



Taking Our Own Way

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Everything Will Be Different

Let's take a look around us...

Politicians speak of growth... the growth of GDP, the growth of consumption, the growth of production and sales. Almost no one speaks about the growth of happiness, about a happy family life, free time for people's development, the growth of the good that resides within us and in the society that we are living in.

How is economic growth achieved? Through people's consumption and the spending of money on things that they do not need at all. There are lots of tools for persuading the hesitant customer – from the wild hyperbole of advertisements in the mass media, through to arousing desires for things and experiences up to stimulating people's wants with various sales and loans.

People purchase and the firms receive signals that they are to produce more (and at the same time to produce waste) and to consume more (the raw materials and energy from our nature world). Banks lend money to people for consumption and to companies for purchasing and manufacturing. As a result, people, companies but also the banks that do not get the loans repaid, are indebted. And here is the platform for politicians to save the situation – they print new money and give it to those who have spent the most. In this way whole countries are running into debt and the debtors lend to each other. Alcoholism is being treated with alcohol.

Work productivity in the three main sectors (agriculture, industry and services) is falling and will reduce the number of jobs. The sector of state employees is increasing. The unemployed also belong here.

A new world which gives a chance for new, innovative and flexible firms is being created. It is an opportunity to consign the dinosaurs to the past, to open up opportunities for new players and to generate new products and services.

There are several trends offering possibilities for new entrepreneurs:

1. **Mass customisation.** More and more frequently, customers prefer an individual solution to a standard one. Customers are more and more involved in innovations and the development of new solutions – they themselves want to choose, draw, configure and design the products and services they pay for.
2. **Self-service.** Customers will do many things by themselves. The breakfast buffets in restaurants, internet banking, booking air tickets or purchasing books through the internet may serve as examples.
3. **Disintermediation** – complicated chains of intermediaries, distributors and dealers have gradually been developed between the manufacturers and customers. These networks often take 40 – 70 % of the product value and use arcane practices towards the customers, as well as the suppliers. These inter-segments are little by little being excluded from the chain and the producers and customers are directly interconnected. Several producers have started building their own networks for the clients, MP3 technology has removed the 'middlemen' in the area

of music distribution, the new printing technologies enable the printing of books directly in the bookshops and nowadays 3D printers are also on the horizon.

4. **Collocation** – the producers are more closely linked with the suppliers and partners in production, development and also business. The suppliers are becoming part of manufacturing and the development of their clients.

5. **The digital technologies** are principally changing the entrepreneurial methods. The internet and social networks are more and more utilised for marketing and innovations (open innovations), the 3D printers enable producing components and rapid prototypes directly at the place of consumption, the virtual reality systems and 3D modelling are more and more frequently utilised for the speedy testing of prototypes, but also for demonstrating solutions to the customers.

6. **From information to knowledge.** The major firms behave assiduously, they analyse, plan, assess everything; they try to avoid risks. Their managers prefer to make no decision or take no action rather than make a mistake. The information and plans dominate the realisation. We can see this in the area of politics, at universities but also in company managements. Actions and deeds that bring real knowledge and experience are important in this turbulent world. The procedure – action, assessment, knowledge and correction - works better than a complicated planning procedure. This management style, which slightly resembles the action “attempt – error”, leads today towards the goal faster than systematic and bureaucratic planning.

7. **From work division to integration.** The narrow division of work and specialisation are replaced by multi-functionality and integration. Here also the whole system of education, training and coaching of people will change dramatically. Today sometimes one worker has to know how to make the whole product, the innovations do not run between departments but in “cross-section” teams of people from marketing, sales, service, production, logistics, development, design, etc.

8. **The innovation of whole business systems** – innovation develops on a higher level than a product, service or company process. It is created on the level of the business systems. The new business models frequently utilise completely new technical solutions, materials, they create new supplier networks and communities of customers.

9. **From globalisation to re-localisation.** Globalisation has discovered its boundaries. A problem in one part of the world can have global consequences, control is being lost as well as the safety and security and identification of the goods. The transportation negatively affects the environment. Production in local networks is arising – the information is transferred globally, products are made locally. The new technologies enable this process but also the customers require it.

10. **The new societal responsibility.** Society is led by the least able to lead, and they have received their mandate for this from those who are the least able to work and create values. However, the collapse and moral decadence are beginning to rouse people. The citizens begin to see that their emperors are not only naked but also stupid. Activity from the bottom starts to rise – the inhabitants begin to take an interest in the place where they are living, in the environment, corruption, but also in those people who are in distress. People realise that they do not need superfluous inter-segments – political parties and politicians, they are able to organise their lives and businesses without them. The new societal responsibility means a

proactivity and awareness of the area of people's influence. The sooner we become aware that we are the ones who are important and not those who are "above", the sooner we will solve our current problems. The solution is to be sought in decentralisation, family, community, diversity and autonomy.

In point of fact, what can we expect?

- More turbulence, uncertainty, rapid and unexpected changes
- Fewer jobs, and social uncertainties
- Less wealth
- More people who will need help
- Comprehending that people are not resources but free human beings, that the economics and companies are not machines but living organisms
- The fact that we have to treat our environment in a different way other than as a source of raw materials
- Large geopolitical, demographic changes as well as changes of values.

What should we prepare for?

- It only depends on us – to understand ourselves and the world around us, proactivity, acting according to principles, freedom of choice.
- Decentralisation – family, community, autonomy, independence from central institutions.
- Collaboration and mutual aid, networking with other people, learning, innovations, entrepreneurship.
- Each person is an entrepreneur with his/her talent and life. We ourselves will create our jobs.
- We have to learn to be the creators of our lives, not simply victims and consumers. It is necessary to learn to discover our own way.
- To look for a higher sense of purpose in our lives, to live more for others than for ourselves.

Can people be happy when they do not have more and more? Can they be happy when they have less and less? Many will agree with me that it is better to have more love than money, more time for oneself and family, than simply to gather possessions, to have more good people around one rather than an expensive, globetrotting holiday. So, why do we always want more and more? Why do we pile up things that we do not need, and property we will not be able to take to the next world?

If we want to change the world then we should bring a mirror. First of all we can change ourselves. Unfortunately we are forever persuading ourselves that we have no time – no time for self-identification, for pausing, perceiving and assessing the signals we are receiving. We point to others and want to change them instead of understanding ourselves and looking for our own way. Why are we in this world? What is our mission? What ensemble did we get for its fulfilment? The worst things in our life are not the bad things we have done, but the good things we should have done and failed to do.

Each of us is an entrepreneur. We were born with certain abilities and talents. During our lives we reveal good and bad qualities, things we succeed at and things at which we are not very successful. Each of us tries to rank somewhere, to be useful, to offer something to others – and to receive an adequate reward. We are revealing our own way. We are entrepreneurs,

though we are employees because we have had to learn something to maintain our working position and have had to fight for it with our capabilities.

There are many people who do business and plough all their efforts into making much money. However, there lots of people who do not do business and simply criticise those who pile up wealth. I am sure that none of them are correct because real entrepreneurship is about sense, service, usefulness and the development of the talents that we have received. Money, no matter if it is much or a little money, is only a by-product of this activity.

In the text I will refer to the principle of “something above us”. For believers, regardless as to the religion, it is simpler because they have a God and to communicate with him/her. However, I think that also the “non-believers” believe in “something above us” – they call it a higher principle, Mother Nature or a personal God. It is important for us to have a connection to the higher principles and our conscience which tells us what is wrong and what isn’t.

I perceive entrepreneurship on four levels:

1. Money and the things we buy with it – the basic fundamental act of doing business when we need to purchase materials, pay rewards to people, invest in machines and education, but also to ensure the needs of our family. This level is called the **physical side of entrepreneurship**. If entrepreneurs do not have food, a roof over their heads and are unable to recover their strength (and the same is valid also for their firms) then all other entrepreneurial levels are threatened. All crisis managers emphasise that resuscitation of every ailing company starts with renewing the cash.-flow and this is similar with a patient who needs to recover his/her blood circulation.
2. If entrepreneurs are satisfied only with the first level of doing business, then they can very quickly lose their competitive advantage. A lot of them start purchasing things and enjoying their money; others concentrate on making money and renewing the firm. But they underestimate the second level of business – we can call it **intellect, will and innovations**. Here the entrepreneurs are reaching a higher level than merely “making money”, they engage their intellect, talent and will into their business, they look for new solutions for the customer, they innovate. Not only money but also public recognition, triumph, external success – similarly as in sports – is the reward. Many businessmen are motivated just by the fact that the public appreciates their abilities and drive. But also here danger lurks – if people are consumed by the desire for glory.
3. The first and second levels of entrepreneurship are aimed especially at the businessmen themselves and their firms. The third level orients more on the surroundings. We introduce **love, heart and confidence** to business. **Service, usefulness and solidarity** are coming. Most people know the feeling when giving and helping others that they themselves sometime receive something more in return – a good feeling, peace and worthy emotions. However, there can be a danger that we will subordinate everything to this side of the business. I don’t mean neglecting the physical and intellectual side of doing business at the expense of love and heart rather but to wrap people up in cotton wool – this can create an unhealthy dependence between those providing help and the recipients. Let’s be careful not to cause harm to the people we are helping in good faith, and not create a vulnerable victim who is unable to fend for himself/herself.
4. You may earn a lot of money and be an acknowledged businessman who does a lot of good for others. At this moment many will stop and ask – what to do next? Am I to earn more, to acquire an even greater appreciation and to help even more? The fourth level – the **spiritual** one – provides us with a way out. The sense of what we are doing, the

mission we want to fulfil with our lives. Many have passed this way – as young people they were looking for sense experiences. Later they were searching for self-realisation in studying and created communities around them. However, all of them say that only the real understanding of the senses and finding the right way brought them full satisfaction. People are step by step looking for a higher sense of that they are doing. They attempt to make correct decisions. Maybe the deathbed would be the best place for such decisions, however, that would be too late. I don't expect that a 20-year-old businessman will be struck by a lightning flash of enlightenment which will make everything clear in his/her mind and link it to a bright mission and sense of life. We are discovering and specifying the sense of our lives all the time - our whole life. But we need a light illuminating our way.

Ask yourself a basic question – what is your mission, your goals in life and what is your way towards them? What is your business strategy – with your life, talent and time? Are you able to define this strategy, goals and way by yourselves or are you expecting someone else to do it for you? Would you like to be an entrepreneur or an employee? Do you want to live your own life or live according to a model of someone else? Do you want to use the “best practices” of someone else or to create your own?

This book does not contain an algorithm which would lead you to a successful life and business. You will not find here “ten guaranteed steps to success” as it often happens with the “pink library of management”. It is good to read books, to be inspired by the stories of other people but it does not make any sense to look for our own way in these books. We bear inside of us everything that we need for it. We are entrepreneurs – with our lives, talent and time.

In this book you will find various questions which can simplify your way to reveal the entrepreneurial path.

This book is primarily determined for entrepreneurs who want to lead their firms and lives correctly. It is divided into the following parts:

Part	Content – Key Questions
Strategy	Where are we and where are we heading? Why are we doing it? What sense does it have? What is our way? What are our priorities?
Customers	Where is our customer's place? Who is our customer that we can bring profit to? What needs do our customers have and what values can we create for them? What values will it bring to us?
Innovation – creating value for customer	What exceptional things can we offer to the customers we have found? In what aspects can we be different? What innovations will we bring to the market?
Realisation	What will be the final shape of our products, services and our whole entrepreneurial model? How do the customers respond to them? What is to be changed? How do we realise our new business? What results does it bring to us?

1. A Strategy for Our Life and Business

'Deep down in every human heart is a hidden longing, impulse, and ambition to do something fine and enduring'. Grenville Kleiser

Looking for answers to the questions **why** I live and do business, what is my goal and sense of what I am doing.

Imagine yourself in the coffin at your own funeral and speakers are at the grave. What would you like them to say about you? Is it a morbid vision and will it be the same for you at that moment? You are right. So, something more positive – how would you like to view your life at the deathbed? How would you like your children, friends, fellow workers and other people who know you to remember you? Does the deathbed also frighten you?

So, let us continue, what should we do today in order for our lives and businesses to take the right way? What is the right direction and the path to it? Are you holding a compass or a clock in your hand? The compass shows direction and the clock measures time. Have you taken the right direction and are you doing right things at right time?

Pointless questions? We are speaking about your life which cannot be returned, interrupted or repeated. Many people were directed in their lives by their parents and “programmed” by their school. Research in firms shows that the majority of people go to work only to earn money, but they do not like it and it does not bring them any joy. Only a quarter of people find pleasure in their work. If we realise that we spend a large part of our lives at work, so it is a sad fact. A lot of people find no pleasure even outside working hours – they are unhappy, angry at the world, they feel a sense of unfairness, frustration, they are living unhappy lives. Why?

Have we ever thought about why we are living in a different way from what we have imagined? Why are we doing something other than what we want? Why are we living the life of someone else and doing work we have been assigned?

Don't let us rebuke the world, our circumstances and other people. It is our life. All the decisions and actions of our life are in our hands. We decide about 90 % of the things in our life; only 10 % are events that we cannot affect – the weather, other people's decisions, accidents, politics, etc. But also the responses to things which are beyond our control are in our hands. We may be dissatisfied with the country we live in and can learn a foreign language and leave it. A flood can inundate our house and we can either mourn our fate or mobilise and repair it.

The following questions are important for our life and business:

1. Self- consciousness – what people are we?
2. Vision – how would we like to be?
3. Decision-making according to our conscience – what is wrong and what isn't?
4. Our will and stamina – the ability to act proactively and fulfil our goals in concrete actions

What People Are You?

Sit down in a peaceful place, relax and imagine places where you have worked. Imagine the buildings, surroundings, the people and various situations that you have experienced. Let your imagination drift. Describe life situations where you felt well and badly.

