



Emerging Role of Innovation in Entrepreneurship in Present Scenario

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Abstract : Entrepreneurship can be viewed as an activity to conduct business in a new and innovative way, which actually exposes the creativity of an individual/group and thus recognize the economic opportunity within given constraints. The way startup is booming in current market, creates a challenge for entrepreneur and thus making innovation as inseparable entity from entrepreneurship. Today the term entrepreneurship and innovation are used interchangeably as entrepreneur is an innovator who is always introducing something new in his business and setting up the trend which is good for the economy. This innovative way in business ultimately, leads to the economic and regional development of the country. Entrepreneurship with innovation can be in terms of introduction of new product or service, new methods of doing work, introduction of new technologies, introducing the product in the new market where it has not been launched before or a new quality in the existing product. As compared to a traditional business, an entrepreneur conducts his work in a new and better way by keeping in mind the proper utilization of resources within his financial limits. The present paper focuses on the concept of innovation and its importance in present scenario of entrepreneurship. This paper also covers the examples of current innovative entrepreneurs and also explains how innovation in those products helps in survival and growth of business in global market.

I. INTRODUCTION

Entrepreneurship is a terminology which sets up an individual/group to execute their idea into their own venture. The meaning of entrepreneurship is indeed different to different people (Gartner, 1990; McMullan & Long, 1990). As per Richard Cantillon's , entrepreneurship is way giving employment to self without expecting a certain return (McMullan & Long, 1990). The way an entrepreneur starts can be by focusing on the characteristics of entrepreneurship (like innovation, growth ,uniqueness) or it can be the focus on outcome of the given venture (Value creation) . Entrepreneur is considered as a person who tries out new combination which can take form of new products, process or market (Schumpter, 1934). There are few definitions of entrepreneurship which clearly defines the changing trend of business in present scenario.

Entrepreneurship is living a few years of your life like most people won't, so that you can spend the rest of your life like most people can't. – **Anonymous**

“An entrepreneur need not necessarily mean one who is running a commercial business, but also one who is adventurous”. -Sadguru Jaggi Vasudev, founder of the Isha Foundation

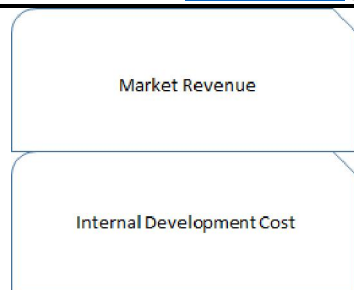
“An entrepreneur is a person who stood for what he/she believed in and was able to transform the lives of others through his/her action”. –Rahul et.al, Authors of the Game Changers

If we see the definitions of some of the entrepreneurs, it is clear that entrepreneurship is incomplete without innovation. If as an entrepreneur one has to believe in success the only way is doing something unique. That uniqueness can be in form of new product or new idea or doing the same business in new way. This uniqueness is the innovation which indeed is inseparable from the entrepreneurship. In ongoing competitive environment the innovation thus plays an important role. .

II. OPEN BUSINESS MODELS

So to be on par with current market trends an entrepreneur needs to innovate in response to changing customer demands and life styles. Moreover innovation plays an important role in creating value and thus providing a competitive advantage to the business (Huang and Yu 2011; Naranjo-Valencia et al. 2011; Rowley et al. 2011). A new approach is needed to achieve such a model.

Innovation in business is always customer oriented. So the basic principle that applies on business is to exploit new ideas and create opportunities. The best way to create new ideas is to expand the boundaries from its limits. The Open Innovation process allows the business to open them to the market to accept the new ideas from external sources. The idea that leads to open innovation is to create new opportunities even there is constraints of resources and then make sure there is way to execute those opportunities. For an entrepreneur open innovation provides a new way to take new ideas thus helps in improving the business performance. These open business models actually encourage more innovations and thus opens a scope for chain of innovations one after the other. By deploying open innovation in business model, it opens the new avenue for sharing new ideas thus creating something which is basically adding to economic value which actually emerges from information sharing and knowledge to create new ideas.



