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Research on Innovative Entrepreneurship: Exploring Creative Ideas and differing perspectives.

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Abstract

This paper is divided into three parts. The first part deals about a creative business idea, the author of this paper planning to pursue, as a business venture to generate profit and serve the respective customers by delivering services to their demand.

Part two of the paper covers an interview conducted with an Entrepreneur on his business achievement. The interview covered important points on how the entrepreneur has managed to start small and be able to achieve a significant business success within short period of time.

Part three of the paper covers literature review on differing perspective. For the sake of this paper differing perspective on business strategy theory, the Blue ocean and Red Ocean were considered. The main goal of the paper is to find how innovative entrepreneurs generate creative ideas and different perspectives to create very successful business ventures.

It is natural to follow the crowd; I would say it is somewhat true for business idea too. At some point I was tempted to go for a business idea which is highly competitive, commonly done by everyone, with less risk, with a diminishing demand, fierce competition. For that matter, it was tour operation that I was planning to do. But, the encouraging comment that came from professor

Mammo which motivated us to think an innovative, creative business idea, struck my mind to think something 'out of the box'. Thus, I am now convinced to pursue a business idea, Expat Relocation, a business which is not common in Ethiopia, a business in uncharted water, a business which needs proper planning and risk identification.

I am determined to create the demand through value innovation and addressing the issue of the customer(expat) in this kind of market by breaking out the already existing boundary in expat related business, sailing to the 'Blue Ocean' and making the competition irrelevant, by creating a new market space.

The draft, creative idea has been presented as below, briefing business description, market environment, services offered, strategy and implementation, organization and management, operational plan, marketing, investment plan.

Keywords: innovation, business venture idea, creative idea, entrepreneurship, risk identification

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Business description

ABC Relocation is a P.L.C into expat service business. We strive to serve our customers with all around services on arrival to the country. We know that it is a hassle to arrive in a country and do not know what to do to settle all the issues relating to relocation. Just focus on the issue what matters for you, leave the relocation agenda for us. We will help you with our well trained business, legal, transportation and tourism personnel as fast as possible. We value our customers demand the most, we know how valuable is your time, safety and comfort. We think that we are best placed in the market, with a competitive advantage of the fact that, the founder of the business was once expat in other countries and have a practical experience on what matters when it comes to relocation.

We offer services on areas like:

- Expat accommodation arrangement
- Expat work permits renewal
- Expat transportation facilitation, such as car rental, driver hiring, cars daily condition monitoring etc.
- In-house services facilitation, such as hiring cook, cleaners, guards, pets related services and etc.

We strongly believe that we are the first face of the country in entertaining and serving new comers that contributes positively for the good image of the country for foreigners who plan to settle in the country for the first time. Taking this into account everything we do, we do it with purpose of making our customers at home, in addition to the purpose of increasing market share, growth and profit maximization.

Market Environment

The relocation business is not well developed business in Ethiopia. Usually the services are provided by Non-profit organizations, such as Embassies, expat employers and host companies. The unfortunate thing about this arrangement is that the expats get the service just for few days on arrival. That is what makes our business model different from the normal arrangement. We

strive to offer all around services from day one until our customers leave the country

Services offered

We provide best in class relocation services, with our highly trained personnel with multi-disciplinary composition from legal to customer management to transportation.

This is a day to day service that we offer for our customer, we are at their services. We are in constant contact with our customers. Our priority is our customers' safety, comfort and enjoyable time while living in the country.

Strategy and Implementation

One of the competitive advantages ABC relocation has is that it has the best trained workforces, who have a multi-disciplinary composition from legal, to human resource to operations management. Everything we do gives us to directly contact our customer. Thus, customer satisfaction and customer best experience is our ticket to growth and profit maximization. In line with this we are sensitive to our customers' value and strive to deliver the best service and maintain our reputation working trustfully and maintaining our own internal standard and industry standard in general.

Organization & Management

ABC relocation is organized in such a way that the founder is the managing director of the firm and there are two segments administrative and operation. Each segment is led by respective manager and assistant managers.

Operational plan

Our head office is located at Bole sub-city region, with offices well organized with professional advisors in legal, tourism, transportation and human resource management.