The most pleasant situations	The worst situations
What was common to the situations you perceive as the best ones?	What was common to the situations you perceive as the worst ones?
What do you like best during your working hours?	What do you like best during your leisure time?

What are you most successful in? What is your greatest talent?

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How does your environment assess these activities?

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Introduce your characteristics

Strengths	Weaknesses
Opportunities	Threats

How Would You Like to Be?

Imagine that nobody requires anything from you, there is no pressure exerted on you in how and what you are to do. You have enough time and your financial situation does not require you to work to earn more money.

What would you do; which activities would you deal with in this situation?	Why?
What are you dreaming about in your life, what would you like to achieve?	What person would you like to be?

All Fords are exactly alike, but no two men are strictly alike. Every new life is a new thing under the sun; there has never been anything just like it before, never will be again. A young man ought to get that idea about himself; he should look for the single spark of individuality that makes him different from other folks, and develop that for all he is worth. Society and schools may try to iron it out of him; their tendency is to put everything in the same mould, but I say don't let that spark be lost; it is your only real claim to importance. *(Henry Ford)*

What Life Are You Living and What Life Would You Like to Live?

Only a few people can do great things. But all of us can do small things with a lot of love.
(Mother Teresa)

The Greeks called “values” by the word “arete” which means “being the best you can be as well as virtue”. The Latin equivalent “virtues” means a source of strength and the English word “value” is also based on the Latin “valere” – to be strong and healthy.

Anselm Grün says that without strong values rooted in the employees and in the corporate culture no lasting values can arise. We would be able to increase the performance by tens of percents in the companies, if we respected there the basic values, respected people, their personalities and opinions, if we acted in a just way and with love.

Anselm Grün emphasises the following values for doing business:

1. **Justice** – to ourselves and the people around us.
2. **Courage** – to be unshakeable in the values that I consider to be right, courage to resist, to accept blows and criticism, the ability to cope with helplessness and inconvenience.
3. **Moderation** – appropriate time economy, the proper spending of resources, appropriate differentiation – the ability to support both the strong and the weak.
4. **Deliberation** and **wisdom** – the feeling for the correct thing at the right time, prudence, clear-sightedness
5. **Faith** – the ability to look for the good qualities and awaken them in people
6. **Hope** – the belief in a better future, a principal value for leading other people
7. **Love** – good dealings with employees, relations, confidence, the basic source of strength, creativity and motivation.

St. Ignatius of Loyola defined 4 value pillars of management:

1. The **process of recognising ourselves (self-recognition)** – in recognising our strengths and weaknesses and our values, we create a realistic view of the world and how our lives are arranged.
2. **Innovativeness and inventiveness** – we accept the alterations of the changing world and innovate and adapt to it with confidence, we are free to decide and perform, we are proactive.
3. **Love** – we approach people and things positively and with love, we create teams, confidence, love and solidarity.
4. **Heroism** and **bravery** – we encourage ourselves and others to be brave and do useful deeds; we inspire and create the future.

Viktor Frankl says we more or less reveal the sense of our lives rather than invent it.

Happiness cannot be pursued: it must ensue. One must have a reason to be happy. Once the reason is found, however, one becomes happy automatically. Viktor Emanuel Frankl

The sense of life cannot be thus prescribed for people. We can help them seek it but everybody has to find it by himself/herself. We should not ask what we can expect from life but should look for answers to the question - what does life expect from us?

We can find the sense in three value groups:

1. The creative values oriented on service, performance and our whole work
2. The values of an experience aimed at taking pleasure in nature, relationships, art etc.
3. The values of an attitude aimed at overcoming demanding situations with no escape, and people adopting a brave and courageous stance.

Have you ever thought about your mission in life and at work, what mark (not property) would you like to leave on this world?

Read, be inspired by others, write and think about your life and the signs you receive, improve your mission. Look for your mission in the foundations and principles of this life which will be based on your values and which will give your life direction and quality. Transfer this mission to your life roles and develop your life so that you can fulfil your mission.

If we wish to live correctly and fulfil our mission, we have to develop ourselves in four basic areas:

- **The physical area.** To live. For a long and healthy life people have to restore their power, keep a fit regime and do sports. Similarly also a company has to train people and renew its force.
- **The emotional area.** To love. The love, feelings, emotions, building of relationships, confidence and the need to belong somewhere. The relations are in the company something on which the culture, collaboration, productivity and motivation stand – here the difference between a good and bad firm is established.
- **The intellectual area.** Learning, improving our abilities, gathering experience and revealing wisdom.
- **The spiritual area.** Leaving a message, looking for the sense of life and mission. Calming down, spiritual exercises and assessing the life situation. The sense, vision and mission of the company.

Everybody has various roles in his/her life – at the beginning we are children, pupils, students and step by step we become parents, teachers, entrepreneurs, colleagues. We have partners, children, friends or colleagues that we create relationships with, we enrich them and they enrich us. Imagine you are at the end of your life. You are sitting in the garden with your partner, children and grandchildren, your friends and former colleagues are coming. They remember the times you have spent together.

Sit down in a quiet place and write down your main roles that you are dealing with during your whole life. They can be the roles you play with your closest, the roles leading to the fulfilment of your life, the community you are living in, friends, fellow-workers, customers, etc.

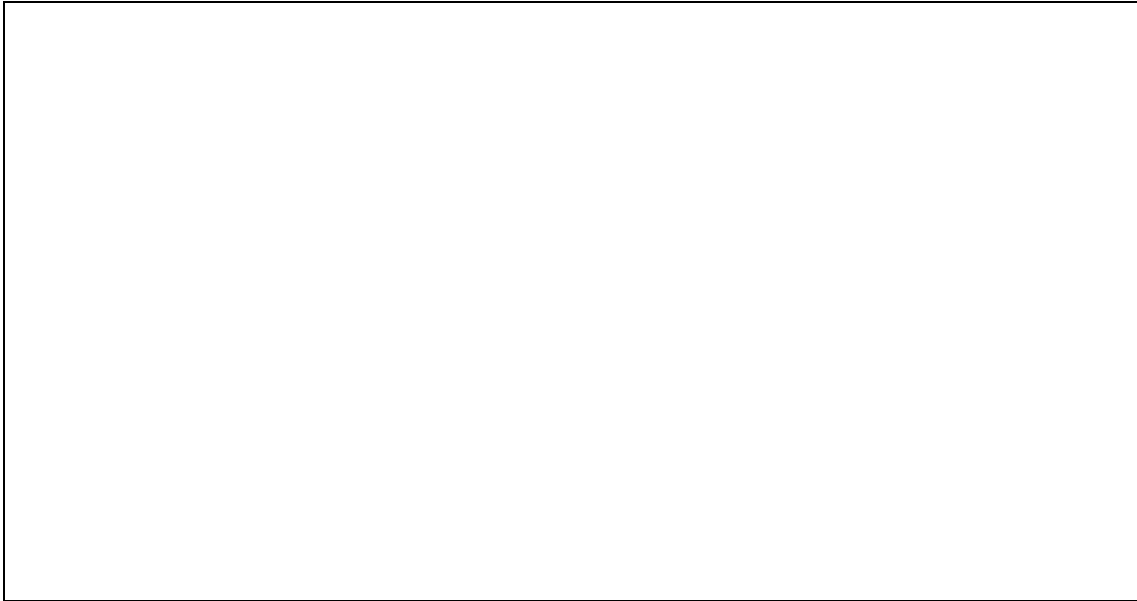
My Roles	My Goals	My plans and the time in hours I deal with them during one month
Entrepreneur		
Father/Mother		
Son/Daughter		
Mentor, coach		
Friend		
Teacher		
Servant		

Have you written down your values, mission, roles, goals and plans? Have you been honest? Don't worry if your formulations are clumsy and not perfect. You are writing it for yourselves. Return to your task and complete your mission on how you will receive the signals and answers from life. Consider if you are living and doing really what you want. Think if your everyday decisions and deeds are in compliance with the values and mission you have written. Consider how you will succeed or fail in achieving your goals and how much time you devote to the plans you have stated.

This has been a view of you and your life. Now, let's start your business.

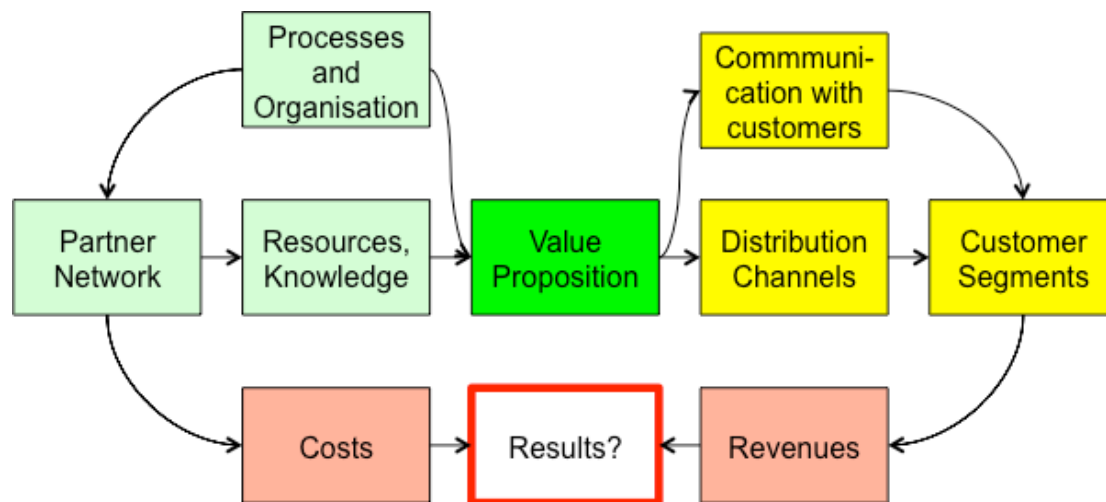
Characterise your business

What firm would you like to build?

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What do you want to remain after you when you are leaving your company?

Describe your business model



Your personal goals

Physical development – body, health, strength, energy		Intellectual development – education, knowledge	
Goal	Deadline	Goal	Deadline
Emotional development – relationships, love, partnership		Spiritual development – spirit, looking for a sense and a mission, values	
Goal	Deadline	Goal	Deadline

Goals of your company

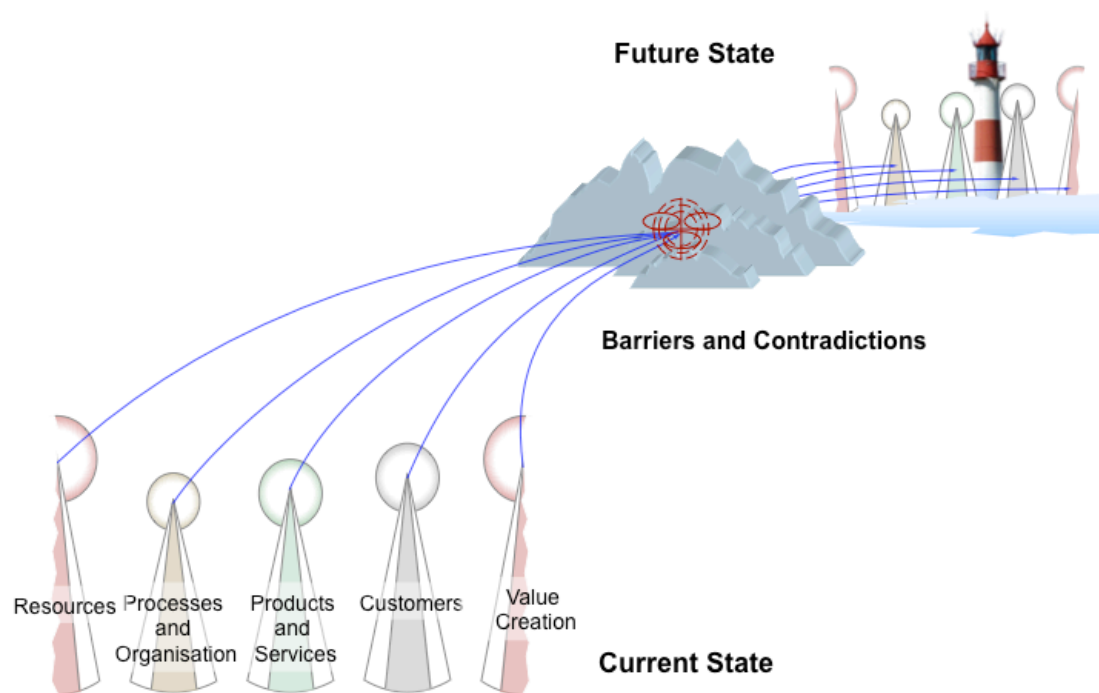
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How do you utilise your working hours?

<p>1. What percentage of your working hours do you devote to the problems of your firm's performance efficiency?</p> <ul style="list-style-type: none"> - the operative urgent events and their solution - providing service for your current customers -improving the current products and processes 	<p>2. What percentage of your working hours do you devote to future opportunities, innovations and company strategy?</p> <ul style="list-style-type: none"> - the new opportunities, customers, products, services, processes - the new business systems - the innovation projects
<p>3. What percentage of your working hours do you devote to your own development?</p> <ul style="list-style-type: none"> - what new things have you learned about your customers, methods, technologies, etc.? - what have you learned about yourself and what have you detected? - what is the potential of what you have learned for improving your firm? 	<p>4. What percentage of your working hours do you devote to your fellow workers?</p> <ul style="list-style-type: none"> - what new things have you taught your fellow workers? - which exceptional abilities have you helped them to reveal? - are your fellow workers already better than you?

