

Introduction to Innovation and Entrepreneurship

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MODULE 2

What Is Entrepreneurship? |

Sources of Innovation |

Entrepreneurial Skills |



What Is Entrepreneurship?

Module 2: Entrepreneurial Mindset

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Definitions

Entrepreneur→

Individual

Entrepreneurship→

Process

Entrepreneurial→

Attitudes, Skills, Behaviors

**Entrepreneurial
Ecosystem**→

Role of Society

It Can Be Taught and Learned

"Entrepreneurship is a management and leadership style that involves *pursuing opportunity without regard to the resources currently controlled.*"

Adjacent Topics

Leadership

Creativity

Innovation

Jack Dorsey Video



STANFORD
TECHNOLOGY
VENTURES PROGRAM

Jack Dorsey

Co-Founder, Square & Twitter

February 9, 2011

A Closer Look at Innovation-Based High-Growth Enterprise

- Key driver of global economic growth
- Different type of process than starting a small business
- Advancements can be either ...
 1. Revolutionary (“brave new world”)
 2. Evolutionary/Incremental (“faster, better, cheaper”)

What Is Silicon Valley?

An Entrepreneurial State of Mind!

Sources of Innovation

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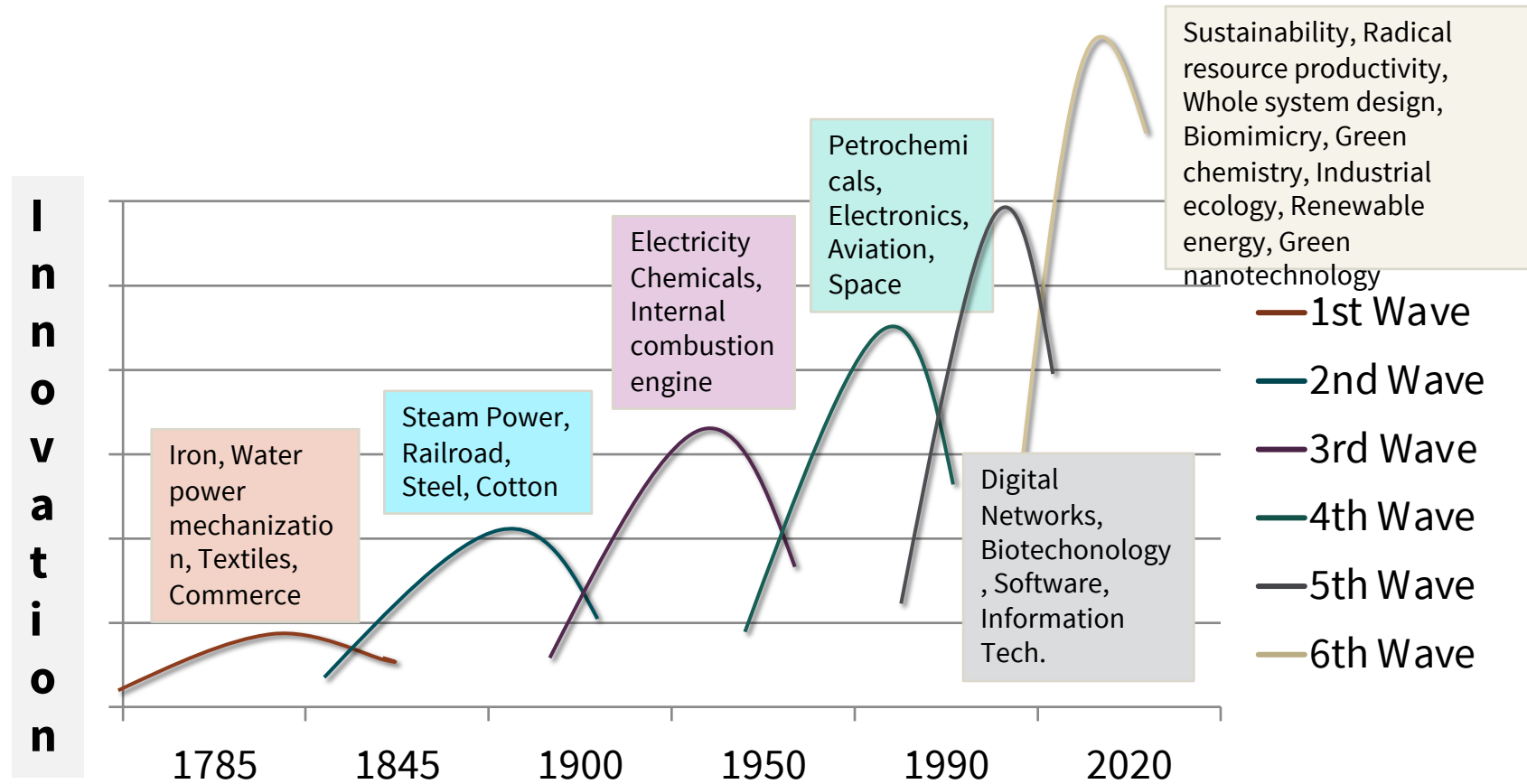
The “Pull”

Big Global Challenges = Huge Market Opportunities

1. Environment and Sustainability
2. Security and Economic Stability
3. Digital and Physical Infrastructure
4. Human Health and Education

Source: Trevor Loy

The “Push”



Exercise

Which technologies belong on the list of current “waves of innovation”?