And extended service oriented employees at the customer places. Service delivery starts when our customers place order using our web site or directly calling to our offices. Once the customer order

placement is finished our employees are ready to meet our customers on their arrival at the

airport, and our service starts from that point.

Marketing & Sales

One of our main marketing platforms is our web site. Moreover, we use brochures with our customers' testimony, marketing at public events, marketing at national holiday's event such as at Meskel square during Meskel, Timket, and during Remedan holiday celebrations.

We also advertise at various Embassies.

Our pricing mechanism is service based and mainly charged on hours served based.

. Investment plan

Fortunately, the business model has less initial investment with investments on office rental, office equipment, web site development, licensing and other marketing related expenses. The business model has labor intensive nature, which is a good news to create an employment opportunity for as many people we can.

Interview with an Entrepreneur

For structuring the interview, the interviewee points are itemized.

Please tell us few points about your background:

I was born and raised in Addis Ababa. I studied elementary and High school here in Addis ababa. After completing high school I joined Adama university and studied Electrical and Electronics Technology. After completion of my BSc at Adama University I joined Addis Ababa Technical college as an Instructor, teaching various courses in Electrical and electronics technology. After teaching for few years, the core interest to establish my own business urged me to do something and that was where I started small and as you see it now, has grown big and

now I have three colleges in Awassa, Dilla and Welita Sodo. Just to give an Idea how I started, I had not had enough money to rent my own facility to start the business. What I did was I arranged an agreement with facility owners to share profit, and I used my skill and knowledge in teaching basic computer skills for beginners. Now I have my own facility for the three colleges in Awassa, Dilla and Welita soda. I started training 10 students after office hours, and now in the three campuses we have about 3000 regular students studying in information communication technology, and the business is flourishing, and my management team and the school community in general are doing their level best for the achievement our shared goal that is providing high quality services for our customers, and striving continuously to improve our service delivery and diversification of our service offers.

How did you set your idea or concept for the business?

We have a practice of developing business idea using brainstorming kind of sessions where we refine the idea through a development phase in the business idea development process.

What was your mission at the outset?

Our mission is to be part and parcel of the national educational development agenda in educating the generation with the latest ICT.

When did you ‘Charter’ the business?

As I told you I started my career as a teacher. But, it was always deep down in my mind to start my own business and experience the financial freedom and the passion to see my dream come true. Thus, I did not wait until I have everything ready to start the business, I simply started with what I had, and that was my skill in teaching ICT, and used the market opportunity to my advantage.

How many employees

Currently, we have about 300 staffs for the two campuses which comprise administrative and teaching staffs.

What services or products do you offer?

Our core competence is offering teaching and training for our students (Customers), but in addition to this we offer custom designed short term training and consultation for our government and public customers.

How do you advertise your business?

We use various channels of advertisement. Some of them are:

- *Using TV time advertisement*
- *Using our marketing group on different public events*
- *Using Newspapers*
- *Using our students' testimony, etc.*
- *To what do you attribute your success?*

There are many factors into the play. The most important once have been, the determination to see my dream come true, the continuous encouragement and support from families and friends, and the resolve to face any challenge and use whatever resource we have at our disposal to do things right the first time.

What do you look for an employee?

For me the best quality in an employee is her/his willingness and interest to learn new things and the passion to work together and as one team towards a shared goal and vision.

What made you choose your current location?

Actually the market was one main drive for us. To put it in that way the Southern Ethiopian region was unchartered business region when it comes to ICT. We took this as a driving source, and that was a very good decision. Currently, we are the market leaders compared to private ICT firms.

What is unique about your business?

As an ICT firm one of our competitive advantages is our workforce. Thus we work continuously to develop and build our employees competence and skill in ICT and we strive to offer our customers cutting edge technology in the field.

What are your responsibilities as a business owner?

I am the managing director of the business. As a leader I have strong believe that everyone in the organization has an important role to contribute towards fulfillment of the firm's goals and purposes. Moreover, with my management team we set direction for our businesses and draft a business strategy taking into account the external and internal market environment.

If you had one piece of advice for someone just starting out, what would it be?

I would say do not wait for the `perfect time when you could have everything ready. Just start with what you have and work towards changing the tide for your advantage.