Today – Where am I?	Activities – what do I have to do?	Future – where do I want to get to?
Value for the customer - what exceptional measurable values do we offer? - what exceptional emotional values do we offer?		Value for the customer - what exceptional measurable values will we be offering? - what exceptional emotional values will we be offering?
Value for company - how much do we earn? - what further values are we acquiring – image, know-how, knowledge? - how do we make money (sale of products, after-sale, service, license, joint ventures)?		Value for company - how much do we want to earn? - what further values do we wish to acquire – image, know-how, knowledge? - in what way will we make money?
Customers - who are our customers who pay us? - who are our non-customers who could pay us? - what trends do the customers and non-customers have?		Customers - who will be our customers who will pay us? - who are our non-customers who could pay us? - what new markets (blue oceans) can we create?
Products and services - what products and services do we offer?		Products and services - what products and services will we offer?
Processes and organisation - what are our processes and organisation that we provide for our customers?		Processes and organisation - what will our processes and organisation that we provide for our customers look like?
Resources, partners, knowledge - what are our resources?		Resources, partners, knowledge - what will our resources look like?

Analyse your current situation and reflect on your future



Describe your entrepreneurial path from today to the future

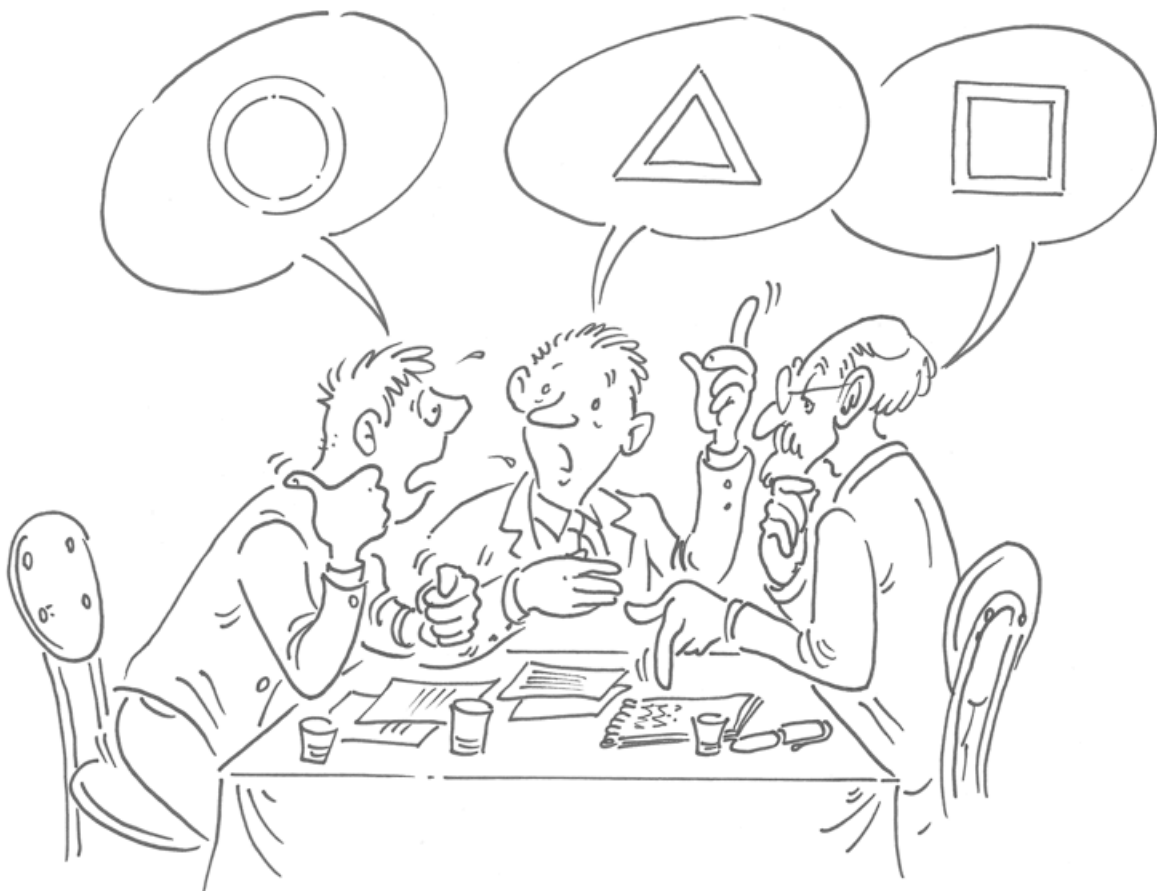
2. Customers

To recognise the problem is more important than to find the solution because a precise definition of a problem leads automatically to an appropriate solution. Albert Einstein

It is not important what we think about our customers and their needs. It is not important what the customers write to us in the questionnaires or tell us during open days. The only important thing is what the customers will do in the end – if they will decide to buy our product or service.

Once I took part in a conference about marketing and I was shocked. All of them were speaking about how they organise the pursuit for customers, how they bomb them every day with advertising and information, how they compel them to purchase things they do not need.

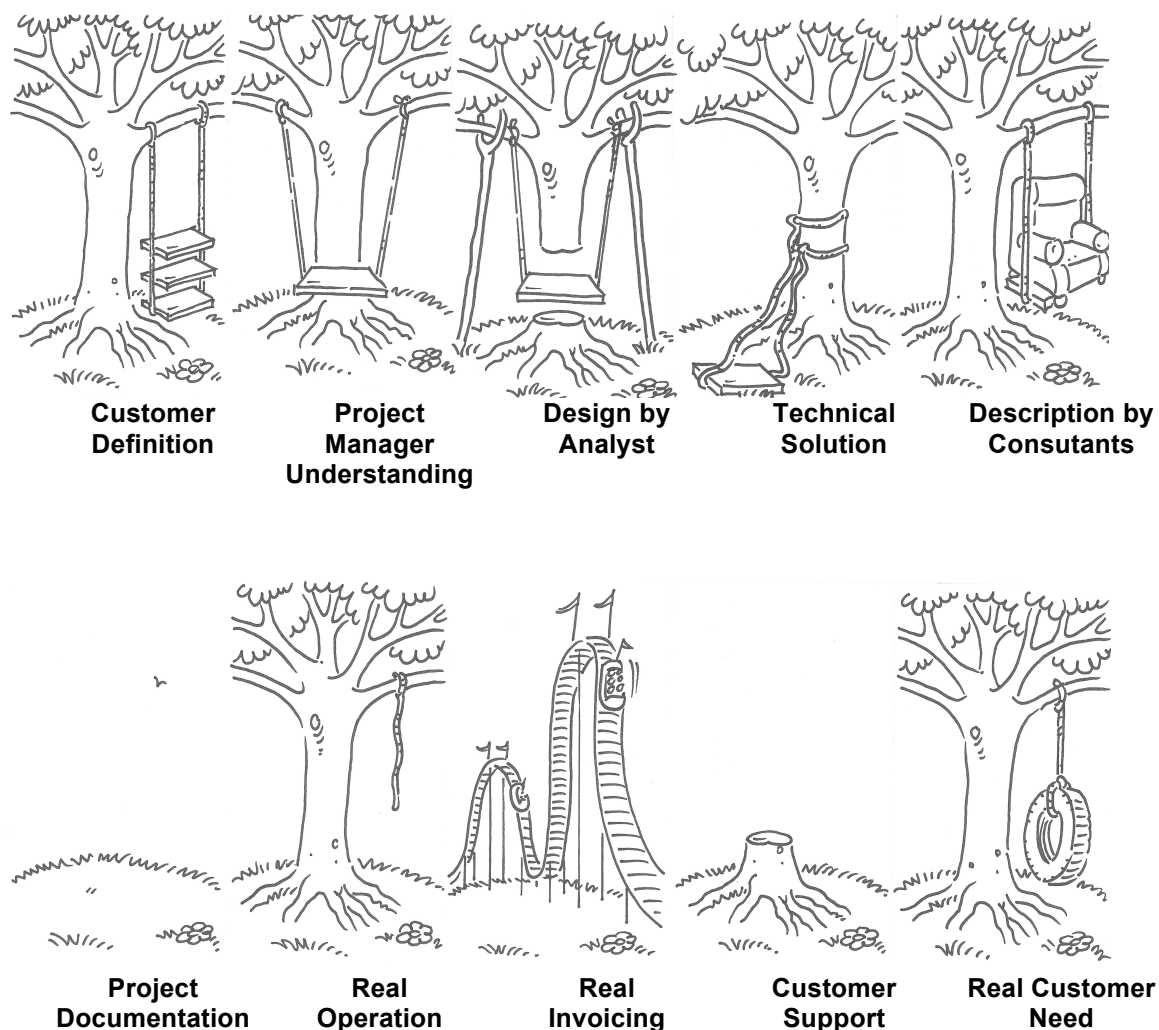
If I were to choose a word which is the most important one for our lives and doing business – it would be the word “listen”. To listen to the signals brought by our lives, to listen to people in our surroundings, to listen to the voice of our conscience deep inside us, the voice that tells us what our mission in this world is. Instead of listening we often talk, scream and shout each other down. We think we understand everything, we underestimate our customers, we speak for them but we do not know their real language at all. A common source of failure is that success which brings hubris which removes our ability to listen.



The businessman, development specialist or marketing employee – all of them think that they know best what the customer wants.

However, the customers themselves also frequently do not know how to define their needs. We have to know thoroughly their work and the parameters it is measured by. The customers do not buy a drill but a bore from us.

The word “listen” is the basis of leadership. To listen to our inner voice, to our fellow workers, customers. It means to replace our pride with humility, shouting with silence and our words with the words of our customers. To listen to the customers means to learn their language, to understand their problems and to have a chance to give them more than the competitors.



Every businessman tries to have satisfied customers. It is good to have satisfied customers, however, it is much better to have excited clients who tell stories about you, establish fan clubs and discuss you on the internet. Do you know of anyone else who can be a better source of your business success than a satisfied customer? A dissatisfied customer or a non-customer? A non-customer is a client who we do not provide services to because he/she does not know of our offer or rejects it. A dissatisfied customer is a client who expresses his/her

objections to our product, service or the method of providing our activities. The dissatisfied customers offer us two opportunities at the same time – information about what we can improve on or innovate, and also the opportunity to solve the situation in such a way that they will become our enthusiasts.

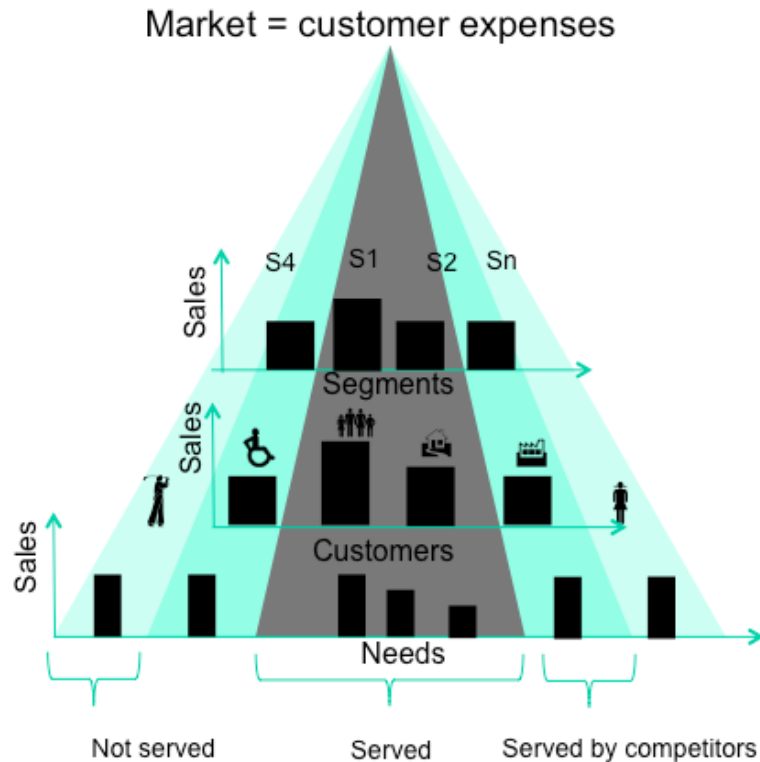
Don't explain to the dissatisfied customers that they are not right. Listen to them, and convert their anger and dissatisfaction into a positive relationship. Have a look at the doctors or nurses how sensitively they respond to criticism. However, the patient has more reasons to be sensitive than a doctor – a professional. Don't let's forget that the customer needn't be a professional in our field of work and does not speak our language. We are those who have to learn the language of the customers, we have to be patient and generous. Let's keep in mind that listening - and angry customers - are the best business opportunities.

The customer has needs and the money for their fulfilment. At the end of this chapter we will also be speaking about such customers who do not have the money. However, our primary market is created by customers who have needs and the money. We can classify them as follows:

1. Those clients who are served by us.
2. Those clients who are served by others – by our direct or indirect competitors.
3. Those clients who are not served by anybody.

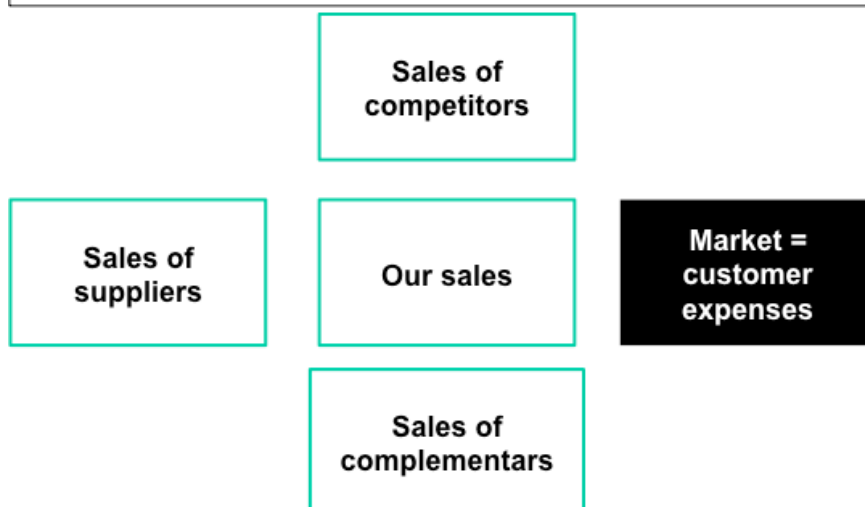
We usually view the market through the following criteria:

1. The countries, regions – language, culture, laws, distribution and service,
2. The applications – various requirements during the purchasing process and usage of our products or service – e.g. the purchaser, investor, designer, user, maintenance worker, etc.
3. The price and properties of the products and services – luxury and bonus products, middle class, low-cost segments, etc.