Closed Business Model



Open Business Model

Figure 1. Open Business model vs Closed Business Model

III. THE BUSINESS MODEL GENERATION CANVAS

To enhance the complex businesses which deal with changing technologies there is requirement of new procedures for creating and testing business. The *Business Model Generation Canvas*, is one of the such initiative. This model is proposed by Österwalder and Pigneur (2010). It deals in creating a conceptual model that helps to make right decision at right time. The model consists of idea, concept and logic that make the way for a business. This helps in assessing the business with respect to its value, customer relationship, innovative process and most important financial aspects.

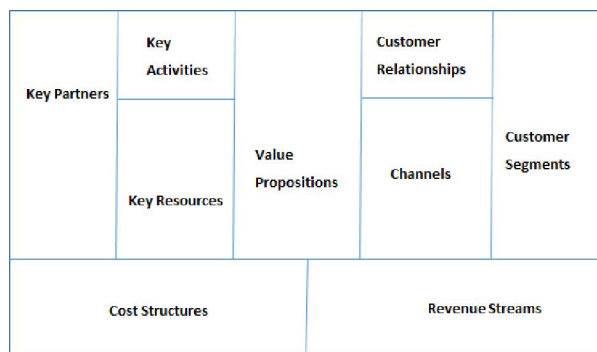


Figure 2 Business Module Generation Canvas

As per the Fig 2 the business model generation canvas is structured through following blocks.

- Key Partners
- Key Activities
- Key resource
- Value Propositions
- Customer relationships
- Channels
- Customer Segments
- Cost structures
- Revenue Streams

These nine building blocks constitute the business model generation canvas.

By focusing on Fig 2 it is clearly understood that four main areas are high-lightened: product, customer, infrastructure and finance. The area of the product describes the value proposition of the business, that is, the products and services delivered to the market. Blocks 1, 3 and 4 are related to customer engagement, defining the targeted audience, the demands, how customers perceive the value delivered, and which type of relationship the company is maintaining with each segment of clients. The infrastructure management area (blocks 6 to 8) refers to the functions of logistics and production, and articulates the relationships between key partners (e.g., employees, suppliers or partners) and the company. Finally, information regarding the sustainability of the company, cost structure, and how the company is going to earn revenues (blocks 5 and 9) can be considered under the financial area. For learning cycle of a startup this canvas becomes a necessity. The use of this canvas helps an entrepreneur in following ways

It provides entrepreneurs a graphical tool where all the elements of model are related to each other thus providing a strengthened cohesive business model

It maintains a common platform for entrepreneurs, customers, employees, executives, and even competitors to give an idea about how the business articulates its different components and thus giving a communication channels within different stakeholder and helps in creating new business

This model encourages entrepreneurs to considers all of the building blocks as single entity. This actually becomes an important feature as usually entrepreneurs usually focus on individual element and thus tend to miss the crux. This engrossed model forces the entrepreneur to showcase innovation by considering these building blocks and thus focus on complete success.

Most important feature of this model is , it provides a graphical tool which contributes to creativity in business and thus leads to innovation. This canvas indulges the thinking process and thus make it easier for stakeholders to think on creative developments as per needs and desires of the customers The application of this canvas is gaining popularity among entrepreneurs and has led to new ideas and innovation.



IV. CUSTOMER DEVELOPMENT MODEL

V. INNOVATIVE ENTREPRENEURSHIP EXAMPLES

Innovation is the key for the entrepreneurship, but focus for a business is always the end user as the customer focus always decides the success or failure of the venture. Traditionally many start-ups used to invest time and efforts in developing and perfecting the product and then showcase to their customer. This is a linear progression method where process starts from idea to product development, followed by testing before presenting it to general audiences. There is a huge risk involved with such customer process as such process doesn't guarantee customer acceptance. Also it does not include marketing, production sales thus leaves a scope of scenario of unrealistic expectations. So to cover up these risks, *Customer Development Model* are introduced which actually take the customer input in a business and thus making the innovation closely linked to entrepreneurship.

Customer Development Model consists of four step iterative processes

Customer Discovery : This step focus on understanding the customer problems and needs and thus giving an idea to the entrepreneur whether there is any demand for the product/service that is being launched

Customer Validation: This step builds a roadmap for the sales process. This checkpoint actually validates the product and check whether customer is ready to buy it or there is a way to sell it. As we can see the feedback loop in Fig 3 from customer validation to customer discovery thus providing the correction factor at second step.

Customer Creation: This step actually creates the user demand based on the success achieved in early sales. The implementation strategy of this stage actually vary between different firms

Company Building: This is the final step of the model. It actually sets up the start-up evolution from informal learning and discovery oriented customer development teams to formal departments capable of exploiting the company's early market success.

