

1. Discuss the concept *entrepreneurial intensity* and indicate by means of examples how it is practiced at FNB. **(10)**

- Entrepreneurial intensity refers to the assessment of the overall level of entrepreneurship in an organization (1)
- By combining the degree of entrepreneurship (level of innovativeness, proactiveness and risk-taking) (1) and the frequency of entrepreneurship (the number of entrepreneurial events that take place in a given time period). (1)
- FNB is an innovative organisation. The words innovation and entrepreneurship can be found repeatedly all through FNB's philosophy, culture and value statements. FNB's top management places great emphasis on innovation which encourages new solutions for extending financial services to new and underserved markets. (1)
- They are also a risk taking organization. Instead of being afraid of taking risks, FNB incentivises personnel to do so. They have implemented over 5 000 innovations in the last 9 years. (1)
- FNB is a proactive organisation as they believe in speed to market – they keep up with the changes in the environment and personnel are encouraged to challenge the status quo, be different and think out of the box. (1)
- FNB has placed itself in the lead as far as innovation within a bank goes (reference to the national and international awards) - particularly with staff incentive programmes for innovation as well as platform innovations for its customers, which include the Banking App and eWallet services. (2)
- They have developed a number of new products over the years since 2004, with over 70 000 ideas and over 5 000 implemented. This indicates that FNB operates with high frequency of entrepreneurship. (2)
- FNB's innovativeness, risk-taking and proactiveness is also high indicating that FNB has a high degree of entrepreneurship (2)

2. In recent years FNB has been faced with continuous changes in the *external environment*. Define the external environment and discuss recent developments in three of the *major domains* that FNB has been challenged by. **(8)**

Definition of the external environment, up to 2 marks.

- The external environment considers all domains which exist externally/outside of the organization. These domains include the competitive, customer, technological, economic, regulatory, social, labour, and supplier environments. Each of these domains has critical implications for how things are done inside the organization. (2)

Student to discuss *any three* of the major domains that FNB has been challenged by (up to 6 marks). These could include:

- Technological environment – organizations have to change the way they operate internally and how they compete externally based on new information management technologies and other technologies available in the market. (2)
- Competitive environment –Competitors lead customers to entirely new market spaces, forcing organizations to spend greater amounts on product development. (2)
- Customer environment - Rapidly rising customer expectations force companies to customize their products. Customer support function, and communication approaches, and yet do so in ways that can be standardized (2)

- Legal, Regulatory and Ethical Standards – organizations are increasingly accountable to multiple stakeholders, and their actions are more visible to these stakeholders, forcing management to make difficult choices and deliver results while behaving responsibly (2)

3. Using the FNB case study, Describe what it means to be an adaptive company and discuss the four flexible rules as applied at FNB in building such an organisation. (9)

- An adaptive company increases opportunity for its employees, initiates change, and instills a desire to be innovative. (1)

An adaptive company can be built in several ways; the following are flexible rules which enhance a venture's chance of remaining adaptive and innovative:

- Share the entrepreneurial vision: The entrepreneurial vision is permeated throughout FNB, helping employees to understand the direction and share in the responsibility for its growth. (1)

FNB personnel are actively looking for innovations to grow FNB. There is buy in from top management.

- Increase the perception of opportunity: Accomplished with careful job design. Everyone should be kept informed of its role in producing the final output (1). At FNB anyone can be the champion of an innovative idea. It is encouraged by various means, including the Innovation Programme where personnel are actually incentivised. (1)
- Institutionalise change as the organisation's goal: this entails preference for innovation and change rather than preservation of the status quo. (1) The desire for opportunity exists at FNB as resources are available and dept. barriers are reduced especially when FNB's top management places great emphasis on innovation, where employees are encouraged to challenge the status quo and where the words innovation and entrepreneurship can be found repeatedly all through FNB's philosophy, culture and value statements. (2)
- Instill the desire to be innovative: this must be carefully nurtured and specific steps to achieve this should be taken, including a reward system (which FNB has, 1 million rand for a great idea that is implemented within the organisation), an environment that allows for failure, FNB encourages this as can be seen in its example the amount of ideas (over 70 000) but only 5 000 were successful for implementation. (2)

4. Based on Case study entitled: Virgin, answer the following question:
QUESTION 1

Where would you place Virgin in the entrepreneurial grid and why?