Differing perspectives

On this part of the paper two differing theories on business strategy were discussed. The Blue ocean strategy and the red ocean strategy as it is called by researchers, where the topic of interest for discussion. The author of this paper has firm believe that there is no one size fit solution for various challenges firms facing on this 21st century. It is imperative to consider the internal and external market environment of the firm where it operates to consider the strategy direction which would best fit the firm's product and service offerings, the saturation and competition level of the existing market, and above all customers' value propositions. In line with this various scholars' view point on Blue Ocean and Red ocean strategy were reviewed.

The focus of this part of the paper was reviewing differing perspective of business strategy. When it comes to strategy the two prominent theories are the red ocean strategy and the blue ocean strategy. Nevertheless, a number of scholars over the years have suggested their own

version of strategy formulations. One would argue that Porter's (1980), Five Forces were groundbreaking piece of work, where most of alternative strategy propositions have made their base in one way or another. For example, Wilde and Hax (2001) proposed the Delta Model. The resource based view (RBV) where the scholars argue that businesses competitive advantage is main factor of valuable, tangible or intangible resources at the businesses disposal (Mwailu & Mercer, 1983, Wernerfelt, 1984, Rumelt, 1984, Penrose, 1959, Cissoko Mamady, 2015). Likewise, the dynamic capability view, Teece et al. (1997) as referred on Cissoko Mamady, 2015, suggested firm's strategy as firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments.

W. Chan Kim and Renee Mauborgne, 2005, in their book 'Blue Ocean Strategy' proposed totally different approach to strategy, arguing that the competitive approach of strategy are not the ideal way firms to pursue. The authors argued basing their argument on case studies on value innovation. They designed strategy canvas, a diagnostic framework as a guide to execute a blue ocean strategy by making the competition irrelevant.

The strategy is sailing to uncharted Blue Ocean with access to new market, with unforeseen risks minimizing mechanism in place. To stay out of the crowded and, hence the competition, value innovation is the prerequisite to put it that way. As a result of value innovation cost is minimized significantly and driving customer value up.

Scholarly articles published by various authors, written on the topics of Blue Ocean and Red Ocean were reviewed.

The development of theories that help explain competitive advantage has occupied the attention of the management community for the better part of half a century (Wang, H. (2014). This chapter aims to provide an overview of the key theories in this space. Wang, H. (2014), asserted that, in the early period, there were two dominant theories of competitive advantage: the Market-Based View (MBV) and the Resource-Based View (RBV). The notion of core competencies is closely related to the resource-based view of strategy. The knowledge-based view and capability-based view of strategy have also been derived from the resource-based view. Gaya Hanningtone, et al, 2013, argue that tangible resources should possess the characteristics of rarity, value-

ability, inimitability and un-substitutability which create sustainable competitive advantage and include state-of-the-art modern showrooms, service workshops, financial resources, spare parts warehouses and human resources.

Blue ocean strategy encourages companies to break out of fierce red ocean competition by creating uncontested market space, with a new demand for the products and services through value innovation, Chan, W., & Mauborgne, R. (2005). The proponents argue that benchmarking the competition is not a wise thing to do while the competition is experiencing shrinking demand and head to head competition where the rules of the game could lead to some to win and some others to lose. Relatively new and a different approach to what has been well established theory of strategy, the Blue ocean strategy, has been developed by Kim and Mauborgne (2005), which in a short time gained global acceptance and popularity.

Companies in Red Ocean operate under conventional game rule, which is set by the competition. The target here is beating the competition, and fighting to get once market share by snatching demand from the competitors. In contrast, Blue Ocean does not use the competition as a benchmark, but make the competition irrelevant by creating a new market space.

Red ocean strategy exists within the boundary and plays by the existing rule and competes for the demand available in the market, while blue ocean strategy strives in creating new demand and exists beyond the boundary on the blue ocean where it is not inhabited by 'bloody sharks' who just know the rule of survival of the fittest. Ning He, 2012, argues that competitive advantages of organizations have a life cycle which starts from a planned selection and subsequent resource accumulation; however, enduring success requires sustainable competitive advantages and implies continuous improvement and innovation. Sadia Majeed, 2011, argue that almost in all organizations there is a good association between company's competitive advantage and its performance.