Entrepreneurial Skills

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Creating “T-Shaped” People

Breadth of Knowledge about Design,
Entrepreneurship, Innovation, and Leadership

Depth of
Knowledge
in a
Particular
Discipline

Source: David and Tom Kelley

Change and Globalization

Creativity

Opportunity Evaluation

Decision Making

Teamwork

Persuasion and Influence

Communication

Ethics

Basics of Finance

Exercise

What is missing from the list?

MODULE 3

The In-Tune Leader |

Assertiveness |

Small Wins |

Got Their Backs |



The In-Tune Leader

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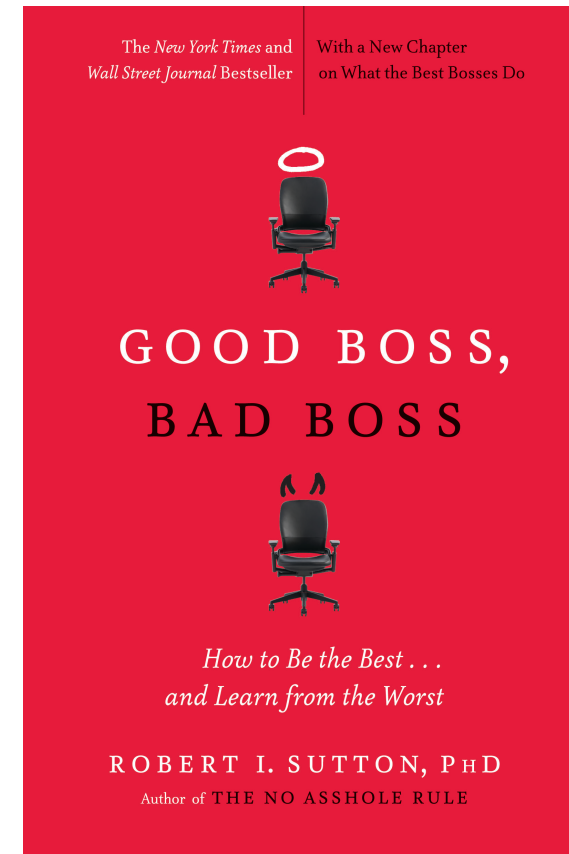
Warm-Up Clip

TPS Reports

(<http://www.youtube.com/watch?v=Fy3rjQGc6lA>)

Leadership Fundamentals, Especially for Innovation

1. Being in tune
2. Assertiveness
3. Small wins
4. Having their backs



(1) The “In-Tune” Leader

The best leaders have a great deal of self-awareness – they know what it feels like to work for them, how they come across to others, and how to get the best out of people given their strengths, weaknesses, and quirks... but this isn't easy.

Great bosses are self-obsessed

Not for egotistical or selfish reasons, but because staying “in tune” with their people’s opinions and responses requires honing your self-awareness and empathy.

“Its not all about you” is a useful half-truth

Beware the toxic tandem

The “Interesting shoes day” story

A Human after a big promotion

“I realized that life was never going to be the way it had been before, that people were watching everything I did. And it wasn’t just going to be about how I dressed. It was about my behavior, the example I set, the tone I set, the way I carried myself, how confident I was — all those kinds of things.”

— Linda Hudson, CEO of BAE Systems

Baboons too

A typical member of a baboon troop glances at the alpha male every 20 to 30 seconds.

Power Poisoning

Effects of giving people power:

- Focus on their own needs and concerns
- Focus little attention on the needs of others
- Act like the rules don't apply to them

The Cookie Study

Three Berkeley students, five cookies. Two students brainstorm and the third has the power to evaluate their ideas.

Those with power tended to

- Take the fourth cookie
- Eat with their mouths open
- Leave more crumbs

A reading to warm you up for your assignment

Robert Sutton's Harvard Business Review

[Some bosses live in a fool's paradise](#)

(http://blogs.hbr.org/sutton/2010/06/some_bosses_live_in_a_fools_pa)

Assignment: “Clueless Leader”

As we’ve seen, there are a lot of powerful forces that cause leaders to be out of touch with the people they lead, so there are a lot of clueless leaders out there:

1. For starters, identify a clueless leader – it could be a past or current boss (change the name if you like), a public figure, or even a fictional leader. Send us a picture or a short video clip of the boss if you would like.
2. Please list a few ways in which this boss is clueless – say three to five – and tell us why these behaviors are destructive
3. Now, let’s make it a bit more personal. If you are a boss, or if you ever are a boss, what could you do to avoid turning into one of these insensitive creeps?

Take the Emotional Intelligence Quiz

This is based on research – as they say, think of it as an empathy training tool!

