)

- Written exams (25%)
  - A partial and a final (10% and 15% respectively)

- Assignments (10%)
  - Individual and team work
  - Reading controls, homeworks, etc.
  - Individual pitch (5%)

- Class activities (10%)
  - Presentations, participation in general, volunteering.
Some Important Dates

- 07/30 : Individual pitching session
- 08/20 : Partial Exam
- 08/27 : First Presentation (Primera Entrega)
- 10/22 : Second Presentation (Segunda Entrega)
- 11/07 : Feria del Emprendimiento
- 11/12 : Final Exam
What to do with all these holidays?

- We have five conflicting dates:
  - 08/20, 10/15, 11/05, 11/12 (Holidays)
  - 08/13 (Sorry, AOM meeting)

- We need to move at least some of these:
  - The Partial Exam from August 20 to August 25 (Saturday)
  - The Final Exam from November 12 to a takehome (11/8-12)
  - One on one meetings, online?
  - Flipped classroom
Welcome to the flipped classroom

What on earth is a flipped classroom?

In our case...

- You prepare the class beforehand
- You present to the class what you learned (usually related to progress in your project)
- I take the mic for a little while
- You work on the projects the rest of the class.
Who are you?

- Match the firm to what they (say they) do, fill the form.
- The first 5 students to complete the form correctly get extra points.
- You have 10 minutes. Go, go, go!
Making sure we speak the same language

- Basic concepts and definitions.
Entrepreneurship

“A management and leadership style that involves pursuing opportunity without regard to the resources currently controlled.”

(Adapted from Stanford University’s Technology Entrepreneurship course, 2015)

- A process.
- Involves leadership, creativity, risk, a vision.
- To obtain, generate, and manage some resources.
- Does not necessarily imply creating a new organization.
Entrepreneurship

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Then, who or what is an entrepreneur?

- Do you know any?
- Go ahead, shoot!

- Do they have any common traits?
Entrepreneurs are nothing special

- Someone who notices an opportunity and follows it through
  - The difference? Tools, know-how, attitudes.
  - A good nose?
    - Develop technical skills
    - Monitor the market
  - Know your shit and keep your eyes open!
- Can this be learned?
You bet!

Let’s start with the basics...
Opportunity

- A situation where I can use my knowledge, abilities, or resources, to solve someone’s problem.

- How do opportunities arise?
  - Good timing
  - Technical or technological advantage
  - They can be detected --- Deep knowledge of the market
    - Consumers
    - Competition
    - Global trends
  - Luck
You will never be a successful entrepreneur if you...

- ... do not want to work harder than most people.
- ... cannot handle failure and rejection, give up easily.
- ... do not take advantage of criticism and feedback.
- ... do not believe in your ideas with a deep passion.
- ... cannot change your mind when new evidence arises.
- ... cannot cooperate and work within a team.
- ... do not enjoy helping others.
Innovation

- Cutting-edge technology?
- The Cloud?
- Groundbreaking discoveries?
- New Paradigms?
- The Next Wave?
- The Internet of Things?
- Killer Apps?
- The Frontier?
- Big Data?
- Block chain?

NO!
Innovation
Innovation

Kairos

- “a passing instant when an opening appears which must be driven through with force if success is to be achieved.”
  (From E. C. White, *Kaironomia: on the will to invent*, 1987)

- the moment in which an arrow may be fired with sufficient force to penetrate a target.
  (from Wikipedia)

- Doing the right thing at the right time.
Innovation
Then...

- Is an **INVENTION** an innovation?
  - Only if it satisfies a specific need.

- And what about an **IDEA**?
  - Only if it is translated to a good or service.

- Is something **UNIQUE** and **NOVEL** an innovation?
  - Only if it can be replicated economically to cater a determined market.

- Only if they generate **VALUE** for the society!
Innovation ≠ Creativity

- What makes them different?
  - Focus on value
  - Economic replicability
  - “Materiality”

- Creativity is about bold, unconventional, big ideas

- Innovation feeds from creativity but seeks a sustainable way to introduce it into the system

  Innovation = Creativity × Execution
Entrepreneurship ≠ Innovation

- A burger stand owner next to a university is an entrepreneur.
  - Is he an innovator?
  - Can he become one? How?

- A genetist coding the genome of fruit flies is an innovator
  - Is he an entrepreneur?
  - Can he become one? How?
Entrepreneurship ≠ Innovation

- Innovation is also about opportunities
  - Emphasis on finding **new ways** to solve old problems.

