

INNOVATION & CREATIVITY IN ENTREPRENEURSHIP

INNOVATION AND THE ENTREPRENEUR

Innovation is a key function in the entrepreneurial process.

Josef Schumpeter, the father of modern entrepreneurship theory, defined economic innovation in 1934:

1. The introduction of a new good – that is one with which consumers are not yet familiar – or of a new quality of a good.
2. The introduction of a new method of production, which need by no means be founded upon a discovery scientifically new and can also exist in a new way of handling a commodity commercially.
3. The opening of a new market, that is, a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.
4. The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created.
5. The carrying out of the new organisation of any industry, like the creation of a monopoly position ... or the breaking up of a monopoly position.

INNOVATION AND THE ENTREPRENEUR

- Most authors agree with Drucker about the concept of innovation: 'Innovation is the specific function of entrepreneurship ...
- It is the means by which the entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth'.
- In essence, **innovation is the process by which entrepreneurs convert opportunities into marketable ideas. It is the conversion of new knowledge into new products and services. It is the means by which ideas become catalysts for change.**

INNOVATION AND THE ENTREPRENEUR

- Role of creative thinking may be vital to that development.
- However, a major difference exists between an idea arising from mere speculation and one that is the product of extended thinking, research, experience and work.
- More important, a prospective entrepreneur must have the desire to bring a good idea through the development stages.
- Thus, **innovation is a combination of the vision to create a good idea and the perseverance and dedication to remain with the concept through implementation.**
- Entrepreneurs blend imaginative and creative thinking with systematic, logical process ability. This combination is a key to success.
- In addition, potential entrepreneurs are always looking for unique opportunities to fill needs or wants.

THE ROLE OF CREATIVITY IN ENTREPRENEURSHIP

Richard Florida is an academic whose field is regional economic development. He says: 'Human creativity [is] the key factor in our economy and society ... we now have an economy powered by human creativity.

Creativity ... is now the decisive source of competitive advantage'.⁵

He believes that there is a profound shift taking place comparable to the Industrial Revolution in its impact.

We are living in the creative age and work is now defined by the needs of a creative economy that, in turn, has given rise to a creative class.

Members include entrepreneurs, scientists, engineers, architects, educators, writers, artists and entertainers. These are people whose economic function is to create new ideas, new technology and new creative content.

Florida defines creativity as 'the ability to create meaningful new forms'.

THE ROLE OF CREATIVITY IN ENTREPRENEURSHIP

- Two important aspects of creativity exist: **process and people**.
- The process is goal-oriented; it is designed to attain a solution to a problem.
- The people are the resources that determine the solution.
- The process remains the same, but the approach that the people use will vary. For example, sometimes they will adapt a solution and at other times they will innovate a solution.

THE ROLE OF CREATIVITY IN ENTREPRENEURSHIP

- Everyone is creative to some degree. However, as is the case with many abilities and talents (for example, athletic, artistic), some individuals have a greater aptitude for creativity than others.
- Also, some people have been raised and educated in an environment that encouraged them to develop their creativity. They have been taught to think and act creatively.
- For others the process is more difficult because they have not been positively reinforced and, if they are to be creative, they must learn how to implement formal the creative process

THE ROLE OF CREATIVITY IN ENTREPRENEURSHIP

- Many people incorrectly believe that only a genius can be creative.
- Most people also assume some people are born creative and others are not, or only the gifted or highly intelligent person is capable of generating creative ideas and insights. Yet, the real barriers to creative thinking are sometimes the inadvertent 'killer phrases' we use in our communications.
- People may not intentionally stop a creative idea, but these simple negative phrases prohibit people from thinking any further.
- Creativity is not some mysterious and rare talent reserved for a select few. It is a distinct way of looking at the world that is oftentimes illogical.
- The creative process involves seeing relationships among things others have not seen before.

FOUR PHASES OF CREATIVITY

- The creative process has four commonly agreed-on phases or steps.
- Most experts agree on the general nature and relationships among these phases, although they refer to them by a variety of names.
- Experts also agree that these phases do not always occur in the same order for every creative activity. For creativity to occur, chaos is necessary but a structured and focused chaos. We shall examine this four-step process using the most typical structural development.

