Entrepreneurship 1st edition Bessant Solutions Manual

SKU: 9781119221869-SOLUTIONS

Concept check questions for Chapter 2

1. Which of these statements is TRUE?

(a) Social innovation is only about rural start-ups.

(b) Social innovation involves following an entrepreneurial process to create social value.

(c) Social entrepreneurs don't work in corporations.

(d) Social innovation follows a different process to commercial innovation.

Answer (b)

2. Which of these examples would NOT represent operational optimization innovation?

(a) Improving fuel efficiency by fitting smart controls to boilers

(b) Recycling waste heat in a factory

(c) Redesigning a product to be totally recyclable and reusable as raw material

(d) Reducing packaging waste by shrink-wrapping retail purchases

Answer (c)

3. Which of these statements is FALSE?

(a) Social innovation has a long history that dates back hundreds of years.

(b) Social innovation is only relevant in developing countries.

(c) Social innovation forms an important part of the corporate social responsibility (CSR) agenda in many organizations.

(d) Social innovation involves public and private sectors and can also be found in not-for-profit organizations.

Answer (b)

4. Which of these elements is NOT a major challenge in the social entrepreneurship process?

(a) Resources

(b) Conflicts

(c) Lumpy funding

(d) Voluntary nature

(e) Publicity

Answer (e)

Video Transcript: Michael Pitts[1]

Interviewer: I'm very happy today to have with me Michael Pitts from the Technology Strategy Board, which is part of the UK government concerned with innovation. Michael is the sustainability manager. So, Michael, welcome, thank you very much for talking with us. Sustainability – why is that an innovation challenge?

Michael Pitts: The Technology Strategy Board, we are the UK government's innovation agency, and what we're trying to do is get companies to innovate more quickly, because that's how you get growth. So, a lot of that is about understanding where market opportunities arise. Sustainability really is a massive market driver.

So, if you look at the classic idea of the sustainable economy, it's got three legs – environmental, economic and social – people are quite good at thinking about economic drivers, certainly most entrepreneurs and innovators are quite good at thinking about technology changes and what their customers might want in 10 years. They're quite poor at thinking about how social changes and environmental limits will affect their markets. So, it's all about market changes and we think something like two thirds of the UK economy, as it stands, within 10, 15, 20 years will have to change because of environmental and social drivers. So, think about it, because they are where the opportunities come from.

Really what we're looking at is, by 2015 there will be nine and a half billion people on the planet and our definition of sustainability is, how do all those people live well with the resources of a single planet.

I: I know you've done quite a lot of work on resources in your previous career. Can you give an example of where we've got a real resource challenge we'll have to innovate around?

MP: There are big challenges around resources. We all know about the challenges of things like fossil fuels, access to minerals, access to water. All these, even some biotic resources are a problem, because of that growing population, because of growing living standards that are important. So, we're consuming more and more stuff and we're doing it in a very linear fashion – we extract it, we add value to it, then we throw it away. That has to change. We know that has to change.

There are two problems there: the first one is the easy stuff to get hold off has been gotten hold of. We're having to spend more and more money and be more and more clever about extracting mineral resources, especially, and water resources now to be able to keep driving our economy the way it is. The other side of it are the social sides of things. People don't like big holes in the ground next to them anymore. We can't

[1] Reproduced with permission of Michael Pitts.

export our resource needs to developing countries that don't care about anymore, because that isn't the case. The world doesn't have developing countries anymore. People are very aware of their resource values. Those countries want to be able to move up the value chain with their resources as well. That's happening and that's going to gather pace more and more.

So, the social and environmental restrictions around the way we get hold of our resources, we have to be smarter with the ones we've got already.

I: That raises a huge innovation agenda. In terms of organisations, companies and how they manage innovation, how does that translate in terms of the challenges they will face?

MP: So companies need to think about the environmental limits, they need to work within and also think about the social value they're creating and where society will allow them to keep working. We've got to build that into our thinking from the very beginning, so these become big drivers of innovation, if they're thought about in the right way. So, what we're always trying to get companies to do is to think about social and environmental challenges from the very beginning and build that in. So, when you think about a market problem properly, then you do a much better job of defining the solution that needs to be brought to market. Then at that point you can start thinking about where your technology fits in.

