



LIGHT THE FLAME OF INNOVATION IN YOU ARE ENTERPRISE: A MANAGERIAL WAY

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Abstract

Small size encourages not only manageability but even more important commitment. In a small group, an individual still counts and this is vital. Small size seems to favour innovation and in this respect, practice has proved the experts wrong. For example, Galbraith's arguments that only large corporations could induce technological change in USA are now⁷ being seriously questioned. A survey conducted by the National Science Foundation showed that small firms produced about four times as many innovations per research and development dollar as medium sized firms and about twenty four times as large firms:

1. Innovations at All Stages of Growth:

One of the essential characteristics of a successful entrepreneur is his innovativeness. There are precedents in history that most of the successful enterprises got into a very bad shape because they could not innovate. For example, the American Automobile industry (General Motors, Ford Motors, etc) got into difficulties because it could not innovate a 'small car' when there was an astronomical oil price hike. This led to the import of Japanese 'small cars'. Another popular example is of Swiss Watch Maker. The Swiss Watch Maker went on manufacturing the same product for a very long time and got alarmed when Japanese watch industry captured the market.

There are plentiful examples of successes too. Mr. Kirti Sarvaiya of Waxoils (P) Ltd. Who has been in the business for the last 20 years, has now come out with a special vaporizing decongestion ointment exclusively for children. Mr. Sarvaiya feels confident enough to sell 100 tonnes of product in the country. Mr. K.L. Verma, an engineer by profession, is the person behind the innovative success of sun flame industries. The unit has come a long way from producing mere gas stoves. Today its product range encompasses almost every type of domestic kitchen gas appliances. Now⁷, the unit has come out with a full-fledged cooking range. It includes a number of novel and useful features in its design such as a top cover. Removable to plate, wire net at

the near and design such as atop cover, removable top plate, wire net at the rear and adjustable grill tray. This product has attracted more than its due share of attention.

All the cases mentioned above illustrate a greater need for innovation not only at initial stage but also at various growth stages.

Growing sickness in small scale industry is often indicative of poor innovative base. Some of these were operating in areas which were already exploited or they could not adopt well hi face of late growth, competition and scarcity of material, fast changing fast, technology and human values. This note provides a framework for your enterprise to function innovatively and for increasing your responsiveness to changing market situations.

Literature Review

Some studies tried to explain entrepreneurship as an important factor in explaining higher levels of economic growth in countries or various districts of a country. Van Stel et al (2004, 2005) applied three explanatory variables of economic growth of a country the rate of entrepreneurship, output per capita and the world competition index. Using data of GEM, they found that entrepreneur activities' rate has a positive effect on economic growth.

Salgado-Banda (2005) proposed a new variable to measure entrepreneurship. The paper studies the impact of self-employment on economic growth. The study considered 22 OECD countries and found that self-employment appears to be negatively correlated with economic growth. The findings were backed by a battery of econometric specifications and techniques,

Audretsch *et al* (2006) speculated production function through a sample in Germany in 1990. They calculated that there is a positive relation between entrepreneurship, capital and local economic growth. Further, klepper *et al* (2007) concluded a positive relation between the rate of self employment and economic growth using data of the World Bank. Theoretically, there is evidence that shows not only entrepreneurship eradicates employment, but also unemployment itself increases the level of unemployment. This hypothesis was tested by Audretsch and Thurink in 2001 using panel data of 23 OECD countries during 1974 - 1998.

1. At Project/Process Choice Stage:

The first major task which you should perform is to search out for a product or a process winch is not yet fully exploited. At this stage you may use your knowledge and imaginative faculty to identify a new process of producing an already existing product more effectively or may explore a product which is not being produced.

If you approach product or process selection this way, you would certainly set a strong foundation for your enterprise. But this strong foundation does not guarantee success all the time. In order to be successful at later stages, you have to discharge managerial function with equal innovative emphasis. The rest of the paper has been developed to deal with how you can manage your enterprise innovatively once it is established.

1. Managing Innovatively:

Innovation for any small enterprise may mean not only a new product or a new technology but also a new procedure, a new way of supervising and motivating employees, a new objective, a new style of management, a new incentive system, a new controlling system and so on. You as an entrepreneur manager must keep the following strategy in mind while managing your enterprise.

(1) Clear Objective:

When you set your enterprise, you also lay down certain objectives for which your enterprise would strive for, like high profitability, capturing of market share etc. These objectives in fact become guide-posts of your future course of action. You must formulate such objectives which incorporate undertaking of challenging and new tasks, growth, diversification and self reliance. They may also be further quantified in terms of units or activities in order to make them clearer. For example, Jyoti Ltd., a pioneer in the field of laser and solar technology, set its objective of developing its own product “without importing technology”. In order to achieve it they decided to spend at least 5% sales revenue on R and D.

(2) Management Style

You as an entrepreneur have also to adopt a conducive management style in order to cope up with the day to day demanding and changing situation and for effective coordination. If you choose a management style which has tight control, one-way communication, centralized decision-making, rigid to follow established norms, procedures (traditional or authoritarian style), this may cause poor communication, cooperation, non-collaboration among people, less risk taking etc. You are, therefore, advised to adopt an organic style which will provide for flexibility, adaptability, two-way communication and participation. This is likely to encourage a collaborative working relation, new idea generation, grabbing of growth opportunity and innovation,

(3) Rewarding Excellence:

After you hire the needed number of employees (at start-up or at later growth stages) your first task is to develop a work culture in which differentiation in treatment between categories of employees like full time employees and daily wage employees should be eliminated. This would lead to a state of openness, trust and involvement. All employees including temporary ones should be rewarded for achieving standard of excellence. Their experiences may also be utilized in problem solving related to their work.

