



BUSM5253: SUMMATIVE ESSAY ON BUSINESS INNOVATION DESIGN

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ABSTRACT

The essay focuses on the work done by Kumar (2012) and other business innovation design scholars who moved mountains to shed light into the career paths of business executives and entrepreneurs around the globe. It is with profound humility that Kumar & Co devised business innovation instruments that have revolutionized business activities.

Kumar (2012) improvised the innovation design approaches into 5 main steps and called them modes. (1) Sense intent; (2) know concepts; (3) know people; (4) frame insights and (5) explore concepts are the methods an executive, entrepreneur or academic can use to come up with a workable business ideas. It is worth noting that not all business ideas are

Transformable into practical and profitable opportunities and caution must be taken whenever the design and development of the idea is concerned.

In anticipation to that, Kumar outlines the 5 major steps into business innovation and development. The essay; therefore, looks at each mode, discussing its applicability, strategic relevance, and level of profitability. Reference to the leading international companies such as Apple, Inc. is necessary to appreciate the significance mark Kumar has stamped on the global business arena.

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Introduction

With competition rising to unclimbable heights, new business owners and innovators face the prospect of failing to accomplish even the simplest organizational objectives; and that is why Kumar takes the liberty of issuing five non-negotiable stipulations to guide entrepreneurs. According to the author, there are 5 must-use innovation models. These are (1) sense intent; (2) know concepts; (3) know people; (4) frame insights and (5) explore concepts code named mode 1, mode 2, mode 3, mode 4 and mode 5 in that order. These are the 5 pillars of business innovation and must be used in a step-by-step combination, starting with mode 1 to the last.

Chesbrough (2010) enthuses that innovation is a complex word that continues to generate unspeakable confusion among academics and even business professionals. The commercialization of new ideas and technologies by companies via their business models is what constitutes innovation. Innovation that increases the confidence and certainty of an idea working to optimize company goals has to be treated with maximum financial and moral respect (Chesbrough, 2010).

Kumar (2012) has every reason to believe that innovation forms the heartbeat of business prosperity. Although Kumar defines business from a distinguishable intelligent angle, he is one of the few scholars who make experimental and effectual sense in the world of modern business. While many are fed with the misconception that innovation has to do with a new and unique idea which never existed, Chesbrough (2010) and Kumar (2012) argue that innovation is based on the brilliant analysis and combination of pre-existing business ideas and exercising ownership on them. Other business management and design researchers call it creative innovation. Steal people's ideas and give them that tough of brilliance to make them look your own.