[Test Your Emotional Intelligence](http://greatergood.berkeley.edu/ei_quiz/)

(http://greatergood.berkeley.edu/ei_quiz/)

Assertiveness

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(2) Assertiveness

“The best bosses are rated roughly average by followers on terms like competitive, aggressive, passive, and submissive – they are moderately assertive.”

Key: being “in tune” with reactions to your words and deeds, and making the right adjustments.

“I believe managing is like holding a dove in your hand. If you hold it too tightly you kill it, but if you hold it too loosely, you lose it.”

— Tommy Lasorda, Former Manager of Los Angeles Dodgers

Assignment: Assertiveness

What is a sign that a leader is pushing people too hard?

What is a sign that a leader is not pushing people hard enough?

The Best Management

The best management is sometimes no management at all.

- Managers often overestimate their value – and don't realize the damage – caused by watching and nagging employees.
- “First do no harm” is especially crucial to innovation – manage by getting out of the way.

The managers of the most innovative teams...

- Devote *less* attention to their people
- Allow them to act without asking for permission first
- Don't enforce rules as consistently as managers of less innovative teams

“After you plant a seed in the ground, you don’t dig it up every week to see how it is doing.”

— 3M’s William Coyne

Small Wins

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(3) Use a “Small Wins” Strategy

Long term, “big hairy goals” are essential—but when people don’t focus on the little steps required to make constant progress, they freeze up and freak out.

The Progress Principle by Teresa Amabile and Steven Kramer

Small wins are the stepping stones to success

- Even the biggest accomplishments and victories rest on a series of intertwined small wins.
- The best bosses frame what they do as a series of manageable and doable steps, which leads to better decisions, sustains motivation, and stops people from freaking out.

The CEO and the sales campaign

Her people were freaked out and overwhelmed by a crucial sales campaign.

Until...

Assignment: Honing Your Leadership Skills

Name one tiny thing you will do in the next week to hone your leadership skills in some small way. Send us a follow-up to let us know how it worked.

Examples from three executives— All lead \$100 million plus businesses

I started to pay attention during meetings and discussions with team members for signs I was being too pushy (and how to relieve pressure). [I learned that..] facial expressions were easy to pick in a one to one meetings but difficult to catch when members become overly quiet during a group discussion and a meeting with a remotely based team member by phone.

“I simply listened more and asked for actions/solutions to the issues that were being presented to me. The meeting was definitely different. There periods of silence but once that past the meeting actually ended quickly. It is too early to tell if my team felt more empowered and more confident they were coming up with the right solutions vs. feeling that I may have been less engaged. Time will tell.”

“Being on time to meetings. I tried it but no one else was because they're used to starting 5-10 minutes late—but I did get an important side meeting in.”

Got Their Backs

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(4) Got Their Backs?

The best bosses protect their people from harm, intrusions, distractions, indignities, idiots, and idiocy of every stripe.

“Someone once defined a manager, half in jest, as someone who sees the visitors so that everyone else can get the work done.”

—Henry Mintzberg

Meetings

- A power grab or a performance grab?
- Will Wright of *Spore* and *The Sims* fame – an employee centered method.
- Used artist Ocean Quigley “like the canary in the coal mine.”

Protecting People from Idiocy from on High

An old story about Ed Catmull and Alvy Ray Smith.

[I convinced Ed to let me tell on HBR](#)

(http://blogs.hbr.org/sutton/2011/01/pixar_lore_the_day_our_bosses)

Assignment: When to Protect Your People

When is it a BAD idea to shield the people you lead?

MODULE 4

Introducing Strategy |

Strategy as Simple Rules |

Types of Rules |

Three Steps to Simple Rules |

Why Are Simple Rules Effective? |



Introducing Strategy

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Pervasive Change

“The only constant is that everything is changing. We have to take advantage of change and not let it take advantage of us. We have to be ahead of the game.”

Strategic Challenge of Change

- Extreme uncertainty about future
- Blurred timing and paths
- Shifting competitive basis, from products to business models



- Planning is limited
- Reacting is insufficient
- Traditional strategies of “defend a position” and “leverage core competence” are incomplete

Alternative Strategy Paradigm: Strategy as Structured Chaos

- **Strategy is simple**

- More uncertain environments, simpler strategies
- VIDEO GAME STRATEGY

- **Time is central to strategy**

- Longer time horizons
- Rhythm, NOT speed
- Time-related metrics

- **Organization drives strategy**

- Organization poised “on edge of chaos”
- VELCRO ORGANIZATION



Strategy as Simple Rules

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Strategy as Simple Rules

I can't say we had a really smart strategy...We had a strategy and when it didn't work...we regrouped until we finally hit on something.