The problem that most companies face, and this is the piece of advice I might be able to give them, is that too often redefine a problem to one you can solve with the technology that you already have, rather than actually thinking about what it is the market needs and then seeing where you can get the bits of the solution that you're missing. It will often come through partnerships or purchasing technology or the research you should be doing now to solve that problem further down the line.

So that's how companies can manage these times better, if they really properly understand all of the drivers behind a particular market opportunity, so you define the solution that you want to bring to market properly.

I: And, within that space, which is clearly a new agenda for many businesses, where does an agency like the TSB, an innovation agency, where does it play a role and what can you do to help that process of change?

MP: So we embed sustainability thinking in all of our programmes. We've done some of that thinking before our companies before they come and apply. So companies comes to us really to get support and share in the risk for doing the more exciting innovation. We want them to bring forward the more exciting but scary ideas that they have. One of the ways that we do is by investing in business-led projects and sharing some of that risk in doing that. That risk might be that you're applying technology to a new area, you're developing a technology beyond its current state of the art or you're partnering with someone who's got part of the solution or you're tackling a whole new market challenge in a different way. We're very keen on business model innovation. We don't tend to get as much of it as we might like.

The way we do that thinking internally, to make sure sustainability is built in, is we use a tool that we've developed together with Forum for the Future called 'Horizons', which is, essentially, a description of what we think a sustainable economy looks like and lays out all the environmental boundaries and social foundations that we think are important for a sustainable economy. You really should be able to look at that and think, 'Which of these relate to my business, my projects, my opportunity?' They should resonate with you. Two or three really should become fundamental from the beginning in how you plan things.

So, we use that internally on all our programmes and we encourage anyone working with us or applying to us to use the framework as well. It's freely available – horizons.innovateuk.org. We'd encourage you to go on there and that's how we try to help people to think about that. We do have some very specific sustainability-led competitions, but, on the whole, it's one of those things that makes sense only through all of the activities that we do. It's fully embedded, and that's one of my jobs.

I: Sounds fantastic and we'll make sure that link is available. I guess a last question: you've got a background in promoting innovation, I know, originally in the chemical industry and now, of course, this hugely important agenda around sustainability. If Uncle Michael were to give some advice to an inspiring innovation manager, any sort of tips?

MP: I would say think about the market pull. Why are you doing this? What is your value proposition? What is it that you really bring to market? Earlier on we were talking about the fact that the company doesn't understand why your customers are buying your product and you're making money by accident. Understand what the market pull for your solution is. I've certainly worked in businesses in the past where we had a great solution for a market that we didn't know very well and we were too afraid to go and play in. Understand where your solution really fits. Don't fall into that trap of redefining, as I said earlier, a market problem to one that you can solve with the technology you have. Have a proper adult conversation. Understand what it is the market needs. Define that very carefully and then look at what technology is needed to deliver that, or partnerships.

I: Sounds pretty good advice to me. Michael, thank you very much indeed. If people want to know more we'll make sure the website link is available. Thanks very much.

MP: Cheers.

Chapter 2: Discussion and reflection questions

1. Give a man a fish, and you feed him for a day. Teach a man to fish and he can feed himself for life. How might you put this principle into practice through a social entrepreneurship venture –and what might stop you making a success of this?

2. 'Some problems have no solution' – a somewhat pessimistic Japanese saying. How might a social entrepreneur challenge this?

3. Jasmine Chang has approached you – as an innovation advisor - with a novel treatment for childhood diarrhoea. How would you advise her to take this idea forward to make a difference?

4. In many ways taking a socially valuable concept to market has much in common with 'conventional' new product development. Where do you see the similarities and differences?

Chapter 2: Further resources

Our YouTube channel features videos on a range of topics relevant to the book.