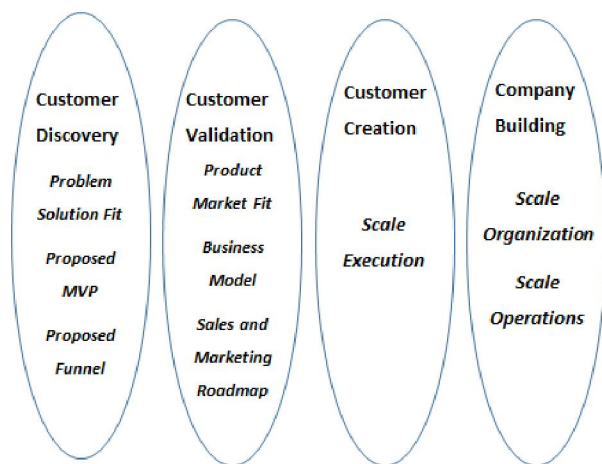


Figure 3 : Customer Development Model

There are lot many successful entrepreneurship examples which have incorporated innovation as the major key

Flipkart

Flipchart is an e-commerce company which was launched in 2007 by Sachin Bansal and Binny Bansal. Although idea for selling online products is not new but innovative ways were incorporated in running the business. Indian market was novice for e-commerce websites in 2007 and they started the e-commerce revolution. The first product the sold was a book "Leaving Microsoft to Change the World" and then it was never looking back for Flipkart. They created innovative way in their business, provided competitive pricing. In fact the big billion sale was one one innovative idea that flipkart have implemented during its business. With period of time Flipkart had grown so well that it acquired a big e-commerce giant Myntra.com with a whooping Rs 20 Billion deal in year 2014.

Paytm

Paytm is also an e-commerce websites launched in year 2010. Paytm started with an innovative idea to provide services for Mobile bill payments, recharges, dth recharges etc. They provided discounts coupon codes which helps in getting a customer database to them and then they started selling different products on their websites/app. The biggest innovation they did when *Paytm Wallet* was launched. In fact they provided the option cash pickup for the users on Paytm wallet who are reluctant to use Credit card/debit card online thus making online payment highly feasible.

Grofers

Grofers is an on demand delivery service that connects consumer with local store. It was founded in 2013 by Saurabh Kumar and Albinder Dhindsa. Started from B2B venture Grofers transformed into B2C model. Grofers provided an ease to the user by allowing them to order grocery online. This venture is a biggest hit among working couple who have a shortage of time to visit grocery store thus giving them an option to order grocery online either through website or through mobile app.

Foodpanda

Foodpanda is an ecommerce website that allows a customer to order food from choice of restaurants in his/her area on a common platform. The innovation behind the idea is foodpanda has partnered multiple restaurants thus presents a single platform to the user to give him variety of options

VI. DISCUSSION AND CONCLUSION

There is a continuous advancement in technology which is transforming the traditional balance between customers and suppliers. As shown in these papers, the business models continuous needs to be evolved. There is a requirement of customer oriented model which requires business to be continuously re-evaluating their business proposition to make sure their product matches well within customer demands. This



changing environment has intensified the entrepreneur to give flexibility to his venture. Thus the entrepreneur need to give scope of change in his business model and continue the innovative ways at different stages of business as per the market demands.

This paper articulates about entrepreneurship mixed up with innovation. There is a need of entrepreneur to not only discover the creation of successful business but also learn from the own experiences and thus improve the outcomes. This paper reviews the common practices in entrepreneurship that are gaining popularity in recent years. These emerging techniques highlight the importance of customer feedback also making customer centric innovation as a baseline of any business. It is always important to make better and faster business decision which provides efficiency and also makes a way out even on a limited resource. So to achieve success an entrepreneur needs to add innovation at different steps in hi product chain so as to keep the customer orientation always as the first focus.

This paper has open new scope for future research on various business models in entrepreneurship. The next level of research covers following questions that needs to be answered

How a business model can be designed which can be aligned to a firm performance?

How can one find a balance between value proposition of a business and customer demands?

How can e-commerce start-ups create a greater impact in marketplace?

Based on the above question future research efforts can figure out the links between business models, strategy and performance.

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