—Phil Knight, Founder of Nike

Improvising: Business Strategy as Simple Rules

Common Experience

- Innovative ideas suffer from poor execution
- Aspire to grow, but always stall
- “Analysis-paralysis”
- Endless search for consensus

Myths

- Successful organizations are run by a braintrust of a few, smart senior executives
- Success is driven by an army of revolutionaries
- Successful organizations
 - Plan
 - Limit information
 - Eliminate conflict

Best Practice

- Focus on a bottleneck strategic process and a few simple rules
- Success is driven by more information, not less
- Business unit teams are central to success
- Innovation AND efficiency

Strategy as Simple Rules: Process & Simple Rules

BIG PHARMA FIRM – R&D PROCESS

- Clear ranking molecule types as research priorities
- Maximum number of molecule types pursued at any one time
- Projects “killed” according to step charts

INTERNET VENTURE – PRODUCT DEVELOPMENT

- Always maintain our “signature” look
- Release products in 3 stage quiet launch
- All developers can work on all products
- Strict development priorities

Simple Rules

“Simple rules” are short-cut strategies that save time and effort by focusing attention & simplifying thinking.

- Simple rules are simple – just handful
- Unique to the person and situation
- Relate to a specific activity

Simple Rules Example

Cisco Acquisitions

- Local
- Well-run
- Small, VC-backed
- Many technologies
- Evaluate revenue of 1st and 2nd products
- Integrate engineers



Mittal Acquisitions

- Global
- Poorly managed
- Big, often state-owned
- Direct reduction
- Evaluate possible cost savings
- Integrate IT systems

Assignment

Watch [this excerpt](#) from an interview with Chris Martin, of “Coldplay” to practice identifying key processes and simple rules.

- What are Chris Martin’s key processes and “simple rules”?
- Why do you think these rules work or do not work for “Coldplay”?

Types of Simple Rules

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Types of Simple Rules

- How-to: How to proceed & what to do
 - Airbnb guiding hosts
- Coordination: How to work w/others
 - Zipcar coordinating renters
- Timing: When to proceed
 - Pixar in a rhythm of movie releases

Assignment

Apply “simple rules” in your situation

- Pick a key strategic process
- What are its simple rules?
- Are there too many rules or too few, the right rules or the wrong ones?

Three Steps to Simple Rules

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Three Steps to Simple Rules

1. Determine the primary ***objective***
2. Find the ***bottleneck*** to achieving that objective?
3. Craft the ***rules*** that address the bottleneck

Bottleneck & Simple Rules

COSMETIC DENTISTRY FIRM - SALES

- Pick dentists w/up-to-date website
- Pick dentists w/no more than 3 problems in their credit history in the last year

Bottleneck & Simple Rules

CLEANTECH FIRM - PARTNERING

- Pick partners that do not have geographic overlap with current partners
- Pick partners w/laser scree machine
- Onboard one partner every three months
- Drop any partner that has not sold our product in the 1st 3 months

Assignment

Apply “simple rules” in your situation.

1. Determine the primary ***objective***
2. Find the ***bottleneck*** to achieving that objective?
3. Craft the ***rules*** that address the bottleneck

Simple Rules for Addressing Bottlenecks

	Strategic Process #1	Strategic Process #2	Strategic Process #3	Strategic Process #4
Boundary				
Priority				
Stopping				
How-to				
Timing				

Why Are Simple Rules Effective?

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Why Effective

- Flexible opportunity capture—bridge too much and too little structure
- But, it's not “Goldilocks”!
- “Edge of chaos” where mistakes and lost prediction reign

Tale of Three Businesses

Chaos

- Rule-breaking culture – “It’s our culture NOT to write things down”
- Little structure – “priorities, hmm, they don’t really matter”
- Random communication



Structure

- Rule-following culture – “Rules, process, discipline – that’s us”
- Much structure – “We have it all to produce products fast – gates, checkpoints, lists”
- Channeled communication



Improvising

- Adaptive culture – “We expect constant change”
- Semi-structure – We prioritize everything we’re doing. But organization is temporary”
- Real-time communication – “Communication is the way the company is built”

Why Effective

- Better and faster decisions
 - Sometimes better than more information & analysis
 - Can follow even when tired or stressed
- Superior coordination of people
 - Easy remember and communicate

Assignment

Grade your real-time information

1. What were sales last week?
2. Time from concept to launch?
3. Your biggest rival's top customer?
4. Your highest margin product?

Key Points

- Concept of Strategy as Simple Rules
- Reasons why simple rules work
- Types of simple rules
- Finding the bottleneck and crafting rules
- Getting real-time information and adjust

MODULE 5

Introduction to Demand Creation |



Introduction to Demand Creation

Module 5: Demand Creation

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The End-to-End View of Marketing

Sub-processes	Strategy & Planning	Product* Management	Demand Generation	Customer Marketing
Activities	<ul style="list-style-type: none"> • Market Assessment • Go-to-Market Strategy • Marketing Planning • Brand Management • Value Prop Development 	<ul style="list-style-type: none"> • Product* Development • Product* LC Mngmt • Product* Launch/Sales Readiness 	<ul style="list-style-type: none"> • Indirect Demand Prgms • Direct Demand Prgms • Sales Effectiveness Prgms 	<ul style="list-style-type: none"> • Customer Loyalty Prgms • Customer Communications • Customer Community
Key Business Outcomes	<ul style="list-style-type: none"> • Simplified Buying Cycle From Customer Perspective • Broadened Awareness within Targeted Markets and Audiences • Increased Pipeline Through Proactive Demand Generation • Accelerated Revenue Opportunities Through Increased Selling Effectiveness • Installed Base Opportunity/Footprint Expansion 			
Key Measures	<ul style="list-style-type: none"> • Obtainment of Business Objectives 	<ul style="list-style-type: none"> • New Offers to Market • Revenue 	<ul style="list-style-type: none"> • Awareness • Pipeline Development • Revenue 	<ul style="list-style-type: none"> • NPS • Retention Rates • Revenue Expansion

*Product refers to products and/or packaging

Source: Lynda Kate Smith

Perception Is Reality

“I don’t know who you are.