The red ocean strategy is the common one for most firms. As the competition is fierce it could be challenging for most of the companies to grow and expand their market share. Mohammad Reza et al, 2015, argue that the blue ocean strategy provides firms with a framework for creating uncontested market and demand through value innovation.

V.Raghu, Raman, 2014, argued that both strategies carry their own significance and suitability depending the market size, nature of product and services in supply, and generally on the market environment and nature of the particular industry.

VI. The basis of blue ocean strategy is value innovation where the firm breaks out of the fierce competition and set its own rules by creating a new demand, where there would be a win-win situation for customer through value addition and for the firm by giving a niche advantage of uncontested market environment by making the competition irrelevant.

As Kim and Mauborgne (2005), stated value innovation is an aspect that could be realized in a product, service and delivery which must match with the value of the customer and at the same time take a cost advantage position by eliminating any features that are taken as granted and keep to the standard those features not priority to the customer, to the normal standard.

Andrew Burke et al, 2009, argue that the blue ocean strategy is based on many years of research and case studies, where it lacks the generality to resolve the debate. The authors argue that blue ocean and competitive strategies overlap and managers do not face a discrete either/or decision between each strategy

The author of this report would argue that it could be a wise consideration to make relating Kim and Mauborgne strategy Canvas with Lean philosophy, by doing so the firm could consider focusing on value adding components of the service and product delivery and eliminating and minimizing those activities which have no value for customer or taken as granted.

The strategy canvas of Blue Ocean Strategy covers four features which were stated by the authors (Kim & Mauborgne, 2005) as the example of “Cirque du Soleil” which innovated in a formula so apparently burned as circuses and created a new kind of request which made competitors were irrelevant. The related features are mentioned below along with the graphical illustration.

- Eliminate: the elements which are taken for granted in the industry should be eliminated from the reach of the consumers.
- Reduce: the products and services should be maintained according to the standards of the industry and the ones which are higher should be reduced.
- Raise: the factors which would create value for the buyers as well as the sellers should be raised.
- Create: those items should be created which have never been offered in the existing markets and industry.

With reference to the Harvard review of Kim & Mauborgnered, 2005, Red ocean strategy is referred to the industries which are in existence today with a known market space. Price is one of the tools used in the competition to snatch market share from the competitors

The blue ocean strategy focuses on rebuilding the boundaries of the market, the strategy also basis on creating new growth and new value by mitigating the weakness of the product and services so that to create a new demand through value innovation (Abdulraheem Ali Alghamdi, 2016). Once a firm is in Blue Ocean it is no more in the crowd, where exists fierce competition for already available market demand.

Guillaume Nicolas, (2011), listed some of the main reasons to develop a blue ocean strategy

Some of the reasons to develop a Blue Ocean Strategy are:

- Supply exceeds demand in lot of industries
- Globalization
- Price wars
- Low profit margins
- Niche markets disappearance
- Norms and regulations
- Brands are more and more similar so the selection is based on the price

- Commoditization of products and services

Fig 3.1 below lists the main differences between Blue Ocean and Red Ocean strategies.