What do you know about the market you operate in? How is it segmented? Who are your customers? What sort of people are they, what are they doing and what are their needs? And what about the markets you are not doing business in? And the customers who do not know you or those whose requirements have not been fulfilled by anybody so far? The world is full of problems, things which do not work properly and people whose needs are not met. The world is full of opportunities to be useful.

Description:



Have a thorough look at the market you are doing your business in and define its segments and customers. Look at the characteristics of the individual segments and the trends within them. Look at the market from the point of view of its division among you, your competitors, complementars and suppliers. What are your goals?

Designate and characterise the groups of your customers. What are they doing, how are they living, what values do they affirm, what do they like and dislike, how do they measure their success?

Where do you have your information about your customers from? Do you follow them on the internet, do you send them questionnaires, do you follow statistics of claims and services, do you visit them and listen to them?

Sometimes it is not enough to listen to the customers only. If you ask them what product they would expect from you, you will receive an answer such as – beautiful, of high quality, reliable and for a good price. What is “beautiful”? In what way do our customers use our product and measure its quality and reliability? And what does a “good price” mean?

The work of the customer, not the customer, is the basic object of the marketer's analysis who wants to design a product the customer will buy. Clayton M. Christensen

Yes, the customers sometimes cannot exactly define their requirements for your product or service. They live in their own world and use their own language.

What to do with this? Get to know their world, learn their language and reveal their unfulfilled needs and dreams.

When innovating a hospital bed we could observe and film a real situation during the usage of this bed in a hospital. Just this experience will enable us to really understand the processes of handling the bed and patient, and to analyse thoroughly the real requirements of the nurse, patient or doctor. Similarly we can proceed during the analysing of customers in the area of furniture, software, manufacturing equipment or consumer goods.

Product	Customer	Requirements
Hospital bed	Director of hospital	Low operating costs, reducing problems – infections, falling out of bed, the amount of investments
	Patient	Comfort, safety, eliminating the decubitus ulcer, communication, possibility of self-service
	Nurse	Easy handling with the bed and patient
Hotel	Guest	Good meals, comfortable room, silence, services, staff, price
	Education manager	Suitable room for trainings, good logistics of the staff, accessibility and parking possibilities, price for services
	Company manager	Attractiveness of services for a company party or presentation for clients
Machine tool	Boss of production department	Productivity of work, operating costs, maintenance costs, flexibility

	Operators	Simple operation, comfort of work, simple maintenance
	Maintenance	Self-diagnostics, accessibility of spare parts, the machine can be repaired simply
	Designer	Suitability for the given production concept, availability of design information including the digital model
Luminaire	User	Quality, design, reliability, simple operation
	Investor	Investment costs, simple installation and operation
	Architect	Design, compatibility with the architectonic solution concept
	Designer	Technical parameters, price, documentation

Market analysis	Product group 1	Product group 2	Product group 3	Total
Market size – thousand EUR/ year				
Market size – pcs, tonnes, litres				
Key customers – characteristic				
Customer needs				
Market development				
Yearly pace of growth / decline				
Market profitability in %				
Market opportunities				
Threats on market				
Position of our firm on market				

Key process – turning, checking a pregnant patient, increasing physical potential, relaxing, sleeping, etc.

Problems of customers in the process – failures, wastage, heavy time consumption, noise, uncertainty, disturbance, etc.

Requirements of customers in the process – high productivity, reliability and speed, entertaining character and saving time, calmness and silence, etc.

If you do not know the details of what the customers are doing, visit them. Observe and analyse their work and processes. Present them with the results of your observation and ask them about details you have not revealed or you are uncertain of. If, for example, your customer uses your product for manufacturing or services for further clients, analyse the clients of your customer. Analyse the social, technical and evolutionary trends in your line of business.

Let's have a look at your non-customers and competitors.

Those who refuse your offer		Those who are unaware of us and are served by our competitors	
Non-customers	Benefits for them	Non-customers	Benefits for them
Those who have the need but do not use our product or service, they are satisfied in a different way		Those who have money, but still have no need to use our product or service, but they could do so	
Non-customers	Benefits for them	Non-customers	Benefits for them

Competitors on our market		Competitors who have created a new market	
Competitors	With what are	Competitors	With what are

	they competing?		they competing?
Competitors from another line of business		Competitors on other markets	
Competitors	With what are they competing?	Competitors	With what are they competing?

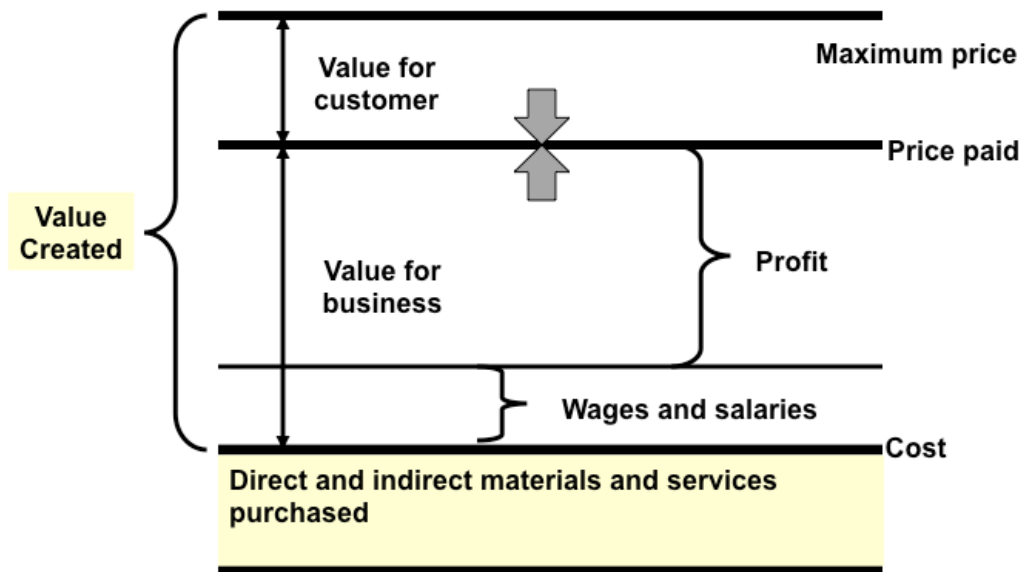
The customers are those partners to whom we bring value and benefits and they pay for these. But we also have employees, our fellow-workers with whom we create these values. We should also think of them – what working conditions we create for them, what culture we are building and what are the values that we declare together. Does our company give them only a “salary” or also the opportunity to discover their mission, to develop their talent and self-realisation? Can our employees grow in our firm? Can they find, besides their reward for work and safety, also happiness, joy and the sense of what they are doing? We have defined the customers as those who have needs and the money for their acquisition. However, worldwide there are yet more customers who have needs but no money. Their needs are often of a basic nature – they are lacking health, food, a roof over their heads, security and a job. I am speaking about the ill, the old and the homeless; people who have been tortured, abused and persecuted, and those stricken by various disasters or cruel fates.

These people should also be our customers and should be included in our plans and activities. Not because the abbreviation CSR (Corporate Social Responsibility) is in fashion today but because these people need our help.

3. Innovations

There are two basic values that arise within the relationship of the customer and the enterprise:

- 1. The values for the customers** – they want to receive “as much as possible for as little money as possible”
- 2. The value for the company** – it wants to earn, to create profit – currently and also in the future.



With this way of doing business we enter into a conflict – on the one hand the value for the customers who wish to obtain “as much as possible for the lowest possible price” and the values for the company which wants to make a profit. Growing competition reduces the real price and the firm has to reduce the costs as well. However, this is possible only up to a certain point. The long term solution lies in reducing the costs but also in innovations which enable an increasing of the maximum price by creating a new market and entering it with an original solution which hitherto has not existed.

It is not enough only to compete with a low price and it is no art to sell cheaply. The art of business is to sell for high prices and at the same time to satisfy our customers. Think of how to sell for high prices and to have satisfied customers. Take a look at the best restaurants, how they are doing it, or producers of premium products, e.g. BMW or Apple.

How to define value for the enterprise? The company is inventing and making new things which should bring profit in several areas:

1. **The finance** – higher turnovers, bigger profit, larger market share, etc.
2. **The customers** – a higher satisfaction and loyalty of the customers, new customers and markets
3. **The innovations** – new knowledge, know-how, image, progress in the value chain towards customers, etc.
4. **The processes** – higher flexibility, quicker serving of the customers, better service, etc.

The result of these efforts should bring benefits in the following four areas:

1. **The customers** – improving their work and processes, improving their safety and security, convenience, health, etc.
2. **The shareholders** – increasing profit, dividends and value of the firm
3. **The employees** – stability of their working positions, possibilities to increase their salaries, acquiring new knowledge and more interesting work

4. The society, region – supporting schools, resolving social and ecological problems, developing responsible and moral behaviour, etc.

A durable balance has to be maintained between these areas, otherwise destruction can develop. Just as the shareholders cannot take from the company at the expense of the company development and its employees, so the employees cannot demand more than the firm is able to produce. And also the customers should not force their suppliers into accepting conditions which would liquidate them as the car producers or the supermarket chains do. And the entrepreneurship has to conform to the development of the society and region – it is intolerable to do business unfairly, to breach ethical principles and laws, to despoil nature and ignore the education and development of people in the region where the firm is operating.

Now think over your strategic project from these perspectives. Which values will this project bring to the individual areas?

It is important for us to define where we are in the chain of creating values for the customers. The following stages are presented:

1. **The material** – e.g. a producer of lumber or meat
2. **The product** – e.g. furniture, sausages
3. **The solution for the customers** – e.g. the design of a house, products for a family celebration
4. **The service** – e.g. building and furnishing a house on the turnkey principle, organising a family celebration with catering
5. **The business** – e.g. operating or hiring a house together with our customer, providing restaurant services together with the customers.

Project:	
The values for the company and its shareholders?	The values for the customers?
The values for the employees?	The values for the society and region?

Let's continue defining the value for the customers. Every customer has some needs which can be divided as follows:

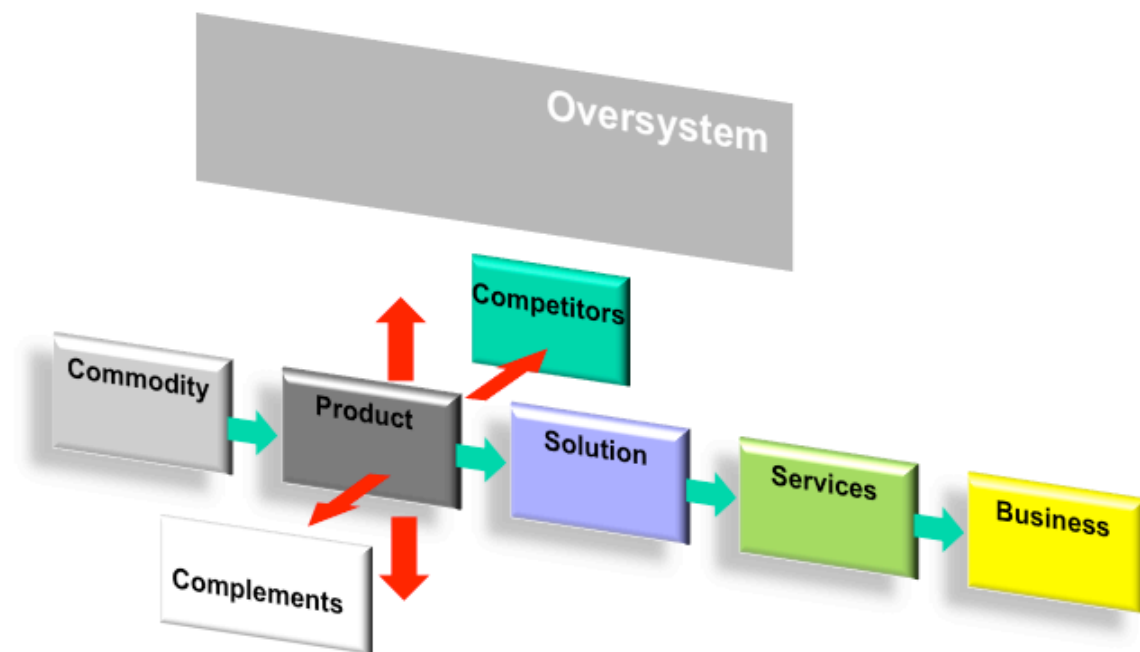
1. The declared and satisfied needs – e.g. I own a car that can travel at 240 kilometres per hour and I have no need for it to go any faster, similarly I do not need a faster computer with a larger disc, more colour shades when choosing furniture, or more types of wine in my wine rack.

2. The declared and unsatisfied needs – everybody would like to own a car which has lower fuel consumption and which does not emit any harmful substances, or a computer in which the battery does not require charging, etc.

3. The declared and unsatisfied desires and dreams which nobody has satisfied so far, however, people have them – to have a high physical performance in old age, to be able to fly, to be a singer or a famous sportsman, to work in a firm where we enjoy freedom, serenity and cooperation, to have customers to whom we bring happiness, etc.