I don’t know your company.

I don’t know your company’s product.

I don’t know what your company stands for.

I don’t know your company’s customers.

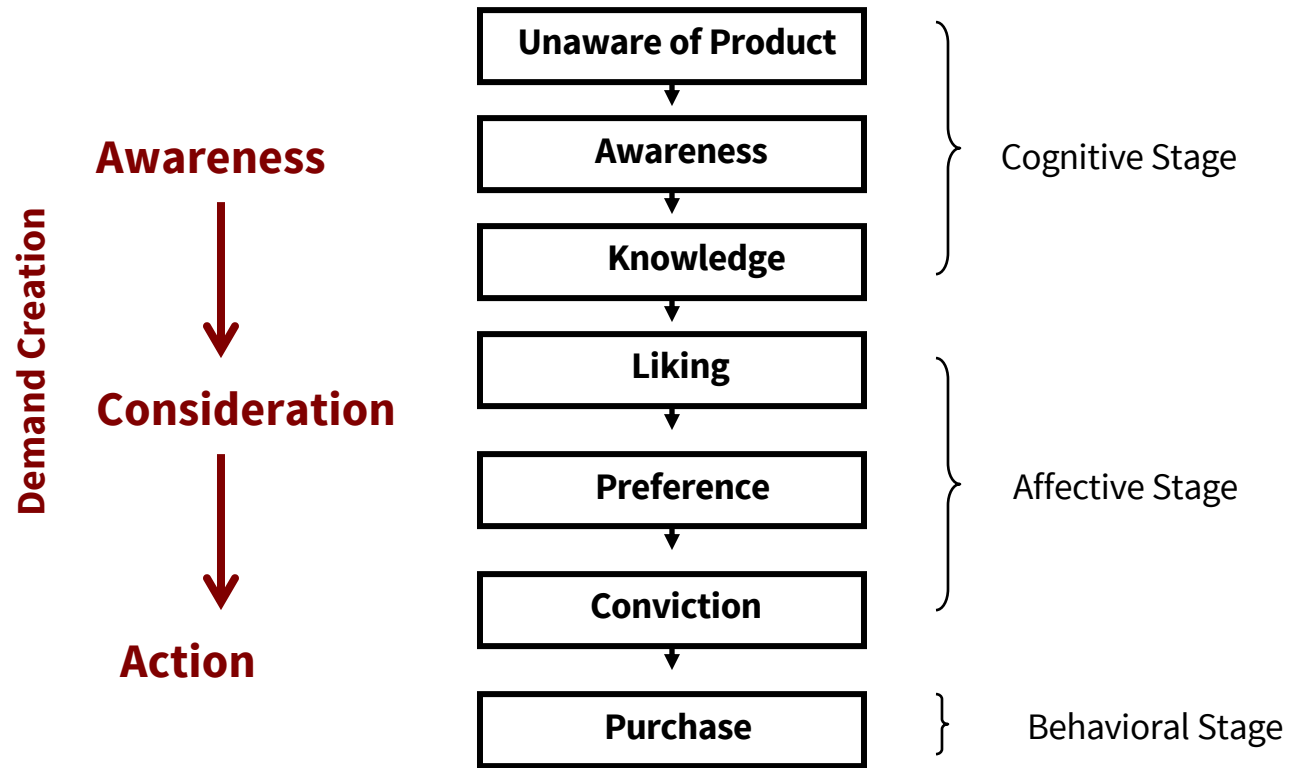
I don’t know your company’s record.

I don’t know your company’s reputation.

Now-what was it you wanted to sell me? ”