Understanding Kumar's 101 Design Methods

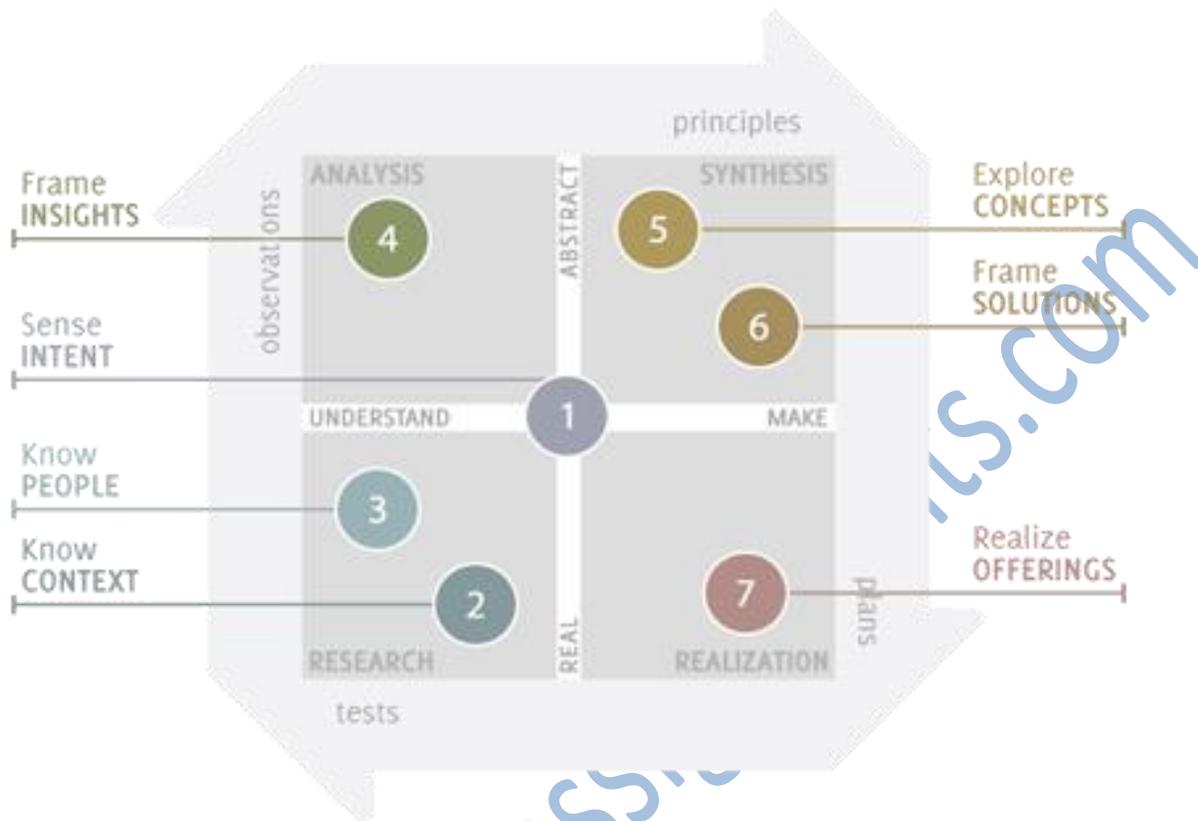
Kumar (2012) desires people to use creative innovation; that is, the creation of new products, services and customer values should be based on a science and not art. With this in mind, business personalities acquire collaborative instruments and methods to plan and define new offerings with tremendous success.

Kumar has helped executives, designers, strategists, and researchers absorb the challenge of innovation. There are no structured procedures and the risk of failure as far as innovation is concerned, but business-minded people are now treating innovation as a normal challenge. The advantage of innovation is its ability to revolutionize business and create new opportunities for employment and other supplementary innovations.

The founding and expansion of Apple, Inc. is a classic analogy of Kumar's assertions. Steve Jobs and Steve Wozniak did not invent the computer. IBM was already a dominant PCs manufacturing company when Apple started in 1976. Jobs & Co had a scientific approach to the re-invention of computers by focusing on computer design sophistication, improved geometry, reduced size of hardware, OS revolution, and upgraded performance. In fact, most people do think Jobs and Wozniak invented the computer because of the highly scientific approach used.

It is true that Jobs, consciously, subconsciously, or unconsciously used the 7 modes that have later been brought to light by Kumar. The modes act as guidelines to success in business innovation. They are sense intent, know context, know people, frame insights, explore concepts, frame solutions and realize offerings, but the last two are not going to be discussed as instructed by the teacher. Digging deep into the 5 modes to see how each contributes to the general course and the professional business fraternity is what this essay is all about.

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Mode 1: Sense Intent

This is the first step in the innovation process. It maintains the significance of figuring out what the idea is all about and how it will improve the lives of people. Jumping blindly into a business project without prior knowledge of what is going on around the world is next to suicidal. Information about what is going on in business, technology, community, culture, and policy among others is of material importance. No detail is too small. Kumar (2012) outlines the significance of gathering information about current events that may affect the project and advanced developments. In addition, studying the trends that impact the business idea and the changes the project will bring to the world serve as extra bullets.

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Innovation opportunities come out clean when one correctly applies mode 1. For instance, the provision of third party funeral funding services is innovative enough to attract attention from any investor. I researched and gathered facts about the problems families face regarding planning and execution of funeral services.