4. Certainly each of us carries inside **hidden dreams and desires** he/she has not yet expressed and maybe is not able to define them exactly. It is possible that somebody would like to travel to the Moon or to live 150 years, or to solve globally the problems of hunger, disease or wars. At one time people travelled 150 miles in two weeks. The present day 8 hour journey from Vienna to New York would have been something unimaginable for them –as was travelling to the Moon for us. Long ago people could expect to live perhaps 40 years and today 80, etc. A lot of the diseases which were fatal for people during the Middle Ages have been eradicated by today. Unfortunately, people have not yet improved where wars are concerned and are still killing each other today; there is even a “contactless way” of killing through machines with remote controls.

Our current position: What's our current position?			Our future position: What do we want to change?	
Commodity	Product	Solution	Services	Business
Opportunity: How to make money on a commodity?	Opportunity: How to make money on a product?	Opportunity: How to make money on solutions?	Opportunity: How to make money on services?	Opportunity: How to make money together with customers?

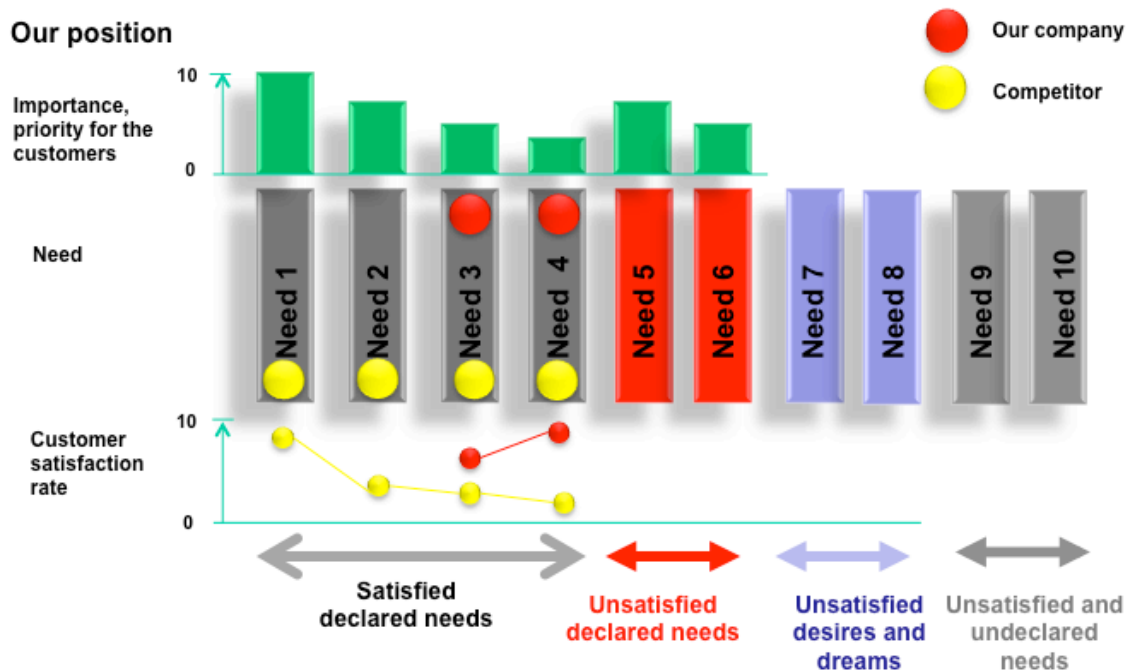


Do you know the needs of your customers and the level of their satisfaction? Do your customers talk to you about their desires and dreams? Do you know the world of your customers enough for you to be able to reveal their hidden needs, desires and dreams?

Do you know the dreams and desires of people you love or do you expect they will write them in a chart and send it to you by mail? Are you interested in the people in your surroundings? What do your colleagues suffer from and what gives them pleasure? What type of work do they like and in what respects do they fail? What are they really motivated by?

So many questions and so few answers because we live our lives trapped within our own worlds.

Ask a development engineer about a product he has just designed – he/she will describe thoroughly all its technical functions. However, when you ask him/her about the customer and the way of using the product, then arguments are often lacking. A short time ago I was discussing with development specialists in a firm about the benchmark of their product. A table full of technical parameters which I did not understand at all. When asked if the customer understood it, I received the answer that they do not make products for “blondes”. We often do not realise that the customers do not buy a drill from us but the hole that they want to create. Sometimes we ridicule a customer who does not understand our language; however, the important thing for us is to understand the customer’s language. The language which will reveal the deficiencies in his/her work; his/her unfulfilled needs and sometimes the unexpressed dreams. In a language in which we can find an opportunity for our innovation.



Visit your customers, observe them at work and listen to them.

If I were to choose an expression as the most important one for our lives and the making of decisions – for everything we are doing, no matter if it is business or love in our lives, I would choose just one single word. It is the word “listen”. To listen to the signals which life brings, to the people in our surroundings, to the voice of our conscience that is deep within, the voice which determines our mission in this world.

Instead of listening we often talk, yell and shout each other down. We often think we understand everything, underestimate our customers, speak for them, but we do not know their real language at all. The largest source of failure is the success which brings pride because it is that pride which removes our ability to listen.

The word “listen” is the basis of leadership. To listen to our inner voice, the voice of our fellow-workers, customers and world means to replace pride with humility, yelling with silence and our own words with the words of others. To listen to the customers means to learn their language, to understand their problems and to have the chance to give them more than our competitors.

Every entrepreneur attempts to have satisfied customers. It is fine to have satisfied customers but it is much better to have enthusiastic customers who relate positive anecdotes about you; found fan clubs and discuss on the internet.


Do you know who can be a better source of your entrepreneurial success than a satisfied customer? A dissatisfied customer or a non-customer. A non-customer is that one who is not served by us because he/she is unaware of us and our offer, or denies our offer. A dissatisfied customer is that one who expresses reservations about our product, service or method of service. He/she is giving us two opportunities at the same time – information on what we can improve or innovate, and an opportunity to resolve the situation for him/her to become our fan.

Don't explain to the dissatisfied customers that they are not right. Listen to them. And convert their annoyance and dissatisfaction into a positive relationship. I observe the doctors or nurses how sensitively they respond to criticism. However, the patient has more reason to be sensitive than a doctor – a professional. Don't let's forget that the customer needn't be a professional in our field of work and does not speak our language. We are those who have to learn the language of the customers, we have to be patient and generous. Let's keep in mind that angry customers and listening to them are the best business opportunities.

Task:








Choose a key customer and a product or service you have provided for him/her.

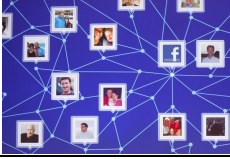





1. Write down the needs of the customer and rank them according to their priorities. If you are not sure, organise a meeting with the customer and create together the ranking of his/her needs. Concentrate on the process that the customer carries out with your product, not on the product and its properties.
2. Write into a table how the individual customer needs are satisfied – use a scale from 0 to 100 %.
3. Write into the second line of the table how the individual needs of the customer are satisfied by our product. If the customer utilises our product, the lines 1 and 2 may differ because some customer needs can be satisfied in another way than offered by our product or service.
4. Put down in further lines of the table how your customer is satisfied by the products of your competitors and the market leader.
5. Draw into the bottom part of the table your product and the competitive products using various graphical symbols and in this way create a value curve which shows visually how we satisfy the customer compared to our competitors.

										
	Customer's needs									
	How we satisfy the customer									
	How competitor 1 satisfies the customer									
	How competitor 2 satisfies the customer									
	How competitor 3 satisfies the customer									
	How the leader of line of business satisfies the customer									

	1	2	3	4	5	6	7	8	9	10
100%										
90%										
80%										
70%										
60%										
50%										
40%										
30%										
20%										
10%										
0%										

Let's take a look at some trends that create other opportunities for creating a new value for the customer. The following table shows some social trends and examples of the entrepreneurial opportunities which are based on them.

Trend		Example	Our opportunity?
Health		fitness, wellness, prevention and diagnostics, life-style, healthy food	
Entertainment		discotheques, karaoke, entertainment centres, entertainers	
Value of time		simple search, delivering goods to our homes, cleaning services	
Proactivity		jogging, trekking, hobby, products for DIYs, competitions, games, fitness centres, clubs	
Orientation on nature		natural materials , bio foodstuffs, gardens and living linked with nature, tourism	
Mobility		e-bikes, low-cost airlines, chairs for immobile people, travelling	
Ecology		ecological products and manufacturing processes, ecological behaviour, recycling, energy from renewable sources	

Communication		chatting, clubs, social networks, mobile communication	
Family, friends		family products and services - e-shops and internet web-sites, holidays, garden parties, family celebration	
Job		education, consultancy, coaching, mobility, business	
Change of demography		products and services for seniors, ethnical shops for foreigners, the academy of the third age	
Social differences		entrepreneurship oriented on helping people, education, housing, health-care for the poor, helping the disabled	
Safety and security		antivirus, security and monitoring systems, services	

Have you found any inspiration in these trends? Look around you and you will find hundreds of successful businessmen who have built their firms on some of the aforementioned trends. And probably you will reveal other new trends which are just being developed. Don't be worried by an idea because nobody has ever done it like this. When everybody is doing it, there is no new opportunity any more, only business with commodities.

Now, let's look at the value from the point of view of the customer. What have you bought during the recent year? What was the thing that made you happy and satisfied? What was the reason for your satisfaction? A good price, usefulness, the novelty of solution, attractive design or something else?

In the table look for values which could address your customers.

Value	Example	Our opportunity
Novelty	Mobile phone, smartphone, iPad, Red Bull, lighting with LED, MP3, passive houses, e-bike, electro mobile – new solutions which have created or are creating new markets and new business models (blue oceans)	
Output	Increasing the computer output enabled simulations and animations of complicated processes, increasing the output of digital cameras gradually killed off traditional photography	
Customer adaptations, customisation	The company Nike will make you tailor-made shoes, in the firm Shirtinator you can create your own T-shirt design, special e-shops assemble customised bikes, on a cooking course the customer collaborates with the cook in creating a meal, etc.	
Improving the work of customers, increasing performance efficiency of their process	The delivery chair from the company Borcad saves 40 % of the room surface and 18 % of the doctor's time, the 3D scanning of the spaces radically increases the designer's productivity of work	
Design	The firms Apple, BMW, Loewe link the technical parameters with exceptional design	
Brand, status	The brands Harley Davidson, Ferrari, Christian Dior, Gucci, Calvin Klein, Channel or Rolex symbolise the status, image or lifestyle	
Price	The customer usually appreciates an offer of high value for a lower price – luxury for an adequate price, all inclusive. Tata Nano is sold for 2,500 dollars in India and has enabled people to swap bicycles for cars	
Cost reduction for the customer	The digital printing processes or computer systems have reduced the costs in production, the passive house reduces the costs for living	
Risk reduction	The hospital bed LINET reduces the risk of the patient's falling to the floor, developing infections or bedsores, NOD 32 from the firm ESET reduces the risk of viruses penetrating the computer	
Availability of the inaccessible	Henry Ford made the car accessible to the general public. Similarly, Southwest Airlines and Ryan Air travel by airplanes	
Simplicity	The iPad has a simple and intuitive control, the purchase of books on Amazon is simple and quick	

And at the end, one more glance at the possibility to create value for our customers – let's take a look at the whole chain of purchasing and utilising our product. How can we increase e.g. the customer's productivity or non-complicatedness in the purchasing process? Have a look at your e-shop or the system of selling. I often think about this value when I am registering at a hotel reception and undergoing a tedious and complicated process after a long drive. Are we able e.g. to increase the customers' comfort when delivering a product – by delivering the goods to their homes or automatic installation? Does our product possess any entertaining features or image? Can I eliminate any customers' risk when they use my product or improve its productivity making the maintenance simpler, or eliminate the ecological risks during its disposal?

	Purchase	Delivery	Utilisation	Accessories	Maintenance	Disposal
Customers' productivity						
Simplicity						
Users' comfort						
Risk						
Entertaining character, image						
Environment-friendliness						

Can you see what a magnitude of opportunities we have for us to create new values for the customers? You will certainly find others, your own ideas and inspirations. However, one thing is important – they have to be values acknowledged by the customers and not values enforced by us.

If I am a hunter and start up a restaurant decorated with taxidermies of slain animals, I will probably attract the members of hunting fraternities to have dinner there, however, the conservationists or Freedom for Animals activists will hardly beat a path to my inn. Similar situations can arise in producing binoculars for hunters and nature lovers or when selling foodstuffs to gourmands and vegetarians.

Let's make a small summary at the end. If we have worked dutifully on the aforementioned examples and tasks, if we have asked and answered the questions and if you have been listening attentively to your customers, you will certainly have a lot of ideas.

Enter the results of your analyses into the following tables and prepare further steps which will move your firm from the present to the future.



The producer of the delivery chairs Borcad analysed the processes of doctors' checks and instead of a chair the firm designed a compact solution for the whole doctor's office which saves time and reduces the needs of surfaces.

From a product manufacturer the company changes into an investigator of the problems with ergonomics, the integration of various devices, handling with tools, hygiene and cleaning of workplaces, etc.

Value for customers

Customer	Measurable value	Emotional value	Today	Future

Value for company

Customer	Turnover/profit	Another value	Today	Future

Until now we have dealt with the problem of what values we can bring to the customers and to us with our new product. Now, let's continue and we will look for an innovation potential of our product.