- Innovation is knowledge intensive
  - But just because that’s how you find an opportunity
  - Knowing the customers, rivals, suppliers, etc.

- They really are entwined
  - Competitive advantage
Entrepreneurship and Innovation

The process of transforming an idea into a good or service that creates value in a sustainable way.

Innovation is the market introduction of a technical or organisational novelty, not just its invention.

— Joseph A. Schumpeter —
Therefore...

- Innovation makes no sense without entrepreneurship.
- Pipe dreams, far-fetched delusions, wet paper...
- Ideas are dime a dozen.
- Entrepreneurship without innovation is doomed.
- Hence the name of this course.
Innovative Entrepreneurship? Entrepreneurial Innovation?

- Innovation in businesses arises from
  - Revolutionary changes
    - New ways to understand and address the problems of the world.
  - Evolutionary processes
    - Cheaper,
    - Faster,
    - Better...

- Two forms of generating value.
What is “business model innovation”?

- When you innovate in at least two of the components of a business model
  - Who buys it and where (Customer + Channel = BMI)
  - What they buy and how it is sold (Product + Channel = BMI)
  - What they buy and how is it manufactured (Product + Production = BMI)

- The most sustainable and impactful/feasible type of innovation
Value

- How much am I willing to pay for it to ease my pain.
  - Solve a problem
  - Find a more efficient way to allocate resources
  - Show me a necessity I was unaware of
  - Give something old a new use
  - Transform reality
Homework

- Find examples for each of those 5
  - At least one or more service/product for each type
  - Individually
  - Be original!

- Food for thought:
  - Does novelty guarantee value is being created?
    - Yes/No, justify your position with arguments and examples. A short essay.

- Be prepared to talk, present and debate.

- You will submit via email or on paper before the class starts.
How can we generate value in a sustained and sustainable way?

Innovating
Business Plan

- The be-all, end-all path to fame, fortune, success, and happiness?

- Sorry to disappoint:
  - A detailed, complete, step-by-step outline of how to seize a particular opportunity.
    - The resources and activities necessary to transform an idea into reality.

- The business plan essentially answers one big question you already know...
How do we sell this?
Business Plan vs. Business Model

- A business plan is not a recipe
  - Jazz not baking
  - The photo of a business model (What, how and who you sell to)

- A business model is a tried-and-true strategy to capitalize on an opportunity
  - Franchise, Freemium, PWYW, Leasing, Direct sales, etc.

- A business plan is time, project, and context-specific

- You can adopt/follow a business model
How do we sell this?

- Describe (in two minutes or less) what IT is.
- How do you plan to build IT?
- Who will buy IT and how much would they pay for IT. How do you reach them?
- What about the money?
- When can you make it happen?

→ Value Proposition
→ Resources
→ Customers
→ Funding
→ Validation
What is a patent?

- A legal instrument
- To incentivize research efforts
- Providing the holder exclusive exploitation rights over the invention for a limited time
What is a start-up?

- Not (quite) a bar
- Any non debt-funded new venture
You now know all the theory you need for this class!!!

Time to get real:

1. Start searching for ideas, these tools will help you
2. Talk to other people, you need a team ASAP.
What are the stakes?

- You decide!!!

- In terms of a pure learning experience: 20 - 30 Million COP

- If you really take it seriously
  - Microfútbol sports shoes
  - DIY cosmetics for mature women
  - Innovation lab
  - Design and architecture collaborative learning platform
  - Two or three of the ideas are actually being pursued
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Sin tiempo para el #ejercicio 😊 mejor presiona un botón y llegaremos a tu puerta con un #entrenador y los accesorios para #ejercitarte 🏋️ Así no gastes tiempo y dinero para ir al #gimnasio

Bogotá con nueva alternativa para ejerc... bienestapp.com

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Step 1

- Find the most useless object/good/product you have at home
  - Individually prepare three cards
    - Card 1: A picture or sketch to show us what it is.
    - Card 2: Write down in a short phrase what it does.
    - Card 3: Write down why you bought it.

- You will submit the three cards at the beginning of the class.
Step 1 - Two examples

An ornamental, multi-colored lava lamp.

It looks cool.

A plastic instrument to squash insects.

I was afraid of Zika virus.
You have four homeworks

- Those labelled as “Homework”
  - Slide 51

- Those labelled as “Step X”
  - Slides 62 and 63

- The “flipped classroom” material.
  - The two short videos to watch: An orgy of innovation and Everything is a remix.
“Are you crazy?”
Thanks for your attention!

Don’t forget the homework and see you next class.