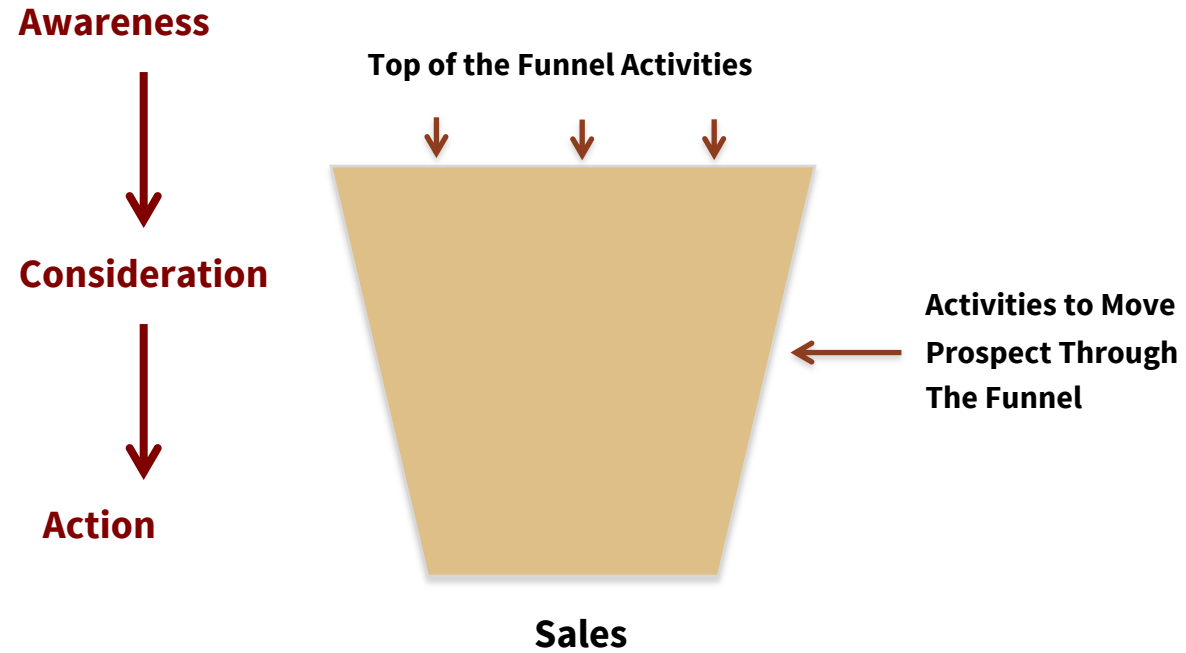
Source: McGraw-Hill Publishing Company, Inc. 1961

Marketing and the Hierarchy of Effects



Source: Dolan, Robert J. (1999), *Integrated Marketing Communications*, HBS Note #9-599-087

The Funnel



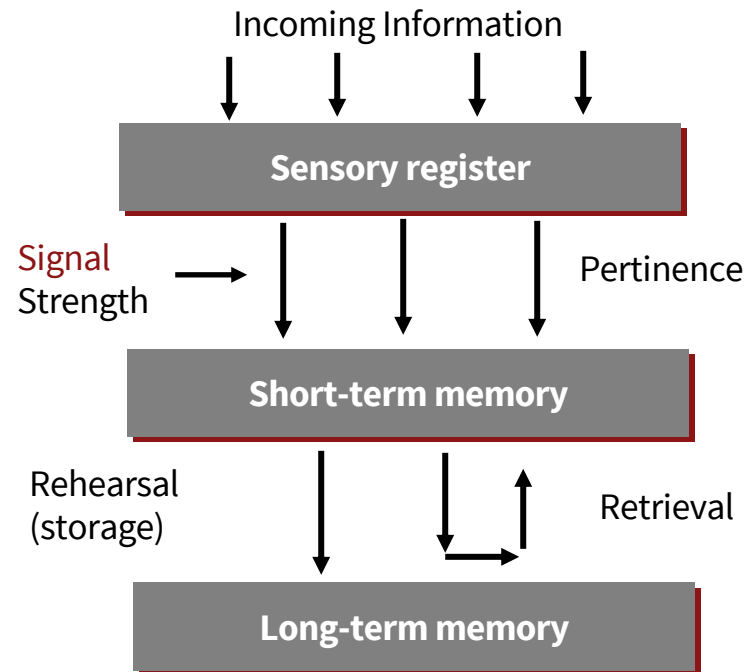
Information Processing Model: How Perceptions Are Formed