Currently, the cost of an average funeral is approximately \$8,000 and given the current global economic downfall, it is becoming harder by the day for families to raise money for such activities. This idea is a Hail Mary for working and middle class families that are either unable or unwilling to commit to pocket-unfriendly insurance programs. This is the problem scope of the project. Kumar (2012) maintains that innovations that do not have the capacity to solve social problems go no far. Burial and crematory services require enormous amounts of money and since most families cannot raise \$8000 within a short time to lay their loved ones to rest, third party funeral funding services became the ultimate solution to the problem.

Mode 2: Know Context

In mode 2, the teacher, using Kumar's guidelines emphasizes on studying the context. Here context are basically the situations or chain of events that impact the premises in which innovation parameters such as products, services, experiences, and brands exist. Knowing context also includes understanding how the innovative products similar to ours are doing in the market.

To come up with realistic deductions, a study on other companies that offer third party funeral services was conducted. It was then ascertained that the competitors are doing great, meaning there is still a huge gap in this business venture. No company is going to be mentioned

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here, but there are many that make millions of dollars monthly by offering third party funeral financing services.

Kumar (2012) states the material importance of learning about our organization, its culture, strategy, customer base, clients, and investors. The third party funeral funding services sector still has untapped potential, especially if the services are spread across the borders.

Kumar (2012) further suggests that it is indeed imperative to study the government policies regarding the innovated product, service, experiences, and brands and so on. There are some business sectors that face political capital problems, engaging them. As far as this business idea is concerned, the government regulations are a little bit lenient. The government demands dignity, ethics, and empathy to be exercised by third party funeral funding services like the one I innovated. Considering my background, it is a decent assertion that I got all these three qualities.

Competitor analysis revealed that things will work on my favor. Most companies offer approximately 65% funding for funeral services, but mine will cover 100%. The interest rates charged by competitors are 23-25%, but my organization will charge only 20%. The simplicity of our application process is also another alluring factor. The loan application process can be done on books or online and the funds are released in 24 hours up on successful application.

Mode 3: Know People

To succeed as a business person, know your customers (Chesbrough, 2012; Kumar, 2012; Hall, 2012). Knowing and understanding your target customers is the fundamental rule for well-performing firms. Know the customer, their likes and dislikes, their financial status, their families, and everything is there to know. Hall (2012) insists that a successful business person knows with surgical precision the needs, wishes and purchasing trends of the targeted customers.

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Knowing people is a scientific approach to business innovation. For example, the market size should be analyzed to know the exact number of potential customers. Knowing customers' name, gender, age, residence, earnings, marital status, hobbies, education, associates, internet addresses, professions, tastes and family size works miracles (Chesbrough, 2012; Kumar, 2012; Hall, 2012). Successful innovations must know what the potential consumer is watching, reading, and hearing.

Knowing people also includes investor availability. Jumping into a business that has limited chances of acquiring funding from the wealthy is a futile endeavor. Apple, Inc., Facebook, Amazon, Google, Twitter, and Beats Electronics started as micro-businesses but their respective founders knew one day the companies would have investor confidence. Apple, Inc. started as a small company in 1976, but now it nets at \$730 billion because of investments. Jeff Bezos started Amazon as a small business of selling light items online. Now the company is worth nearly 4200 billion and plans to incorporate the use of delivery drones (octocopters) that will operate within a 10 mile radius. Beats Electronics was worth \$300 million at start, but was acquired by Apple, Inc. on May 28, 2014 for \$3.1 billion! This is not a case study analysis and going into details of the company will not serve me well, but it is necessary to mention them to insist on the importance of knowing your business idea will attract financiers.

Back to the third party funeral funding services I intend to jump into. As stated earlier, this industry is unknown by many. People may have contentious thoughts that this idea is not morally upright in that it invests on other people's misfortunes, but a rational business analyst would conclude the firm will indeed solve social problems. This idea is focused on preserving human dignity.