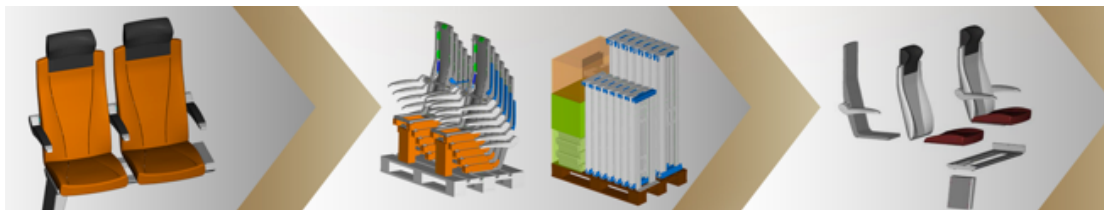
At first we will analyse the process of the customer which possesses the following principal steps:

1. **The first contact** – we can have the best product in the world but it makes no sense if the customers do not know about it. The first contact means that the customers have to know our firm and our products; they have to get that first impulse for them to visit our shop, our web-site and to take our product or catalogue. The first contact is important, unfortunately, it sometimes remains the first and only contact, and if there is any negative experience, the customers may even promulgate that negative experience concerning our firm or product. A first contact may arise accidentally; it can attract a customer through an event, e.g. an exhibition or conference. It can arise during a talk with friends or chatting on social networks. Each of us remembers our first love or the first meeting with the beloved person. How are we prepared for the first contact with the customers? What image do we want them to acquire about us? What is the thing with which we want to attract them? Don't let's forget that during the first contact emotions can play a much greater role than any of the sophisticated reasons supporting our sale.
2. **The decision about purchase** – for the customers to decide for our product, they have to acknowledge its value. We were discussing the value for the customers in the previous chapter and it is important to keep in mind that the customers have their own view of the world, they have their criteria, values and needs and we should not press them and enforce on them something they do not need. Here let's mention the sellers of insurance and bank products or street vendors in Kathmandu or Istanbul. On the other hand we have to work with sophisticated arguments (see defining the value in the previous chapter) to be able to explain to the customers exactly in what aspects our product is important for them. The people who assemble windows or build houses often tell me that they are better, more reliable or cheaper. These are no arguments. Better or faster in what? In which parameters? Compared to what? Are we cheap for building a house or the assembly of windows; however, are we also cheaper during the next 20-year operation of our product? All of them tell us how good they are, but I have never met a window- or blind-assembler or a house builder who would give me a leaflet where it would be clearly explained how he/she should be dressed, in what state he/she is to hand over the work and if I am to check how long the process will last and how much I will pay, etc. Did the boss of the given worker ever contact you and ask you how your needs and determined standards have been fulfilled? My friend often remembers a check-up at a doctor in the USA. Soon afterwards a representative of the insurance company called him endeavouring to ascertain if the doctor had arrived on time, if the operation had been carried out properly, if it had been effective, if the patient had been satisfied, etc. A talk like this is maybe more important for the firm providing the product or service than for the customer because it is the main source of innovations. When people are buying a car they are interested in its fuel consumption, service, performance, safety and other parameters. It is interesting that the majority of people who build or buy, e.g. a house, are not concerned about energy consumption, service or safety and security because they are often not able to formulate these criteria exactly. And maybe they would be surprised if they found out that the energy consumption of an older house is 200 – 300 and of a modern passive house it is e.g. less than 50. And only a specialist would require information about the leak tightness of an object. Why do we have different criteria when buying a car which we use a few hours a day and run it for several years, and a house we will have for all our life and will spend at least half of our time there? Why do we pay a construction company for something we are not able to measure? Installing an air-conditioning system for you to have quality, clean air and heat convenience. Can you

measure it? Or the lighting of a room – its quality is not measured by lux or lumens. The company OMS came with a revolutionary concept for measuring lighting quality – LQS (Lighting Quality Standard) and is able to measure what quality of lighting the customers receive and how much they will pay for it. This is the way to give the customers a value which can be measured. Let's prepare for our customers a calculator or simulator where they will be able to model their concepts including the price they will pay for them.

3. **The purchase.** We have arrived at an important point. The customer is taking out the wallet, credit card or asking for an invoice. There are also plenty of opportunities to simplify this process or to remove the risk here. The customers often have a difficulty – they have not enough cash for the purchase and we can help them through instalments, through giving them a share in the common business, etc. A lot of firms have problems because they offer high quality and reliable products which work very effectively but their price is higher. A high price can be an insurmountable obstacle if a conventional purchaser is your partner. He/she has usually three requirements – 1. the price, 2. the price and 3. the price. If you have an exceptional product at a high price whose operation is reliable and cheap, you are selling not a product but a service. Examples? Don't sell a car but the kilometres driven, instead of a compressor sell the pressurised air, instead of a lamp sell the light.
4. **The transport.** People buy more and more on the internet. It seems that the permanent store has today more of a showroom function than the function of a real outlet. Therefore we have to look for methods of how to deliver the product to the location of its usage – quickly, at a high quality level, safely and with an emotion added.

Example:



When designing train seats the Czech company Borcad concentrated on the method of transporting the seats to its Russian customers with regard to the saving of space, and the possibility to assemble them simply and quickly at their place of usage.

5. **The preparation for usage** – what's your feeling when you buy a product and have to wade through a thick manual which is difficult to understand? Or when you have to assemble it according to low-quality and illegible materials. Or you buy a product that you will assemble intuitively because its designer created it in such a way that you cannot make any mistake during assembly and the whole assembly process will be quick and simple. The preparation of the product for usage is connected also with the fact of how exacting the training of the personnel is, how ergonomically the operation panels as well as the menu, pictograms, etc., are designed.

Describe the process of your customer							
First contact	Decision about purchase	Purchase	Transport	Preparation for usage	Usage	Service	Exchange
Describe the problems in the process of your customer							
Describe suggestions for removing the problems of the customer's process							

6. **The usage of the product** is the key process – it is the reason why the customer buys the product. The customers purchase our product to fulfil their needs through using it. Therefore it is important to know the activities of our customers and when analysing their process to understand their expectations and use their metrics for measuring the performance, quality, reliability, etc.
7. **The service** – many of us have had experience of the unavailability of services when e.g. our boiler fails at home during the Christmas holidays or the printer in our firm breaks down when we need to print something important. An ideal situation is when the broken equipment is able to diagnose the failure in collaboration with the customer or is able to support him/her in removing the error. Some printers can serve as a very good example. Car producers as well as manufacturers of production equipment have started supporting customers through systems with virtual reality which help them during the exchanging of components or removing a failure. The

hotline is another important part of service, consultancy, etc. The service is important not only for the customers but also for the manufacturer because it is one of the best sources for recognising the real problems of the customers and acquiring quality impetuses for innovations.

8. **The exchange** – every product at some time ceases to exist, but customers may also exchange a product for other reasons – e.g. the functional furniture which is obsolete, the functional clothing which is out of fashion or a functional device which lacks some new applications. And here lies a great opportunity for innovations – e.g. to exchange the old furniture in the hotel for new and to repair the old furnishings, to exchange an old and obsolete bike for a new model or to complete the functions of an old-fashioned product.

When analysing the customer process it is important to suppress our effort to speak about the functions of our product, material or the algorithms we inserted into the products, but we have to speak the language of the customers for us to improve the process metrics, the quality and productivity of their work and to improve the competitiveness, safety and security, convenience, etc.

Task:

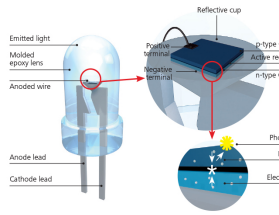




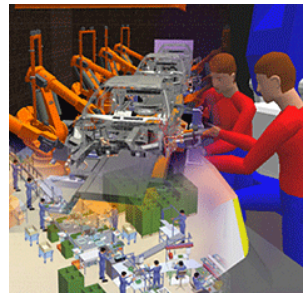



1. Visit your customer and analyse his/her process. Define his/her primary need because of which he/she buys your product, the location, environment, time and resources he/she uses. The primary need of drinking beer is to quench a thirst but it can simply be the need to enjoy beer, to have a pleasant social meeting, etc. Beer is mostly drunk in the afternoon and in summer, but we can drink it also in the morning (at work) and in winter (possibly boiled beer). Beer is drunk in the pub, but we can also drink it at home in the garden or at other places.
2. Describe the process of how your customers utilise your product in their processes, how they measure the performance efficiency of their processes.
3. Try to find deficiencies in the process – errors and dysfunctions, risks, instability, low productivity, etc.
4. Suggest ideas which will improve the customers' process performance.

Let's remind ourselves of the properties of a successful innovation

- it significantly increases the value for the customer as well the company
- it improves the customers' quality of life
- it improves the environment
- besides the measurable value it often evokes emotions
- it removes controversies, conflicts, paradigms or contradictions which have so far not been resolved.

Process of product utilisation			
Customer:		Need:	Resources:
Place:		Time:	Method of usage:
Utilisation process	Metrics	Shortages	Suggestions
1..... ↓			
2..... ↓			
3..... ↓			
4..... ↓			
5..... ↓			
6..... ↓			
7..... ↓			
8..... ↓			
9..... ↓			
10.....			

The customers' process and its thorough knowledge provide us with a lot of possibilities to look for innovation ideas. Other innovation sources can be found e.g. in new technologies which can not only radically improve the customers' process, the functionality of our product or service but they sometimes lead to the termination or regression of a whole line of business based on old technologies.

New technology	Old technology	Benefits
LED 	Classical lighting 	Long life-span, economy, ecological character, a different production method, different lighting quality for the customer, different control, new business rules
Mobile phone 	Classical phone 	Accessibility everywhere, integration of new functions, gradual liquidation of the original line of business – devices, networks, accessories, technologies
MP3 	Music media 	Customisation, more songs, direct interconnection of producers and customers
Simulation 	Classical project 	Eliminating risks, shortening the time period
Passive house 	Classical house 	90% reduction of energy consumption

Trend	Description	Opportunities
Mass customisation	<p>Customers require a more individual solution instead of a standard one. The furniture company TON has forgotten the term “optimal batch” and will produce for you a single chair and will laser-engrave your blazon or logo on it. The furniture manufacturer Vital has changed the processes and organisation of the whole firm for producing exceptional solutions to order, the firm Shirtinator can make you a T-shirt you yourself have designed. The customers are also more and more involved in the innovations and development of new solutions – they themselves want to choose, draw and design the products and services that they pay for.</p>	
Self-service	<p>A lot of new patents in recent decades start with the word “self” – self-organisation, self-cleaning, self-control, self-service. In hotels we ourselves select meals from the self-service tables; we conduct banking procedures through the internet. When purchasing through the internet we not only choose what we want but we ourselves create a consignment note and invoice. Self-service continues.</p> <p>Firms often think about what the customers want and how to design a product for them, how to prepare the best offer. The current technologies can facilitate a solution which is the best – let the customers do everything by themselves. Let them design their house, its furnishings, let them define e.g. an optimal car in the virtual system – a car which they would like to drive and let them try it in various conditions. Let the customers innovate – create them a “buffet” and let them select, combine, comment, and invent.</p>	
Removing intermediary segments	<p>Complicated chains of intermediaries, distributors and dealers have gradually developed between the producers and customers. These networks often take 40-70 % of the product value and operate absurd practices towards both the customers and suppliers. At the present time we are experiencing a gradual exclusion of these intermediary segments from the chain, and the producers and customers are beginning to link with each other directly. Several producers of beverages and foodstuffs have begun to build their own networks with the customers, the MP3technologies have done away with the intermediary segments of music distribution, the new printing technologies enable books to be printed directly in the book shop, etc. 3D printers and other devices will bring about the excluding of further intermediaries, just as with the new technologies in the intelligent houses which will produce their own electricity, heat and water, without any connection through unnecessary intermediaries – transmission systems with pipes and wires.</p>	

Collocation	Producers are linking more closely with the suppliers in production, development and also in trade. The suppliers thus not only “deliver” but they are also responsible for the quality, functionality and installation of their components. The customers do not purchase the components for stock, but they buy already assembled, verified and thus functional product modules.	
Digital technologies	Marketing and innovations utilise more and more frequently the internet and social networks, the 3D printers enable the producing of the components directly at their place of usage. The systems of virtual reality and 3D modelling are being more and more utilised for rapid prototype testing, but also for showing solutions to the customer. The small digital printers which make books directly at the book shop are today replacing huge printing machines, warehouses and trucks. The e-books replace the printed books and they change the whole business model of their sales but they also bring quite new benefits for the customers. 3D printers and flexible digital machines enable local production in batches, e.g. of one piece. The information, programmes and models stream globally, we only produce locally.	
From information to knowledge	<p>The information is a description of an action and the knowledge is the ability to carry out a successful action. The information is the recipe and the result of the knowledge is a good meal. There is an excess of information, we are lacking the knowledge. The information is public; the knowledge represents a competitive advantage. Today the customers have frequently more information than the seller and look for more traders who have the knowledge.</p> <p>The big companies behave pragmatically, they analyse everything carefully, and they plan, assess and try to avoid risks. Their managers prefer to make no decisions or actions rather than make a mistake. The information and plans dominate over the realisation. The actions and deeds which bring real knowledge and experience are important in the current turbulent world. This procedure – action, assessment, knowledge and correction works better than the complicated planning that is failing today.</p>	
From division of work to re-integration	The narrow divisions of work and specialisation are being replaced by multi-functionality and team collaboration. The whole system of education, training and coaching of people has changed in this area. Today one employee has to know how to manufacture the whole product, the innovations do not run between the departments but are with cross-sectional teams of people from marketing, trade, service, production, logistics, development, design, etc.	

From globalisation to re-localisation	Globalisation faces its frontiers. A problem in one part of the world has global consequences; we lose control, security and safety as well as the identification of the goods' origin. Transport negatively affects the environment. Production in local networks is developing – the information is globally transmitted, we only produce locally. The new technologies enable this; however, the customers require it too. In New York we have started growing vegetables in vertical farms and the initiatives of the local production and consumption of Locavores products are being activated.	
New social responsibility	The global economy is collapsing, countries are running into debt; it seems that the family and the whole society are decaying. However, on the other hand, activity from the bottom is also developing – people are starting to be interested in the location they are living in, in the environment, in corruption, but also in people who are in distress. People want to take both the making of decisions and responsibility into their own hands and to curb centralisation and the rule of incompetent and corrupt bureaucrats and politicians.	