Information Acquisition from External Sources

1) Information exposure

2) Information reception

3) Cognitive response

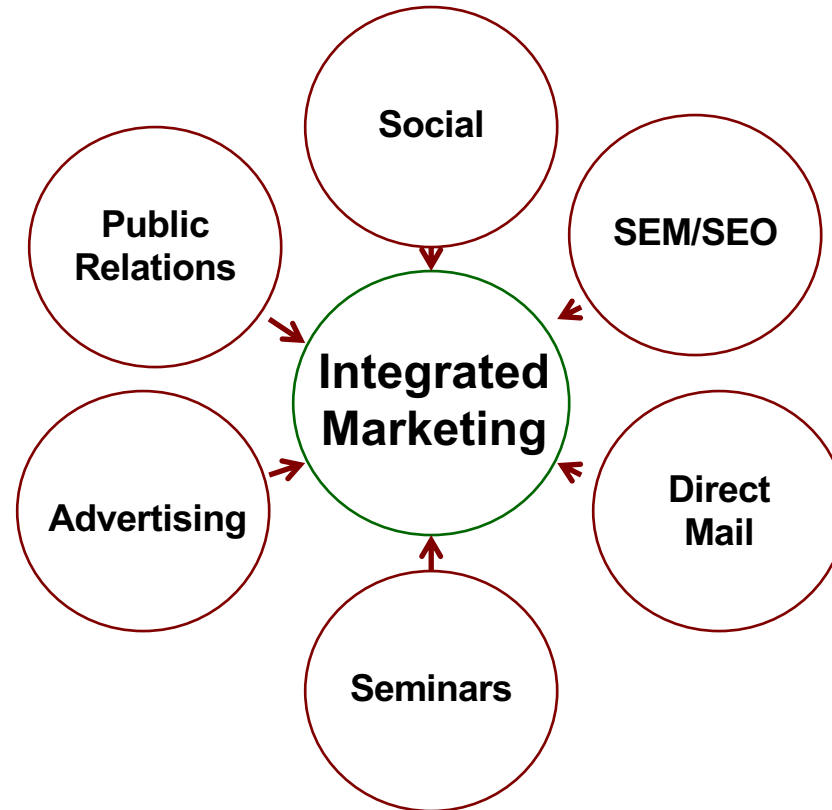


Source: *Integrated Marketing Communications*, Don E. Schultz

The Challenge

Average human attention span: 7 seconds
(That's 1 second less than a goldfish.)

Integrated Marketing



Differences in Marketing: B2B & B2C

	B2B	B2C
Target Audience	You Know Who They Are by Name	You Know Who They Are by Archetype
Objective	“Push” the product directly or w/support of channel	Induce consumer action to “pull” product through channel
Marketing Focus	Generate Leads Drive Sales	Drive Sales Generate Leads
Company Dynamic	Sales Centric	Marketing Centric

Business to Developers or Platform Marketing (B2D)

- Focus on the Doers – not an impersonal organization
- Think of the API or SDK as a product
- Build a culture in line with developers
- Forget what you ever knew about marketing
- Make support central to the process
 - Not an add on
- Create a brand for the API/SDK

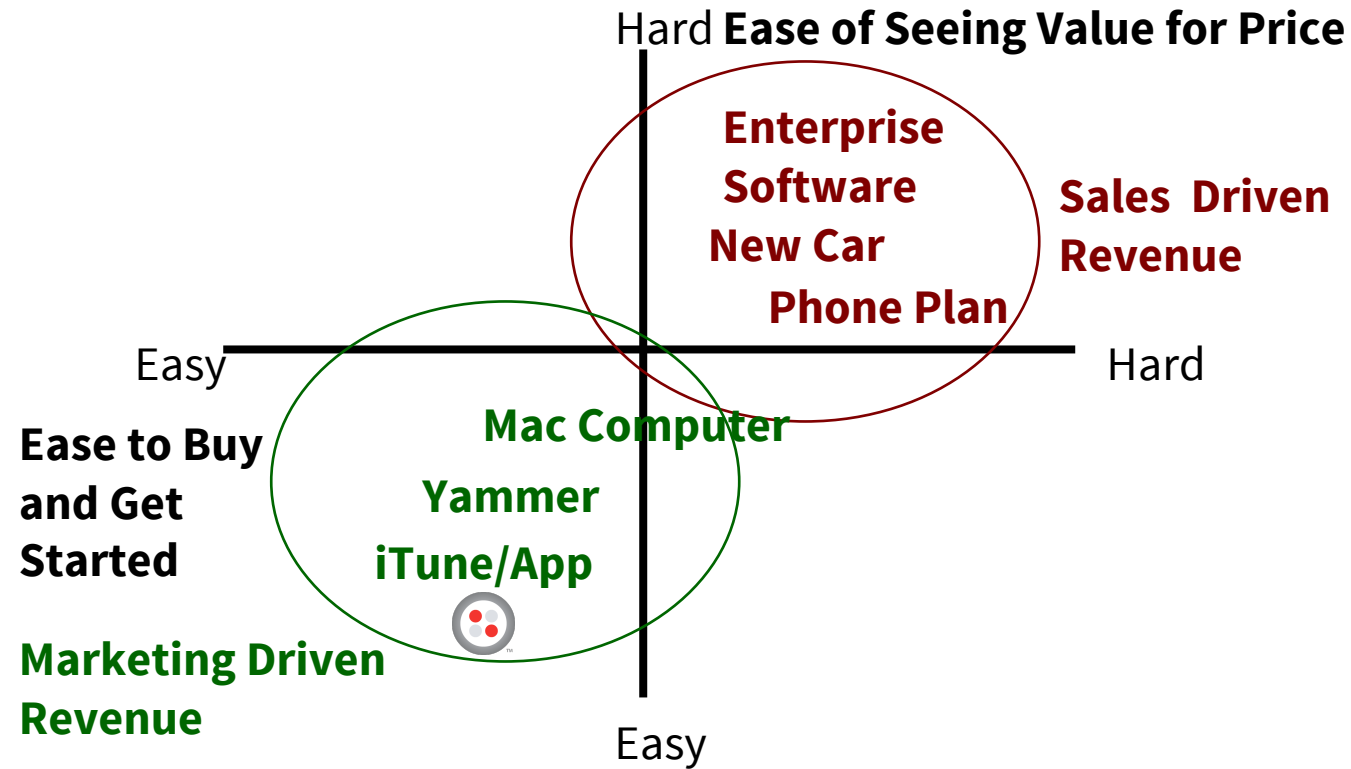
Source: Lynda Kate Smith

Value Proposition Creation & The Compelling Reason to Buy

	B2B	B2C	B2D
Target Audience	The Company An Individual	An Individual	An Individual
Focus	Burning Business Need	Burning Personal Need	Burning Personal Need

Twilio virtualizes the entire communications infrastructure in a cloud-based, global environment, making it simple to integrate voice, messaging and VoIP into your applications using any programming language.