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I understood my clients well and their surroundings. Over 3 billion people are living under \$2.5 per day. Over 80% of the United States families are either middle class or working class. Similar statistics may also be found in Europe, Asia, and Africa. As reported by the U.S Census Bureau's American Community Survey, "the number of low-income working families rose from 10.2 million in 2010 to 10.4 million in 2011. In total, there are over 30 million working families in the U.S., leave alone the elderly and the unemployed and small business persons. Combined, the number of families unable to quickly raise money for funeral arrangements may go up to 40 million ("Low-Income Working Families Increasing").

My business venture has the capacity to pull in investment opportunities. The information about the target audience is also very promising. The firm will have instant success (Lindgardt et al., 2009).

Mode 4: Frame Insights

Framing insights is a follow-up of the previous modes (sense intent, know context, and know people). Further research is needed to here. The data obtained in previous modes is analyzed, sorted, clustered, and organized with the view of establishing critical patterns. The contextual information and patterns are analyzed to figure out the best way to harness untapped market opportunities or niches.

To labor this point, mode 1: sense intent talks about figuring what to do and how to do it. I chose to start a third party funeral funding business. The world is on recession and low-income working families along with middle class families have a difficult time raising funds to pay their loved ones decent last respects.

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Mode 2: know context enabled me to see what is happening to the industry. Families unable to service the ever expensive insurance premiums are increasing by the day. Performance prospects of the firm are good because very few people do such business.

Knowing people and their personal life as well as their socio-economic and demographic statistics show that there is a big gap in the sector. Kumar's work has changed my life and the way I think about business.

Mode 5: Explore Concepts

Kumar (2012) gives us the fifth step in innovation design. In this mode, he highlights the importance of doing a well-structured brainstorming to identify opportunities and exploit new opportunities. Apple, Inc. started as a computer manufacturing company under the brand Apple Computers in 1976. Jobs & Co analyzed the market opportunity that existed at that time and realized that IBM was not enough to serve all consumers. They started to mass produce PCs and although sales were still on humble profiles, they never stopped. As time went on, the company was baptized to Apple, Inc. to accommodate the nature of operations. The firm started to shift focus to consumer electronics; thus, it had to change its name. The exploration of concepts by Apple was perfect as they dominated and are still dominating the PC and consumer electronics industry, with Samsung Electronics being its closest competitor.

Beats by Dre started humbly as a headphones manufacturing company, but soon started to produce radios, sound systems, and later offered music streaming services. When it was acquired in May 28, 2014, the company was a model of consistency in terms of diversity. Beats Electronics among other giant firms conducted strategic concept exploration to reach where they are now.

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In relation to the third party funeral funding services project on the table, it is imperative to acknowledge that there are vast market opportunities. Later on, the company can include the offering of other forms of loans to cover medical expenses of uninsured families. Financial loans to restore the financial condition of bereaved families will also be in the menu.

Conclusion

With competition rising to unclimbable heights, new business owners and innovators face the prospect of failing to accomplish even the simplest organizational objectives; and that is why Kumar takes the liberty of issuing five non-negotiable stipulations to guide entrepreneurs. Innovation is the backbone of entrepreneurship success and serves as a sustainable business strategy.

Kumar (2012) explains 5 modes of innovation design to help executives, academics, and entrepreneurs become successful. These are (1) sense intent; (2) know concepts; (3) know people; (4) frame insights and (5) explore concepts.

In conclusion, Kumar argues that successful entrepreneurs and managers utilize a scientific approach to innovation rather than an artistic one. Creative innovation- that starts with the analysis of market trends; competitor activity, strategy and profitability, and customer knowledge - is what matters the most. The modern day business fraternity is a function of scientifically verifiable information. Obtain information regarding competition, consumer behavior, consumer demographics, future business prospects, investor confidence, and business sustainability. Without information, no business moves even an inch closer to profitability. If others are finding out about what you are doing, why don't you find out what they are doing? Remember surprises do not serve businesses well.

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