The evolutionary trends are the next source of innovations

The products around us develop according to evolutionary laws which say that every technical system has a life cycle in the form of an S curve, similarly as with human life – at its rise the system is imperfect, it optimises step by step, improves and then ceases to exist and is replaced by a system with a new S curve which lives its own “life”. There are several evolutionary principles we will not analyse here, e.g. increasing the level of idealness (the system permanently eliminates its harmful functions and improves its useful ones), segmentation, dynamisation and field deployment (material was cut by a sharp stone, axe, saw, grinding wheel, laser, plasma, water beam, a typewriter with letters changed into a needle printer which transferred to the black-and-white and later colour laser printer, etc.). The technical systems increase the density of the functions, they get smaller, they gradually increase their automation level, etc.

In recent years the S curves have been shortened and also the time for using a new technology to a massive extent is shorter. The time of innovation penetration to 25 % of the US population was for various innovations, e.g.: electricity for households (1873) – 46 years, telephone (1875) – 35 years, car (1885) – 55 years, travelling by plane (1903) – 40 years, radio (1906) – 22 years, television (1925) – 26 years, video recorder (1952) – 34 years, PC (1975) – 15 years, mobile phone - 13 years, internet – 7 years.

The following phases run when a completely new solution arises as well as the evolution:

1. **Ensuring functionality** – in the case of the mobile phone the signal and accessibility were missing; the batteries of the electro mobiles are expensive and have a limited range.

2. **The optimisation** – the mobile phone becomes smaller and optimises its functions, the batteries are smaller, lighter and have longer charging cycles, etc.
3. **The dynamisation** – automatic switching between operators, adapting the menu to the user, adapting the car to the drivers – adjusting the steering wheel, safety belts, seat, etc.
4. **The integration of functions** – the mobile phone gradually takes over the functions of the camera, video camera, calendar, TV, radio, MP3 player, PC, etc.
5. **The transfer to the suprasystem** – linking the mobile phone and its services with the internet and GPS, car navigation and optimising the route, transfer of services from the local computer to cloud, television, newspapers and books on internet, etc.

Have you found inspirations for innovating your product or service in these principles?



The innovations also make use of bionic principles, i.e. solutions which work in the environment around us. A few of them:

1. **The principle minimum – maximum:** with the minimum of material and energy we achieve a maximum output
2. **The principle of multi-functionality:** one component has several functions
3. **The principle of specialisation:** the individual system elements have specialised functions
4. **The principle of utilising the energy from the environment** – gravitation for handling with material, solar and wind energy, etc.
5. **The principle of dynamics and flexibility?** The live systems dynamically respond to changes in the surroundings, adaptive management

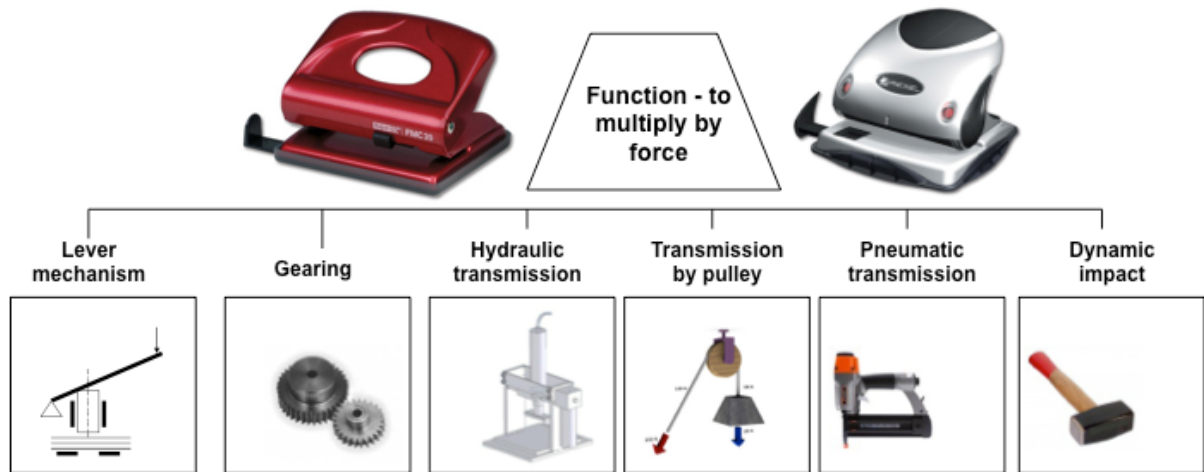
6. The principle of optimal arrangement: the structure of the systems adapts to the conditions in the surroundings – adaptive materials, fractal structures, amoebas
7. The principle of the closed cycle: recycling, circulation of materials in nature as a live organism
8. The principle of system compatibility: e.g. the organs of animals are compatible with the environment for them to be able to acquire food



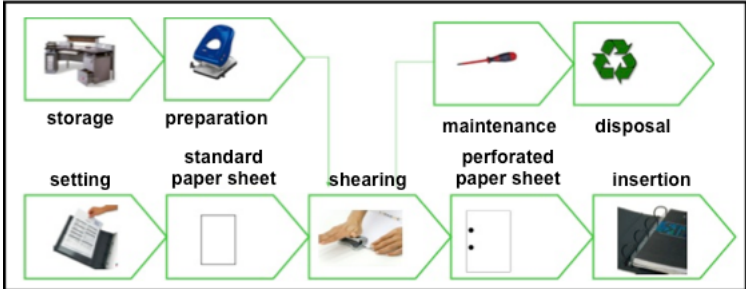


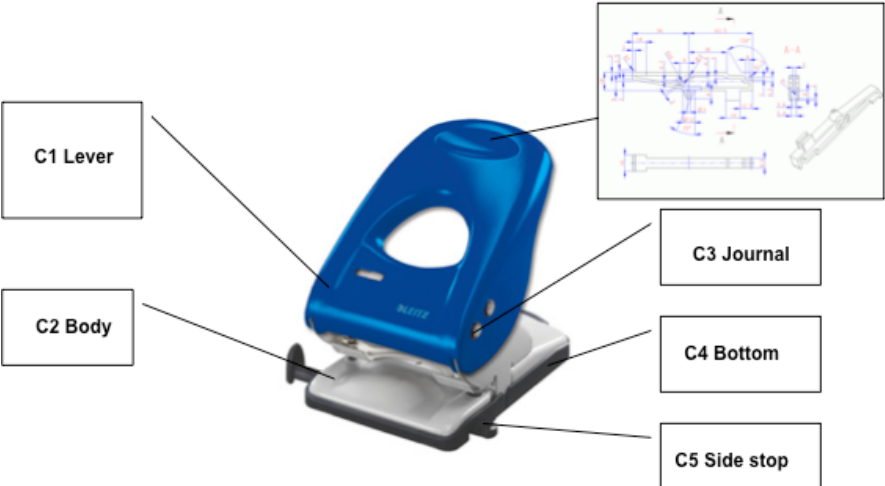
A functional analysis of the product or service is another source of innovations. We can carry it out as follows:

1. The process analysis. At the end of the process there is the need of the customer – e.g. cut hair, bore drilled, account statement or a punched sheet of paper. Some process steps can be omitted or integrated, we can look for solutions to realise them using minimum energy, automatically, with the elimination of errors, risk or space, with the increasing of work productivity, etc. It is necessary to keep in mind that the customers use our product to improve their processes.
2. The individual steps in the process are fulfilled by the product functions – e.g. cutting hair, boring a circular hole, calculating the contribution margin or making a hole with a paper press.
3. Every function is realised by an organ or module of the product – e.g. shearing tool, drill, programme module M1 or a die.
4. The individual organs can use various physical principles (e.g. mechanics, hydraulics), they can have various design solutions (gears, chain, belt) and their elements (components) can be made of various materials (plastic, aluminium, wood) or programmed in various programme codes, etc.

Each of these levels can possess an innovation potential.



Organ - Lever	Function - F1- to multiply by force	Shortage - unpunched hole when using several presses, high physical force	Improvement - Change of level, adjusting the die	New function - signalling the unpunched hole

<p>Processes</p> <p>What is done in the process for the customer's need to be satisfied?</p>	<p style="text-align: center;">Technology I – Shearing</p> <div style="display: flex; align-items: center;"> <div style="flex: 1;">  <div style="flex: 0.5; padding-left: 10px;"> <p>Customer's need</p> <div style="border: 1px solid black; height: 80px; width: 100%;"></div> </div> </div> </div>
<p>Functions</p> <p>Through which function is it realised?</p>	
<p>Organs</p> <p>What is the technical principle of the function?</p>	
<p>Components</p> <p>What components and materials is the organ made of?</p>	

Innovate your product/service

Object	Function	Overloaded functionality Eliminate	Sufficient functionality Maintain	Insufficient functionality Improve	Missing functionality Create
Organ 1					
Organ 2					
Organ 3					
Organ 4					
Organ 5					
Organ 6					
Organ 7					
Organ 8					
Organ 9					
Organ 10					

4. Realisation

Until now we have worked with information, looked for answers to questions, we have analysed and suggested various solutions. Now the realisation process awaits us. Don't expect it to be a direct and unchangeable tour. We will have to change it because the surrounding world is changing quickly and we are also being changed – we are acquiring new information, knowledge and experience.

Certainly you have a lot of ideas regarding where money could be made, which new products, services and business you could start.

Unfortunately, it is not possible for you to start everything that you would like to, what you yourself find interesting and exciting.

You are limited by time, resources and your capacity. Consider then that it is better to do fewer things but do them flawlessly, to complete the projects and make money from them.

State your own criteria according to which you will start them, which impulses and ideas will advance to the next round and which of them you will store or give to your partners.

Project name:		
Brief project description:		
Customers:		
Market potential – turnover estimation		
Estimation of costs:		
Time of launching onto market:		
What must be done?		
Required support and resources:		
Project team:		
Project type 1. Improvement, updating 2. New generation 3. New business	Solution time framework	Notes

A few hints for your decision-making:

1. Analyse the idea – What it will be? Why is it interesting? Who will do it? How will it be done? When will it be done? How much will it bring and how much can it cost?
2. Does the idea improve your current product, service or process?
3. Can the idea lead to an innovation through creating new values for the customers, competitive advance and high margins?
4. Can the idea lead to a new business opportunity for the firm?
5. Does the idea contain something that nobody has invented so far?
6. What new knowledge can we learn from the idea in our firm? What important knowledge and know-how can we acquire?
7. Is a person whose eyes “shine”, a “fool” who possesses entrepreneurial qualities and is able to grab the attention of people and finalise the project standing behind the idea?
8. Is the idea within the framework of the firm’s strategic orientation?
9. What’s the idea’s innovation potential – originality, the blue ocean, margins, improvement in the quality of life?
10. What is the value added and is there a possibility to imitate it?
11. Does the company possess the knowledge and resources required for realising the idea?
12. What is the product’s or business model’s life cycle brought by this idea?
13. Is the idea bringing a global product?
14. Has the idea a character of more or less improvements of the current state and/or does it not possess any character of an innovation project?
15. Does the project improve the company image or know-how in the strategic technology?
16. Is the project team competent and sufficiently motivated for the project?
17. Is there sufficient human capacity for the project?
18. The assessment of the idea appears negative; however, intuitively do we have a feeling that it is necessary to proceed with it?
19. Is it such an unconventional idea that it is beyond all criteria and it would simply be good to attempt it?

There are lots of routes towards successful entrepreneurship and innovations:

1. Copying and imitating others – though this statement may sound like blasphemy in relation to innovations, it is true. The inventors or discoverers of something revolutionary often concentrate on improving their solutions whilst an imitator can focus on the customers. A successful imitator is that one who is accepted by the customer, not by an innovation commission or academy. In their early development for example, companies such as Apple and Microsoft took much of their inspiration from the development basis of the firm Xerox in Palo Alto, and also companies LINET, OMS as well as Fosfa started their business by imitating their competitors. Tony Ryan copied and brought the concept of a low-cost airline from Southwest Airlines to operate in Europe and enabled air travel for those Europeans who hitherto could never afford it. Similarly as with Henry Ford who adopted the concept of the

production line from the slaughterhouses in Chicago and was able to produce his cars at prices accessible for the general public.

2. Many firms achieved their success through revolutionary technical solutions often rejected and underestimated by the more prominent players on the market – Geox, Dyson, Eset.
3. Some innovations arise thanks to a shortage – Stanislav Bernard, a Czech beer brewer did not have the money for a pasteurising unit and therefore he had to solve the problem of ‘best-before date’ in a different way which brought him a competitive advantage (cold filtering of beer).
4. Other innovators connected with other, already existing things in a different way and created a new market – Red Bull (energy + refreshing drink), Cirque de Soleil (circus + theatre), iPhone, iPad, e-book, etc.
5. The companies Dell or Amazon changed the whole entrepreneurial system and cash-flow. The traditional booksellers’ due date is 90 days and the book is stored on average for 168 days. The money arrives into their account after 78 days and the intervening period has to be financed from their own cash-flow. The company Amazon stores the book on average for 17 days, however, the customer pays in advance and Amazon pays to its suppliers within 58 days. Compared to a conventional shop on the main street which has to be financed for 78 days from its own cash-flow, Amazon can use the inflow money for 41 days and still pay its suppliers within a shorter period (58 days). The business system that Dell utilizes works on a similar principle – this system was regarded as being quite revolutionary at the time of its inception.
6. Companies have altered from being just product manufacturers to being service providers (OMS sells lighting solutions and light, the German firm Kaeser tries to sell pressurised air instead of compressors, the coming electro-mobile producers create networks which will sell “kilometres and kilowatts” instead of cars. The networking process is very important – OMS creates partnerships with designers, technological firms as well as with researchers, The AppStore or Google Store are new entrepreneurial systems which eliminate unnecessary intermediaries between the producers and customers, Red Bull and Apple sell not just their products but also powerful emotions.

