

Chapter 2

Start-Up: A New Conceptual Approach of Innovation Process

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ABSTRACT

Nowadays, we are witnessing an increase of innovation both on start-up and SME. The implementation of innovation has a strong impact in the knowledge of economy. The ability of human being in creating it can be defined as a basic skill in a global economy, involving learning as an essential dynamism of the competition. Furthermore, the research and development activities are very important not only for universities and companies but also for the global economy. This paper presents a new conceptual approach for innovation process in start-ups and a new methodology to know how long the innovation process must take. The conceptual approach proposed is divided into seven interactive steps: 1) Have an idea (product, service, process, business/marketing); 2) Analyze the state-of-the-art and the market; 3) R&D activities and Intellectual Property; 4) Listen the market; 5) Define a flexible business plan; 6) Find a business partner; and 7) Go-to-market. Regarding the time of innovation, the presented methodology is based on five Porter's Forces.

INTRODUCTION

Nowadays, we are witnessing an increase of innovation both on start-up and SME. The implementation of innovation has a strong impact in the knowledge of economy. The ability of human being in creating new knowledge can be defined as a basic skill in a global economy, which involves learning as an essential dynamism of the competition. On the other hand, the research and development activities are very important not only for universities and companies but also for the global economy. Following this

DOI: 10.4018/978-1-5225-9273-0.ch002

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and taking into account the need of developing standards and guidelines for innovation, the OCDE has been working on developing and updating a set of documents to help the innovators and the innovative companies to work better. As result of this work, two manuals were created: Frascati Manual (OCDE, 2002) and Oslo manual (OCDE, 2005). The first presents standards for measuring the R&D activities and provides a set of definitions and recommendations to classify R&D activities. The second one, the Oslo Manual, provides guidelines for measuring and interpreting the information about innovation. Both manuals are specially worked for SMEs.

Davenport (DTH, 2013) have published a book presenting a general approach about innovation process; however, this book is focus on combining the information technology with resource management in order to get innovation in the company and improve its business. Also, Davila (DT et. al, 2012) has presented a formal innovation process, but just applied on well established companies such as HP, Toshiba, among others.

All available guidelines and works present innovation process approaches for SME suggesting how the organization can be manage and structure in order to make a good and sustainable innovation.

However, these guidelines are not applicable for someone that wants to start a business focus on innovation. Start-ups have not a mature organizational structure to implement those guideline. Furthermore, people without knowledge about business and innovation don't know how to start, what are the steps to assure that idea is really novel, and what are the steps to put verify if the idea is viable and how to put it in the market. This way, there is a need to provide some guideline about innovation process in start-ups.

But first it is important to define what is innovation since sometimes the word innovation is misunderstood.

The innovation consists of a complex process. We need to create new ideas, but these ideas need to be exploited in the market, they need to have impact, bringing new opportunity of changings.

The innovation corresponds to the implementation of a new solution for the market or company. Oslo manual has updated the types of innovation, and according to it there are four (OCDE, 2005): a) product, b) process, c) organization and d) marketing. However, it is very important to note that there is, at least, more one type: e) Business model. The difference between innovation in marketing and business model is little, because the business model is part of marketing; however, it is not totally clear in Oslo Manual. Thus, this Chapter will also introduce a new type of innovation the "Business Model", which will be defined in Background topic.

Currently, many people (scientists, industries, policy makers, potential entrepreneurs) fight for doing innovation, but in most of the cases there is no strategy about it and, consequently, they are not able to translate science in market applications.

Funding programmes for research and innovation has been launching. In Europe, for example, in last 10 years, two programmes were worked (FP7 and Horizon 2020). Even helping into making science, these programmes fail concerning innovation. This happens because there is no tool and guidelines to help people to translate new ideas to market. We are able to develop the ideas but we are weak in the implementation. Furthermore, these programmes are very focused on technology, and innovation is more than technology. We can change the world using new technology, but also how to make business. Industries can be more productive if they innovate in production process, start-ups can gain more notoriety if they can change the marketing methodologies, and for example the industry of the security of personal data can change its business model, attracting more people and gain their trust.

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