Role of Marketing in Your Business



Source: Lynda Kate Smith

Demand Creation Goals

Sales Driven Revenue

Goal:

Leads!

Marketing Driven Revenue

Revenue!

- Visit Website
 - Ecomm
- Visit a Store
 - Retail

Demand Creation: Taking a Strategic Approach



Source: Lynda Kate Smith

The Art of Segmentation

“...the basic recognition that every market is made up of distinguishable segments of buyers with different needs, buying styles and responses to offers...”

—Phillip Kotler

The Value of Segmentation in Demand Creation

- Different degrees of value as targets
 - Tells me on whom to spend my marketing dollars
- Different needs, motives, processes, mindsets
 - Tells me how to message and market
- Identifiable
 - Tells me where to find them

Source: Adapted from CES

Knowing Your Audience: Marketing to Consumers

Age
Target Household Income
How are they wired?
What's impacted their points of view?
What's top of mind?
What drives them?
What challenges do they face?
What are their needs?
What are their marketing wants and desires?
Where do they "live"/How do you reach them?
What role would my product play in their lives?



Things worth
understanding

Source: Lynda Kate Smith

Knowing Your Audience: Marketing to Businesses

The Company

What's happening in the given industry?
What challenges do businesses in this industry face?
What challenges is the given company facing?
How can my product address this?

The Individual

Who makes the purchasing decision?
Will they have to consult others before deciding?
What are the challenges of their position?
What's important to them based on their role/position?
What are their marketing wants and desires?
Where do they "live"/How do you reach them?
How would my product make them successful?

Things worth
understanding

Source: Lynda Kate Smith

The Who

Marketing Persona

How Much Can You Spend to Acquire a Customer?

$LTV > CAC$ **Business Model Works**

$CAC > LTV$ **Business Model Doesn't Work**

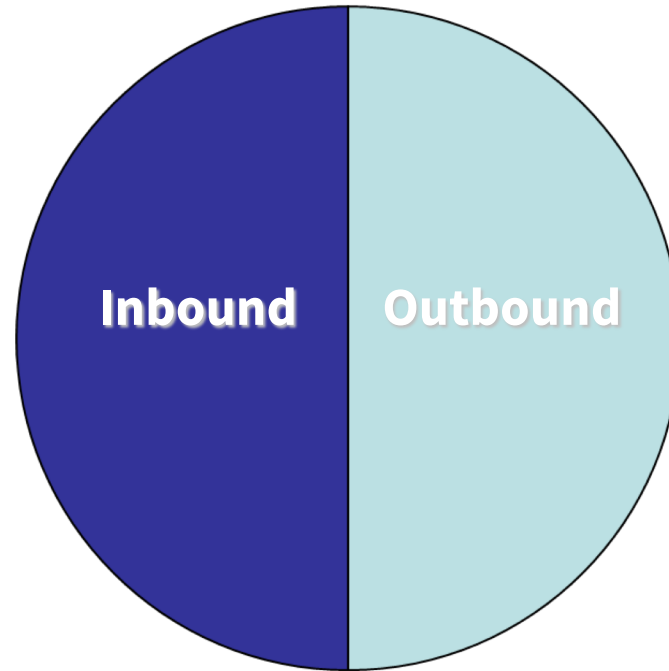
LTV = Life Time Value of Customer

CAC = Customer Acquisition Cost

Types of Demand Creation

Inbound Marketing:
Strategies and tactics that PULL prospective customers.

They find you.



Outbound Marketing:
Strategies and tactics that PUSH the prospective customers.

You find them.

Inbound and Outbound Vehicles

Inbound	Outbound
<ul style="list-style-type: none">• Blogs• Podcasts• Videos• eBooks• eNewsletters• Whitepapers• SEO• Social Media	<ul style="list-style-type: none">• PR/AR• Advertising (Major Media)• Advertising (Online)• Direct Mail• Email Marketing• Seminars/Roadshows• Webinars• Trade Shows/Events• Owned Events• Trade Promotions• Contests• Product placements• Experiential

Demand Framework

Demand Framework	
Target audience (who)	
Objectives	
Strategy	
Tactics	
Tactics that enable them to find us	
Tactics that take us to where they live	
Tactics that create opportunities to gather	
Measurement	

Inbound

Outbound



Source: Lynda Kate Smith



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