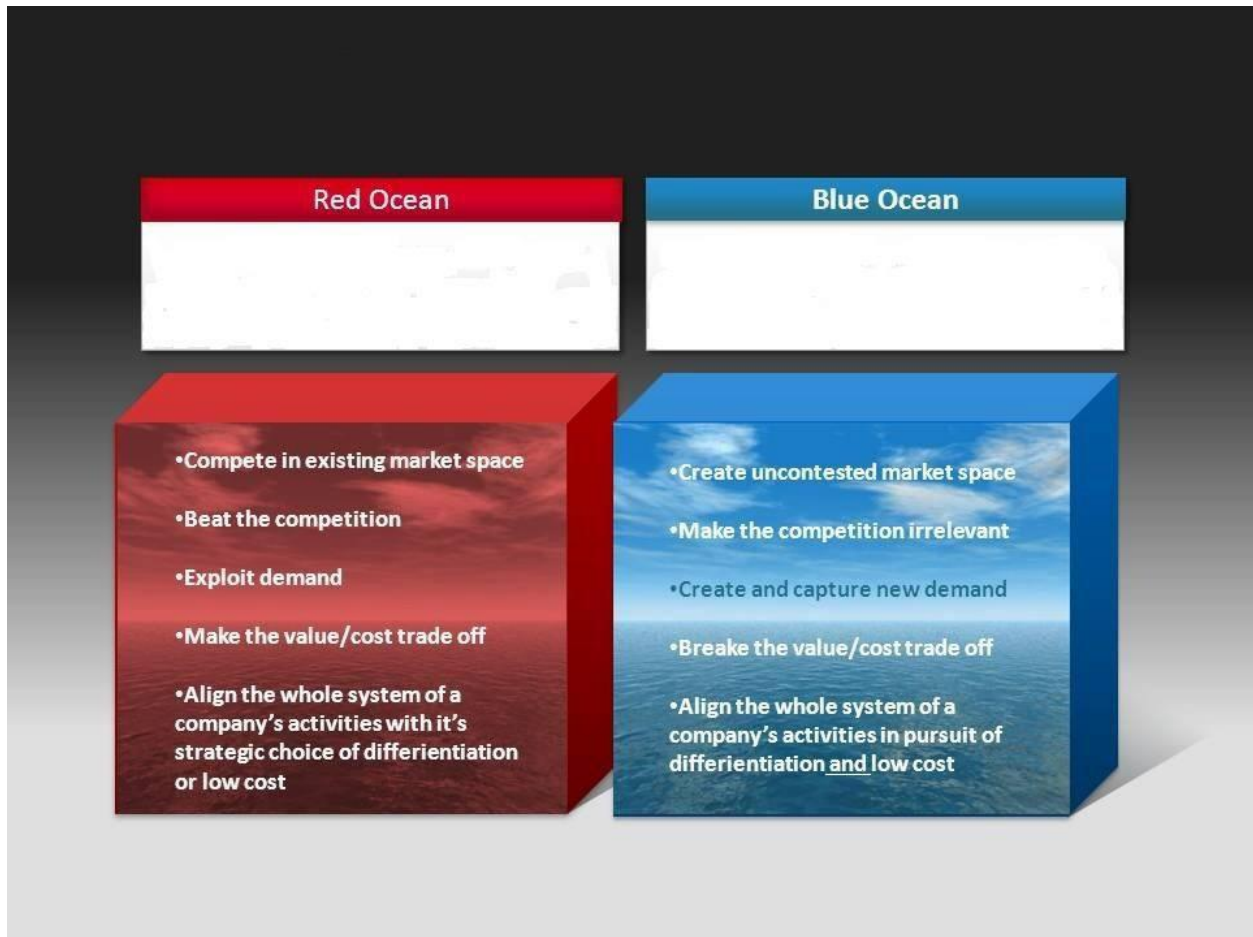


Fig 3.1 Comparative of Red Ocean and Blue Ocean (Kim and Mauborgne, 2005)

One of the founding principles where Blue ocean strategy is based is on Value innovation. In today's highly competitive environment the goal of each organization is to defeat competition and win new customers Urbancova Hana, (2013). A learning organization, with knowledgeable workforce, represents a tool for innovative firm. Urbancova Hana, 2013, argues that knowledge is an important element in the process of innovations.

Innovation is about doing things in a new and better way than the existing norm, it is about taking advantage of new development in technology to create and innovate new products, process, service, new method of management, new business system in general, etc.

(Fig. 3.2)