PHASE 1: BACKGROUND OR KNOWLEDGE ACCUMULATION

- Successful creations are generally preceded by investigation and information gathering.
- This usually involves extensive reading, conversations with others working in the field, attendance at professional meetings and workshops and a general absorption of information relative to the problem or issue under study.
- Additional investigation in both related and unrelated fields is sometimes involved. This exploration provides the individual with a variety of perspectives on the problem and it is particularly important to the entrepreneur, who needs a basic understanding of all aspects of the development of a new product, service, or business venture.

PHASE 1:

BACKGROUND OR KNOWLEDGE ACCUMULATION

People practice the creative search for background knowledge in several ways. Some of the most helpful follow:

- Read in a variety of fields
- join professional groups and associations
- attend professional meetings and seminars
- travel to new places
- talk to anyone and everyone about your subject
- scan magazines, newspapers and journals for articles related to the subject
- develop a subject library for future reference
- carry a small notebook and record useful information
- devote time to pursue natural curiosities.

PHASE 2: THE MIND INCUBATION PROCESS

- Creative individuals allow their subconscious to mull over the tremendous amounts of information they gather during the preparation phase.
- This incubation process often occurs while they are engaged in activities totally unrelated to the subject or problem. It happens even when they are sleeping.
- This accounts for the advice frequently given to a person who is frustrated by what appears to be an unsolvable problem: 'Why don't you sleep on it?'
- Getting away from a problem and letting the subconscious mind work on it allows creativity to spring forth.

PHASE 2: THE MIND INCUBATION PROCESS

Some of the most helpful steps to induce incubation follow:

- Engage in routine, 'mindless' activities (cutting the grass, painting the house)
- Exercise regularly
- Play (sports, board games, puzzles)
- Think about the project or problem before falling asleep
- Meditate or practice self-hypnosis
- Sit back and relax on a regular basis.

PHASE 3: THE IDEA EXPERIENCE

- This phase of the creative process is often the most exciting. It is when the idea or solution the individual is seeking is discovered.
- Sometimes referred to as the eureka factor, this phase is also the one the average person incorrectly perceives as the only component of creativity.
- As with the incubation process, new and innovative ideas often emerge while the person is busy doing something unrelated to the enterprise, venture, or investigation (for example, taking a shower, driving on an interstate highway, leafing through a newspaper).
- Sometimes the idea appears as a bolt out of the blue. In most cases, however, the answer comes to the individual incrementally. Slowly but surely, the person begins to formulate the solution. Because it is often difficult to determine when the incubation process ends and the idea experience phase begins, many people are unaware of moving from phase 2 to phase 3.

PHASE 3: THE IDEA EXPERIENCE

In any event, here are ways to speed up the idea experience

- Daydream and fantasies about your project
- Practice your hobbies
- Work in a leisurely environment (for example, at home instead of the office)
- Put the problem on the back burner
- Keep a notebook at your bedside to record late-night or early-morning ideas
- Take breaks while working

PHASE 4: EVALUATION AND IMPLEMENTATION

- This is the most difficult step of a creative endeavour and requires a great deal of courage, self discipline and perseverance.
- Successful entrepreneurs can identify ideas that are workable and that they have the skills to implement. More important, they do not give up when they run into temporary obstacles.
- Often they will fail several times before they successfully develop their best ideas. In some cases entrepreneurs will take the idea in an entirely different direction or will discover a new and more workable idea while struggling to implement the original idea.
- Another important part of this phase is the reworking of ideas to put them into final form. Because frequently an idea emerges from phase 3 in rough form, it needs to be modified or tested to put it in final shape.

PHASE 4:

EVALUATION AND IMPLEMENTATION

Some of the most useful suggestions for carrying out this phase follow:

- Increase your energy level with proper exercise, diet and rest
- Educate yourself in the business planning process and all facets of business
- Test your ideas with knowledgeable people
- Take notice of your intuitive hunches and feelings
- Educate yourself in the selling process
- Learn about organisational policies and practices
- Seek advice from others (for example, friends, experts)
- View the problems you encounter while implementing your ideas as challenges to be overcome.

FOUR PHASES OF CREATIVITY

- The four phases of a creative thinking process. If a person encounters a major problem while moving through the process, it is sometimes helpful to go back to a previous phase and try again.
- For example, if an individual is unable to formulate an idea or solution (phase 3), a return to phase 1 often helps.
- By immersing themselves in the data, entrepreneurs allow the unconscious mind to begin anew processing the data, establishing cause/effect relationships and formulating potential solutions.