(4) Matrix Structure:

Every enterprise has to discharge several functions which may be classified into two: technical and non-technical. Technical functions are those which are related to manufacturing process of product, while non-technical includes marketing, finance research and development and personnel. In order to achieve greater harmony, coordination, collaboration and quick decision making, you are advised to structure your enterprise into a matrix structure.

In such a structure, one person carries at least two responsibilities, one of primary interest and another may be of his secondary' interest. If you structure your enterprise this way it would have to pursue the following form.

FIG. 1 MATRIX STRUCTURE**PRIMARY RESPONSIBILITY****SECONDARY RESPONSIBILITY**

	MANUFACTURING	MARKETING	FINANCE	R&F	PERSONNEL
Mr. A	X	-	-	-	-
Mr. B	-	-	X	-	-
Mr. C	-	-	-	X	-
Mr. D	-	-	-	-	X

This would mean avoidance of duplication of activities and decisions and would also lead to better coordination of work.

(5) Information Control System:

A good control system acts like thermostat to keep your enterprise more or less on the chartered path (i.e. towards the accomplishment of stated objectives). For this you will have to develop a good intelligence system in order to keep the key people of your enterprise informed of commercial, technical and economic development concerning the task of your enterprise. This would facilitate realistic decisions, grabbing of new opportunities and planning of the work in advance.

Another important element of your control system is budgeting. You are advised to avoid excessive budgeting, which requires justification of every expenditure. Due to this sometimes it becomes difficult to get money for new ventures even if it involves cost cutting.

(6) Incentive system:

In any enterprise an ineffective incentive system may cause absenteeism, high turnover of personnel and their dissatisfaction. They lead to poor productivity; in order to encourage productivity you may adopt piece rate system, work-study incentives, pay-by-results. This takes care of extrinsic (monetary) motivation. In order to provide intrinsic motivation (non-monetary) you may prepare the task in such a way that it is taken by employees as challenging, interesting, has prospects for personnel growth (in terms of new skill and new experience) and involves responsibility and autonomy. It is intrinsic motivation along with the sufficient amount of extrinsic motivation that generally lead people to contribute innovative ideas at work.

(7) Suggestion Box:

In order to encourage ideas to solve day-to-day problems, it is desirable to set up a suggestion box in the centre of the work place. Invite everybody to drop their suggestion in the box for effective functioning of the enterprise.

The suggestion box may be used for solving problems, which are spotted. You may also form a creative club (now very commonly used in professional enterprises) in the club, employees may be encouraged to make new experimentation of their ideas, have exchange of new ideas about opportunities for the growth of the enterprise. This activity may be supported by creation of a 'special fund for innovation'. Out of this fund, a man may also be rewarded for his innovative idea for further stimulation.

BACK AGAIN WHERE WE BEGAN -DO'S & DON'TS

- Do not overburden yourself right from the beginning. You will have plenty to do later on.
- An entrepreneur should be a moderate and calculated risk taker, so take your decisions considering this fact at all times.
- An Entrepreneur's work is not to do all the work by himself, but also to get result from the work done by others.
- Proper and planned utilization of time can yield better performance.
- Keep yourself fully informed about die market developments and think out the adjustments when required in advance.
- Do not avoid or run-away from your problems, be they the creditors/'money lender's in bad times, but take them into confidence and keep them in formed about your real position. This is unpleasant but it can be very helpfid.
- The best way to face competition is to know more about competitors, by meeting and talking to related persons. Don't keep yourself in die dark about them.
- Do not hesitate to take advice of experts. Learn to use their advice to your advantage. Develop all-rounded managerial understanding.
- Do not promise immediate repayments of private borrowings from your relatives or friends, especially if they have been put into long term assets. Spread out your payments and make promises based on expected receipts. Do not delay. A day's delay in decision can multiply in weeks/months.
- Any decision will always, have many implications, both short-term and long term. So weigh them, evaluate them and dien do not be afraid to take hard and unpleasant decisions.
- You must have your own information system to know where your business is leading.
- Don't depend too-much on your memory. Make a habit of writing points down and maintain the records regularly. A simple way is to spend at least 15 minutes a day to do this. This can save spending days at the end of the year to write them. Make recording a regular practice.
- Cost consciousness does not mean accurate calculations of COST decimals. But it is awareness about your commitments, priorities r-r.i-arr. commensurate with your resources and returns.
- Though financial results and problems are your major concerns, thest =sy i m always be the only cause or factor for improving yom performance.
- Anticipate changes and problems and prepare yourself to face them.
- You will be surprised to know that the majority of SSI Units have failed m the fr : year itself. Work hard and cautiously in the initial period in order to lay a : foundation.
- A majority of the reasons that cause failure can be avoided if proper planning is done in advance.
- Only plan for likely difficulties/micertainties over which you have reasonable control. Do not worry about uncertainties over which you have little control. Just make provision for them and then forget about them. For instance, take insurance against fire and then stop worrying.

If you think someone can do your work, delegate it to him and monitor his performance. This will give you more time to do some more important work. Develop the habit of spending half-an-hour everyday to plan your activities and to assess your day's work. I will keep you free of tensions and your mind healthy. Managerial success is not keeping oneself totally busy and involved in tire day-to-day work, but to have adequate free time to think, plan and work for future also. Keep yourself aware about technology by visiting factories, exhibitions markets and by being members of trade/industry associations.

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