

Topic

• The new entrepreneur

An outline from the Age of Discontinuity (1968)

- We need people who can:

build a new structure of entrepreneurship
on the managerial foundations
laid these last fifty years.

- **Businessmen will have to acquire a number of new abilities**

All of them entrepreneurial in nature but
all of them exercised in and through a managerial, and
usually a fairly large and complex, organization.

- **Learn to understand the dynamics of technology**

- Learn to anticipate the direction and speed of technological change
 - What technological changes are likely
 - Which of those are likely to have major economic impact
 - Will bring about new industries
 - Whether such changes are indeed approaching or imminent
- The dynamics of technology
 - First dynamic element in technology—economic needs and opportunities.
 - Necessity is the midwife of invention.
 - The first indicator of the need for major innovation
 - The declining productivity of capital in a major industry
 - Insiders are usually blind
 - Outsiders
 - Gaps in technology
 - Second place to anticipate technology—knowledge of all kinds
 - Analysis
 - What is going on in knowledge areas and

All areas in which there is systematic work on knowledge

- what technological opportunities might this create?

- The lead times

for the conversion of
knowledge
into technology
seems to have lengthened.
30 to 40 years.

Also the time it takes
to develop new technology
into marketable products and processes
seems to have lengthened, too.

What has shortened and appreciably,
is the time lag between
the introduction of a new product or process into the market and
its general adoption.

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- The fluidity of knowledge
 - It has always been the rule that the major new changes in one area are more likely to originate in a field or discipline outside that area than from within.
- New major technological opportunity are prefigured in new intellectual attitudes & slogans
 - Vision as a rule comes before action, and understanding comes even later
- Putting things together
 - A great deal of new technology is not new knowledge; it is new perception. It is putting together things that no one had thought of putting together before, things that by themselves had been around a long time.
- Perceptions
 - have greater impact, as a rule, economically, socially, and culturally, than have many "new" things or even "new" ideas.
- Analyzing technology and its dynamics is not a "scientific" process
 - It is not intuition
 - It is true analysis
 - It is not in itself "technology"
 - Not done well by a technologist
 - It is best done by an entrepreneur
 - The questions
 - Where are the opportunities for a new industry or at least for a new major process?
 - What new technical developments are likely to be of major economic impact because they fit a major need of an existing industry or an existing market?
 - What major new knowledge has come into being that has not yet had an economic impact, has not yet resulted in new industries, new processes, new economic capabilities, or new productivity?
 - What new insights are there, what new perceptions that are likely to make effective new technology—and what kinds of new technology?
- The result of the analysis
 - Not a sales forecast

Topic

- Much more important

Any development of a certain kind,
if and when it appears or is made to appear,
will have major impact,
will indeed have the potential
for becoming
a new industry
rather than just a new product,
a new technology
rather than just a new tool or a new method.

- A technological strategy is needed
 - Think through in advance where to put one's own technological efforts.
 - Should technological efforts focus on modification and improvement, or
 - Should technological efforts aim at producing new technology? or even new knowledge?
or
 - Should technological efforts be used to exploit a gap between technological and economic potential.
 - Whether a given business should aim
 - to develop technology for its own use or
 - whether it should develop technology to license to others.
 - And at what stage should the company, in turn, import technology, and
 - what should it look for and stand ready to pick up whenever it appears on the horizon?
 - Everyone will have to learn
 - What to concentrate on,
 - what to bring in from others, and at what stage.
 - The growing international trade in technology, patents and licenses
 - What are we going to do ourselves?
 - What are we going to sell to others?
 - And what are we going to buy, and
 - at what stage?
 - See the discussion on page 50 of the Age of Discontinuity
- ***Understand the dynamics of the market***
 - The market is the most potent source of ideas for innovation.
 - Understanding the dynamics is necessary to prevent the loss of the fruits of technological achievements.
 - The importance of marketing for technology
 - Marketing the ability to translate the technically new into the economically productive.
 - Edison put himself in the position of both the electric power companies and homeowners and asked: What do they need and what can they use?
 - Definitions of marketing
 - What is normally meant by marketing—Selling
 - Systematic and purposeful organization of all the work that has to be done
to sell a product,
to deliver it to the customer, and
to get paid for it.

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- A step beyond Selling

Systematic, planned, and organized effort needed
to find, develop, and service the markets for the company's products and
to identify & specify the products needed for the company's markets.

- What is really needed

- True Marketing

"Marketing" that looks upon the entire business
from the point of view
of the ultimate purpose and justification,
that is, from the point of view of the customer.
(or rather "customers", since every business and every product has at least two, and usually
many more, quite different kinds of customers to satisfy).

This means, above all,
that one does not try
to look at the customer for "our product."

As long as one thinks of "our product,"
one is still thinking in terms of selling
rather than in terms of marketing.

What matters is the customer's
behavior,
values,
expectations.

And under this aspect,
one's own business,
let alone one's own product and
no company
is assumed to have the slightest importance
to the customer or indeed to be even noticed by him.

It is axiomatic that the customer
is only interested in
the satisfaction he seeks and
in his needs and expectations.

The customer's question is always,
"What will this product or this business do for me tomorrow?"

- Innovative Marketing

Marketing as an innovative force in itself.

The truly new
does not, as a rule,
satisfy demands that already exist.

The truly new
creates new expectations,
set new standards,
make possible new satisfactions.

"Innovative marketing" therefore creates markets.

Topic

New technology
always needs new markets
which were not even conceivable
until the new technology created new demands.

- Chemical & carpet industry example
 - What is the biggest unfulfilled expectation of the typical home buyer?
 - What can the young people afford?
 - Who decides what is being bought?
- Innovative marketing is what converts the potential into actuality. Only under acute shortage conditions do goods sell themselves
- Economic advance

is not greater satisfaction of old needs and wants. It is new choice. It is the widening of the horizon of expectations and aspirations.

This is largely a function of marketing
which, therefore, is needed
to make technological change economically productive,
that is, result in the satisfaction of human needs and wants.

- ***To build and manage an innovative organization***

- To build and manage a human group that is capable of
 - anticipating the new
 - capable of converting its vision into technology, products and processes, and
 - willing and able to accept the new.
- Needs to be organized separately
- Needs a team organization—jazz group or surgical team
 - Needs flexibility in relationships
 - Has to be discipline, authority, & someone who can make decisions
- Needs new attitude by people at the top.
 - Not to sit in judgment
 - Try to convert the largest possible number of ideas into serious proposals for effective and purposeful work
- Risk of aiming too low

Is this big enough so that we will have at least a new business, if not a new industry or a new technology if we succeed?