To Be the First – from Plans to Action

Buy books about the best practices, study them attentively and work according to them. Carry out benchmarking in your business and prepare a strategy and business plan that will enable you to catch up and even overtake your competitors. Just to be sure, ask your customers what they think about your products and services and include their feedback into your strategy. Analyse your strengths and weaknesses, opportunities and threats (SWOT), define your vision, mission, strategic goals and plans on how to achieve them. Analyse thoroughly all the risks which may threaten you. And then, what is the result?

You will have a collection of the best practices, a vision, mission, strategic goals, plans, benchmarking, the results of questionnaires and discussions with customers, risk analyses and catalogues of required measures.

The best practices cannot be described in books. In truth they cannot be described at all! It is impossible to copy them, they can only be conceived – your own personal ones and they are unrepeatable. Try to describe and imitate the best practices of Mozart or Steve Jobs. In your opera there will never be the same amount of notes necessary and your charts will be an imitation only.

Have you ever thought about how much time and energy is devoted to analyses, strategies, description and plans? How many phrases, empty dialogues and vague formulations are there? All are innovative, customer-oriented, exceptional and flexible and provide complex solutions, their products are eco, bio, cool and green. How many of your fellow workers understand these strategies and plans? How many of them are enthusiastic? How many strategies will you start to realise? The risk analysis is often a good guide to ignore the biggest opportunities. How many of the defined goals do we really achieve?

I know a lot of successful entrepreneurs. None of them possessed all the aforementioned analyses and strategies at the beginning of their business. They had no time for them and maybe none of the necessary information and knowledge. They had courage because sometimes they didn't know what they didn't know and what else they were missing.

However, all of them had a few qualities in common:

1. The desire to be the first and the will to win
2. Great energy to try new things and to learn quickly
3. The diligence, persistence, and ability to resolve details and to finalise ideas
4. The ability to link customers, trade, products and services, processes and organisation, resources, people and knowledge into a unique business model

Few sportsmen can win a competition if their goal is simply “to finish or not drop out”. Only people with the thinking of winners can be victorious. If you are surrounded by fellow workers who persuade you that something cannot be done, it is difficult, indeed almost impossible for you to succeed. If you wish to follow your dream to be the best in the world, get rid of them immediately. Let them drain the energy from someone else – if possible from your competitors.

No straight paths lead to the winners' podiums. Henry Ford as well as Tomáš Baťa went bankrupt at the beginning. They say they had achieved nothing in an easy way – don't look for easy ways. So many people search for them that it is impossible to find a way there. Who wants to be the first, that one will be the winner. Who does not want, that one will not be the winner and he/she will be replaced by others in the current world, by those who wish to be victors.

Now your innovation concepts for your customers are prepared. Try to summarise your entrepreneurial system.

Current state – customers		Future state – customers	
Customer: Sale (thousands of €): Price: Manufacturing costs: Territories:		Customer: Sale (thousands of €): Price: Manufacturing costs: Territories:	
Communication channels	Distribution channels	Communication channels	Distribution channels
Products/services		Products/services	
Activities, processes	Resources	Activities, processes	Resources
Partners, suppliers		Partners, suppliers	

Now, prepare your action plans.

Action plans

Customers				
Actions	Costs	Deadline	Responsible	Output
Distribution				
Actions	Costs	Deadline	Responsible	Output
Communication				
Actions	Costs	Deadline	Responsible	Output
Products/services				
Actions	Costs	Deadline	Responsible	Output
Processes				
Actions	Costs	Deadline	Responsible	Output
Resources				
Actions	Costs	Deadline	Responsible	Output
Partners				
Actions	Costs	Deadline	Responsible	Output

The sooner you create a prototype of a solution and acquire feedback from your customers, the better. It is necessary to take a step from the analyses, descriptions and concepts in your computer to a draft of the physical solution on a sheet of paper. Make a sample of your product so that it can be seen, touched and for its main functions or control to be tested at the customers' premises.

A few tips for testing prototypes

1. Realising the project in materials – make a mock-up of the new packaging, a sample with masks of the prototype computer programme or a product prototype.

2. If possible, do it simply and cheaply – utilise the remains of materials, cooperation or cheap second-hand technologies, cooperate with prototype shop floors, designers or students.
3. If possible, together with your customers test the prototype on experimental or simulation models.
4. Test the samples and prototypes with selected customers directly in the processes, deficiencies, in the performance of the process and the responses of the customers,.
5. Repair, correct, optimise and try again.
6. Test the new business with a selected customer who can become your partner for this venture. Before you invest in the new business, it is useful to achieve verified opinions, experience, knowledge and feedback from key potential clients.
7. Test your new business by creating a test series through a low-cost technology, replacement technology or organise it in cooperation with somebody.
8. If you conduct prototype tests more frequently, invest in a prototype shop floor and a suitable technology as well – e.g. scanning, 3D modelling, 3D printers, rapid prototyping, etc.
9. After finishing tests invite your customer to a workshop, summarise the experience and any proposals for a better solution.
10. If something has failed – don't give up – innovations are not about good luck but about patience.

A few tips for small businesses

1. Create a team for this new business; define its competences, goals, budget and time.
2. Start your business in a small extent.
3. Start your new business with those customers who have the greatest tendency to buy.
4. Test step by step all the elements of the new entrepreneurial system – responses of the customers to the price offer, communication and distribution channels, processes, resources and partner network.
5. Test the customers' sensitivity to the price and the key values you have created in the innovation process.
6. Collect all the stimuli for improvements, re-design each detail and if you find any errors in the solution, retrace your steps and do everything from the very beginning.

In 1899 Elbert Hubbard wrote an essay under the title “A Message to Garcia”. This book was translated in to 37 languages and became compulsory reading for the employees of the US railroads, later the Russian railroads and the Russian army during the World War I. The Japanese army acquired it from Russian prisoners of war; they translated it in to the Japanese language and by order of the Japanese emperor it became compulsory reading for the Japanese government. Finally the book was introduced to the US Marine Corps. It is estimated that more than 100 million books were issued.

Test assessment

Customer:	Testing interval:	Product:	Responsibility:
Customers' responses	Negative responses, unsatisfied needs	Positive responses	Proposals for solution
Product saleability	Expected	Real	Proposals for solution
Turnover	Expected	Real	Proposals for solution
Costs	Expected	Real	Proposals for solution
Profitability	Expected	Real	Proposals for solution
Claims	Description	Cause	Proposals for solution
Process performance efficiency	Planned	Real	Proposals for solution
Functionality of individual elements of the entrepreneurial system	Planned	Real	Proposals for solution
People's performance efficiency in the new business	Planned	Real	Proposals for solution

This story from the end of the 1800s speaks about the Spanish–American war (1898) when the US President William McKinley needed to deliver a message to the leader of the Cuban uprising army Calixt Garcia who was hiding from the Spanish soldiers in an unknown location in the Cuban jungle. The President called on the first lieutenant Andrew Summers Rowan and entrusted him with the task of finding Garcia and delivering him that message. Rowan did not ask who Garcia was, where he was to search for him or how he would get there. He took over the command, left and in three weeks he returned to Washington and reported – the task had been fulfilled. This fact enabled the joining of the US and Cuban armies.

The world of enterprise and entrepreneurship has changed. Today it is difficult to describe the strategic goals and exact processes that belong to them. Those employees who will require exact instructions will not be needed any more because the strategy will often be formulated as follows: “Find Garcia!” Those ones who find him and fulfil their mission will become the leaders. We are missing people of the Rowan-type. Both in the companies and in society. Almost everybody wants precise instructions, analyses and alibis should a failure occur. Only a few people have sufficient creativity, courage and ability to take over the responsibility for great deeds. We have to look for daring Rowans who are able to solve the problems which have not been solved before and have no need for any glory and a lot of unnecessary words.

The following factors are important for a successful realisation of the innovation business:

1. An appropriately set up and working project team
2. A leader of the innovation project – an entrepreneur possessing Rowan’s qualities
3. The motivation of people
4. A sound preparation, organisation and management of the whole project
5. A mutual harmonising for all the elements of the entrepreneurial system

There is one drawback, namely that the individual stages of an innovation project run separately in the individual company departments. Small firms have an advantage – they have no departments, i.e. there is nothing separating people. In larger enterprises the communication runs through e-mail, phone or various “opponent” commissions. In this system of work we often lose a great deal of important information, the customer orientation as well as the entrepreneurial success of the whole project. The specialised company departments often have contradictory views of a problem; there may be conflicts and a shift towards compromising solutions. Motivation is low and the overall project result differs considerably from the original assignment.

It is important for the project group to work as a team – it has to contain all the important specialisations during the whole project duration and the team has to bear responsibility for the results of the whole project, not just for its specific part.

“Mixing” the team members correctly according to age, knowledge, experience, type of person, and defining and fulfilling the teamwork rules are also very important.

Structure of a innovation project team – example

Specialisation	Name	Task in the team
Marketing		
Trade		
Service		
Customer's process		
Development		
Design		
Technical design		
Technology		
Production		
Purchase, logistics		
Company strategy		

Requirements on the innovation team leader

1. Does he/she possess the ability to define and achieve the demanding personal and company goals?
2. Does he/she possess the ability to create and implement the action plan?
3. Is he/she a hardworking person?
4. Is he/she sufficiently experienced in using techniques for creative problem-solving?
5. Does he/she possess the ability to lead a project team?
6. Is he/she resistant, does he/she maintain the direction, has he/she “a thick skin and bulldog spirit”?
7. Does he/she possess the ability to achieve good intermediate results in the individual project stages and is he/she able to persuade those in the surroundings that he/she is following “the right track”?
8. Does he/she complete the tasks, has he/she an ability to achieve things?
9. Does he/she possess the ability to cooperate in a team and to create a synergy?
10. Does he/she have sufficient energy and can he/she also transmit that energy to the others?
11. Can he/she make decisions and cope with crisis situations?
12. Has he/she enough passion and motivation to seize the attention of others?
13. Is he/she fair and does he/she adhere to moral principles?
14. Is he/she a professional, expert and a person who is a natural authority for others?
15. Is he/she able to link the individual elements of the entrepreneurial system?
16. Does he/she possess entrepreneurial abilities?

Motivation is the element that drives people from within. Everything external (money, praise, car, position) are such stimuli that perform only temporarily.

The following questions are important for motivating employees:

1. Are all team members clearly identified with the firm's and project goals?
2. Are these ventures sufficiently exciting for them, do they have any emotional link, passion and energy to achieve them?
3. Do people know the priorities, their roles and tasks for achieving the targets?
4. Do they have enough autonomy and freedom for their work?
5. Do the project goals provide the project team members with sufficient opportunities to find the sense in them and to achieve superior skills in their specialisation?
6. Have we removed those elements from the corporate culture which can demotivate people, reduce their performance – rivalry, envy, looking for errors in others, conflicts and disputes, negative emotions and intrigues?

It often happens that one project follows another without the mistakes of the previous work being assessed. In this way we often and unnecessarily repeat the mistakes without learning lessons from them.

Lessons learned from the project procedure

1. How was the project procedure planned? I.e. its individual stages and results.
2. How did it actually run and what results were there?
3. How did the deviations from the plan arise, where were the causes?
4. What are the lessons learned?
5. What do we have to improve in a new project?

Action:	Location:	Time:	Recorded by:
Planned result:	Result achieved	Difference	
The cause of the difference between the plan and reality:			
Lessons learned:			
Measures for the future:			

Project preparation – project sheet

Project:	Project team:		Sponsor:	
			Project manager:	
Company strategic goals	Project goals	Measuring goals	Current state	Future state
Customers				
Finance				
Innovations				
Processes				
Project description:				
Project schedule				
Stages	Tasks	Beginning	End	
Define current state, future state, goals and extent of project				
Measure market potential, customers and competitors				
Analyse opportunities				
Innovate				
Realise				

Minutes of project team meeting

Date:	Participants:			Sponsor:	
				Project manager:	
				Minute clerk:	
Current tasks					
Task	Responsibility	Goal	Reality	Deadline	Measures
Assessment of project team performance					
Area		Problem	Solution	Responsibility	
Discipline, fulfilling tasks					
Cooperation, communication					
Activity, motivation					
Solving conflicts					
Team top management					
How meetings took place					
Collaboration with sponsor					
Homework					
Task		Responsibility	Deadline	Note	
Interesting ideas					
Notes					

Summary of the project in numbers – the big picture

Customers

Customers	Characteristic	Strategy	Projects
C1			
C2			
C3			
C...			

Strategy – e.g. to acquire a reference, to increase sales, to maintain the market share, etc.

Finance

Customers	Turnover	Profit	Actions
C1			
C2			
C3			
C...			
...			
Total			

Products

	Products – quantity										
Customers	C1	C 2	C3	C4	C5	C6	C7	C8	C9	C10	...
C1											...
C2											...
C3											...
...											...
Total											...

Processes

Processes	Current state	Goal/deadline	Projects
Purchase			
Logistics			
Production			
Sale			
Service			
...			
Total			

Resources

Resources	Goal/deadline	Action	Costs
People			
Knowledge			
Technologies			
Machines			
Surfaces			
Buildings			
Total			

Assessing the innovation project before launching onto the market

1. Is the profitability and return on investments sufficient?
2. Are the required investments real?
3. Has the development sufficient capacities and knowledge for fulfilling the assignment?
4. Is the time of the development project and launching onto the market correct?
5. Have all the proposals for changes in the internal and external processes been carried out?
6. Has an analysis and elimination of risks for the product and key processes been carried out?
7. Has the preparation for series production and process standardisation been mastered?
8. Are all the required quality standards being met?
9. Have all the marketing, advertising and trade activities been prepared?
10. Is the distribution prepared?
11. Are the service and end after-sale services for the customers prepared?