- *Green building: case study of Atkins' engineering sustainable design in Dubai* by Richard Smith and Anna Trifilova
- *Building capabilities in sustainability-led innovation: Some examples from China* by Jonathan Gosling, Fu Jia, John Bessant. This paper was presented at The XXIII ISPIM Conference – Action for Innovation: Innovating from Experience – in Barcelona, Spain on 17-20 June 2012. The publication is available to ISPIM members at www.ispim.org.
- *Embedding Sustainability as Innovation Driver at Philips* (2013) by Dr. Dorothea Ernst. The work represented in this paper was carried out while she was employed at Philips Research, holding the role Senior Director Sustainability. The content of this paper is authorized by Dr. Henk van Houten (CEO Philips Research), and Henk de Bruin (Head Philips Group Sustainability).
- Example of the worst Dragon's Den pitches - the bacon scented alarm clock
- A short video showing the Midomo in action.
- User innovations in healthcare:
  - 'Opening up healthcare innovation' executive briefing, John Bessant, Christoph Künne and Kathrin Möslein 2012, Advanced Institute of Management Research (AIM)
  - https://patient-innovation.com/about
  - http://johnbessant.net/resources/media-resources/tim-craft-anaesthetic-medical-suppliers-interview/

There is a wealth of information about social entrepreneurship including useful websites for the Ashoka Foundation, the Skoll Foundation, and the Institute for Social Entrepreneurs. Chapter 10 has a case example of the UK organization UnLtd and web links to their site. Stanford University's Entrepreneurs website has a number of resources including videos of social entrepreneurs explaining their projects.

A number of books describing approaches and tools include Elkington, John and Hartigan, Pamela, *The power of unreasonable people* (Harvard Business School Press, 2008), Bornstein, David. *How to Change the World: Social Entrepreneurs and the Power of New Ideas*. (Oxford, 2004), Brinckerhoff, Peter. *Social Entrepreneurship: The Art of Mission-Based Venture Development*. (Wiley, 2000). ,Dees, Gregory, Jed Emerson, and Peter Economy. *Enterprising Nonprofits: A Toolkit for Social Entrepreneurs.* (Wiley, 2001), Murray, Robin, Caulier-Grice, Julia and Mulgan, Geoff, *The open book of social innovation*, (The Young Foundation, London, 2010).

Case studies of projects like Grameen bank (and Muhamed Yunus's book 'Banker to the poor' (PublicAffairs 2008)), Aravind (described in Mehta, A and Shenoy, S 'Infinite vision', (Berrel Koehler, 2011) and the wind-up radio (www.freeplayenergy.com) also give insights into the process and the difficulties confronting social entrepreneurs. A useful website here is http://www.howtochangetheworld.org/, as is the Ashoka Foundation. Prahalad's book 'The fortune at the bottom of the pyramid' is a useful collection of cases in this direction.

Andrew Hargadon's book

For a general introduction to the key issues in sustainable development, our favourite text is *The Principles of Sustainability* by Simon Dresner (Earthscan, London, 2002). Unlike most of the literature on the subject, this treatment is well-balanced and even includes some humour. Jennifer Elliott's *An Introduction to Sustainable Development* (Routledge, London, second edition 2005) is a more conventional academic approach, and focuses on the implications for developing nations. However, neither text is strong on the links between sustainability and innovation. The Special Issue of the *International Journal of Innovation Management*, (2002) 6(3) on Innovation for Sustainability' is a useful place to begin, and is edited by two leading scholars in the field, Frans Berkhout and Ken Green. Richard Adams and colleagues conducted an extensive literature review for the NBS report which contains a wealth of useful resources.

The Natural Advantage of Nations: Business Opportunities, Innovations and Governance in the 21st Century by Amory B. Lovins (Earthscan Publications, 2005) is a collection of papers by leading authors including Michael Porter, and makes the business case for sustainable development, including technological, structural and social change. The book has a useful companion web site. *Sustainable Business Development: Inventing the Future Through Strategy, Innovation, and Leadership* by David L. Rainey (Cambridge University Press, 2006) provides a practical analysis of what sustainable business development (SBD) is and how companies do it, and includes many case studies from the U.S., Europe, Pacific Rim and South America. *Sustainable Innovation: The Organisational, Human and Knowledge Dimension* by Rene J. Jorna (Greenleaf Publishing, 2006) is a more theoretical and philosophical book, and the human, social and management challenges and responses.

Responsible innovation is a theme of increasing interest and the edited book of the same name by Richard Owen and colleagues is a good place to start exploring this theme (John Wiley, 2013).