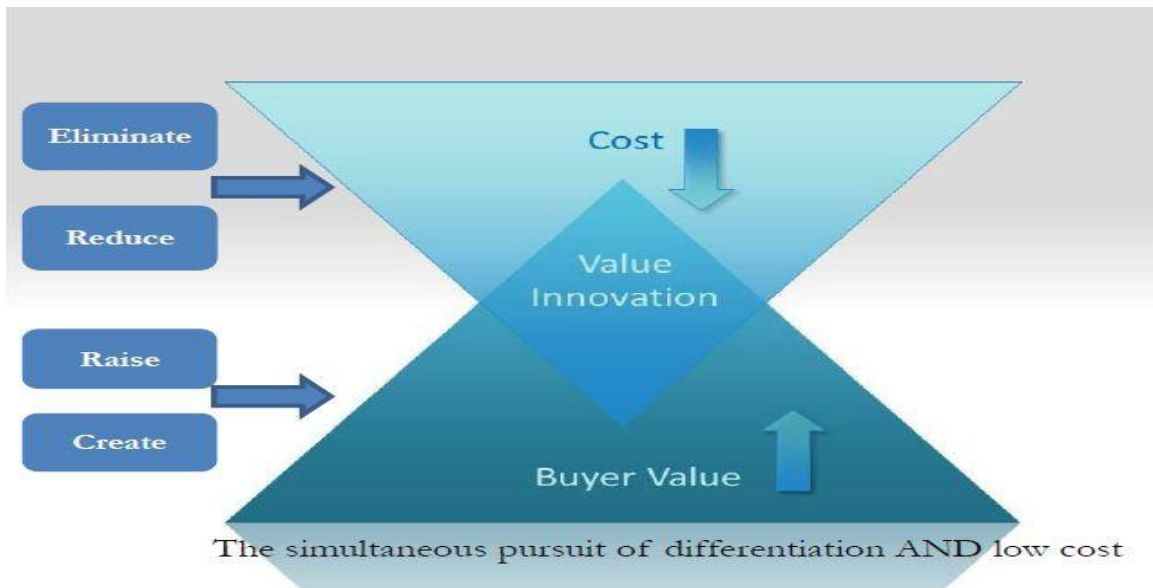


Fig 3.2 Value-innovation: The cornerstone of Blue Ocean Strategy (Kim and Mauborgne, 2005)

Eboreime Ohimai et al (2014) asserted that applying the blue-ocean strategies for SMEs in the form of niching and customization would help SMEs to compete with larger companies and meet up with global competitiveness. Applying strategy Value innovation on small and medium enterprises could be cost minimization and at the same time could lead to differentiate these enterprises (Hannelize Jacobs and Chipego Zulu, 2012). Mukesh Srivastava et al, 2013, analyzed firm's leadership, human capital management, organizational culture, design and systems, and concluded that could all collectively merge to create a more dynamic and responsive

organization which is far more adept at building unique resources and capabilities, which can then be leveraged to create new market opportunities with high competitive entry barriers.

A learning organization with unique core capability, compared to the competition, would position it in a competitive edge to outperform the competition. In this regard one of the crucial tools at firms' disposal is the application of ICT in business processes.

Mahmood Hemmatfar et al, 2010, argue that development in information communication technology, the business environment that we knew a decade ago is totally different from the current business environment, comprehensive change in business background and emerge of computers and internet, the business structure and needed information had change, the competitiveness as a major factor for business existence mainly depends on information technology challenges.

As demand for a product and services erodes, competition becomes harder and harder, in each passing days. A way to avoid this heavy competition is to look for uncontested market space. This strategy is the blue ocean strategy (Kim and Mauborgne, 2005). In contrast, competitive strategy emphasizes the inevitability of long term competition among relatively homogeneous contenders pretending that market conditions are stable (Porter, 1980, 1985, Andrew Burke, et al, 2016). How fast a new market space disappears determines the relevance of the blue ocean strategy. In other words, it is determined by how long new market space remains sustainable because uncontested or unsuccessfully contested. In yet other words, it is determined by how long it takes for a blue ocean to turn red.

In contemporary business strategy the concept of competitive advantage has gotten major attention, but the real question for everyone in strategy agenda is how to attain a competitive advantage.

Dirisu Joy et al (2013) argue that a product with ability to standout in a competitive category would give a competitive advantage for a firm. Differentiation is when a firm or brand outperforms rival brands in the provision of a feature(s) such that it faces reduced sensitivity for other features (Sharp & Dawes, 2001, Dirisu Joy et al, 2013).

Concluding Remarks

Business strategy is one of the most important management tools, that set the business direction on the right track, and a tool which enables to cruise the ‘business ship’ against of the tide and in a ‘pacific’ ocean with less risk of sharks and fierce competition for existence.

Nevertheless, the current reality of business environment dictates that business competition in one form or another would be expected scenario. Thus, businesses need to analyze the internal and external market where they operate and formulate their business strategy as the situation dictates.

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