Chapter 93
Building Innovative Business Ideas in Small Business Enterprises:
The Case of Bird ICT Company

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ABSTRACT

This study of "Bird ICT" is a case of a business development company in the field of information and communication technology (ICT). The chapter explores, describes, and examines the story and circumstances of building and managing innovative business ideas in an Egyptian small business enterprise. It specifically addresses specific circumstances, opportunities, and challenges with which a small enterprise pursuing innovation strategies is faced, and analyzes how effective deployment of innovative business ideas and bringing them to the market has contributed to strategic competitiveness. Findings highlight the patterns of developing new business ideas and mainly conclude the following: strategic competitiveness is accounted for by management's efficiency, commitment, cheap labor, and most importantly, fast delivery of easy hit technologies and innovative, reliable, flexible, yet easy to use innovative advertising solutions. This study used qualitative research strategy in connection with theory to gain full understanding of a natural setting, and as a comprehensive method of substantiating or un-substantiating the context of achieving strategic competitiveness through new innovations and technologies, and provides insights into the nature of management of innovations, from which lessons can be drawn for other organizations both in small business sector organizations and generally.

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INTRODUCTION

With recent globalization trends, the role of small business enterprises in innovation, global expansion, and job creation, particularly for nations with growing populations, has been increasingly contributing to these countries' socio-economic development. But the breakthrough of the Internet, and speedy generation and development of innovations have changed the way firms operate and deliver their products and services to their clients. Technological advances eliminated time and distance barriers and allowed better access to trading markets across borders, which expedites economic development and accelerates globalization of business. According to the National Association of Software & Service Companies (NASSCOM) (2005), a study on countries that invested more in IT revealed that a 10% increase in IT investments raised GDP by 3.6%, and increased labor productivity by 4%. On the other hand, in economies with less investments in IT, an equally invested amount in IT produced only a 1.6% raise in GDP, and was of no statistical significance on productivity as it did not help in reducing labor hours, which could later, on the long-term, have a positive impact on labor productivity.

With the emergence of virtual business, information technology should be regarded as a competitive trade instrument that should allow firms to increase visibility and market access, promote image, improve customer service, increase customer satisfaction, and optimize business resources; all of which will have a positive impact on their profitability and competitiveness and on the national economy in general. Thus, innovations, investments in information technology capital, IT applications or systems are becoming of increasing significance not only to individual firms but also to enhancing nations' economies in general. At the same time, as the role of small and medium enterprises (SMEs) has been increasingly contributing towards achieving countries' socio-economic development, they are playing a crucial part in the transformation of innovation strategies to achieving value creation and strategic competitiveness. However, despite the value creating nature of innovation, and though it is regarded as a competitive weapon, competitive boon will rely more on deploying the right blend of innovative technologies and human factors with clients. According to a 2002 Gartner study, firms worldwide lost $A800 billion Australian Dollars annually on poorly managed IT investments (Thorp, 2005).

The development of a competitive SME sector is greatly determined by companies' readiness to adopt more advanced and innovative products in conducting their business, and their ability to position themselves for long-term competitive advantage, which requires vast improvements in their performance, and emphasis on core competencies when formulating strategies. In Egypt, SMEs constitute 99% of enterprises, employs 75% of the total labor force in the private sector, and are responsible for three quarters of the economy's private sector value added. A close examination of the literature and empirical research revealed that SMEs share in Egypt's manufactured exports still does not exceed 0.5%, which when compared to other countries like India (50%) indicates poor performance, marketing difficulties, and lack of competitiveness on the world market. In order to assist the development of SMEs, sustain and enhance their role as a competitive sector both in local and global markets, and become a driver of national development, particularly after Egypt's adoption of the comprehensive economic reform program in the early nineties, several initiatives have been undertaken by the government, non-governmental institutions, donors and assistance projects, as well as local and international development organizations to support the development of the IT sector and improve services in the telecommunications sector. Despite these efforts, and the value creating nature of IT, the impact on the development of the small and medium enterprise sector in Egypt is still limited, and up till now the

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