Below is how the question 1 (Activity 4) could be answered.

Virgin continuously introduces modest improvements in their products and services. The key words here are *continuously* and *modest*, in other words, innovation takes place on a regular basis but these innovations are neither highly innovative nor risky. One can then plot Virgin in the continuous/incremental quadrant, e.g. Virgin is actually made up of Jots of small companies - 20 umbrella companies with some

270 separate, semi-independent businesses, most set up in partnership with other companies.

5. Base on the case study entitled: Virgin, answer the question below.
QUESTION 2

Some elements of culture apply in the case study. By quoting relevant issues from the case, identify and explain what elements of culture are evident at Virgin.

Dear students - Below is a guide on answering Activity 5.

- Values, Values express preferences for certain behaviors and outcomes; entrepreneurial values might include creativity, integrity, perseverance, individualism, achievement, accountability, ownership, and change, among others. In the case study it has been mentioned that Virgin it is associated with value for money, quality, good service, innovation, fun and a sense of competitive advantage.
- Methodology- the perception of how things actually get accomplished in the company, such as the reliance on rational processes, politicking, or rule-bending. For instance, having a sponsor and preparing a business plan with certain key ingredients might be part of the methodology for innovating in a company. It is evident through this quote from the case study "Convention dictates that big is beautiful, but every time one of our ventures gets too big we divide it up into smaller units... Each time we do this, the people involved haven't had much more work to do, but necessarily they have a: greater incentive to perform and a greater zest for their work."
- Rituals-rites, ceremonies, and taboos, including random recognition ceremonies, annual off-site conferences, Christmas parties, as well as how employees are welcomed, let go, and retire. The Richard Branson's summer party for staff is a ritual for Virgin.

6. QUESTION 3

Bases on the case study entitled: Virgin, answer the question below.

Entrepreneurial initiatives can be held back or derailed at Virgin because of a number of shortcomings of the corporate entrepreneur. There are limitations that the Virgin group is likely to face. Explain the limitations that may lead to Virgin managers/corporate entrepreneurs to fail.

Below are the limitations that you are expected to expatiate on, when answering Activity 6

- Lack of political savvy: learning to work the system
- Lack of time: crisis management
- Lack of incentive to innovate: Beyond tokenism
- Lack of financial credibility: Inability to project believable numbers
- Lack of people management skills: Autocracy rules
- Lack of legitimacy: untested concepts and untested entrepreneur
- Lack of seed capital: The problem of early resources
- Lack of open ownership: protecting turf

- Lack of sponsor: someone to watch over you.
- Lack of energy and shared enthusiasm: the inertia problem.
- Lack of personal renewal: the issue of reinforced denial
- Lack of urgency: fear as good and bad
- Lack of appropriate timing: the resource shift dilemma

7. As a champion of innovation at a major information technology (IT) firm, you are trying to convince your directors to adopt an open innovation model as a vehicle for corporate entrepreneurship.

Discuss 4 reasons why your executives should consider pursuing open innovation model

Open source Innovation refers to the general approach to innovation, not a specific form of corporate innovation (Kuratko, Morris and Covin :Corp Inn & Entrepreneurship, 3rd Ed).It is the use of purposive inflows and outflows of knowledge to accelerate internal innovation and expand the markets for external use respectively.

Below are the 4 reasons why executives should consider pursuing open innovation model with reference from the Corporate Innovation & Entrepreneurship by Kuratko, Morris and Covin: 3rd Ed.

1. Importing new ideas is a good way to multiply the building blocks of innovation. By accessing external inputs to innovation firms can potentially offer more and better innovative outputs
 2. Exporting ideas is a good way to raise cash and keep talent .A company's innovative ideas such as proprietary technology can have market value that is exploitable through its sale to outside customers.
 3. Exporting ideas gives companies a way to measure an innovation's real value and to ascertain whether further investment is warranted. Offers to sell internally develops innovative ideas to external markets
 4. Exporting and Importing ideas helps companies clarify what they do best. Collaborative efforts, the purchase of innovation or inputs to innovation from others and offers to sell the firms innovations or inputs to innovations to others can reveal where a firms real base for competitive advantage lie and how it should define its business.
8. Companies go through an organisational life cycle as they evolve. Griener (1972) suggests that often, at some stage during this cycle, companies lose their entrepreneurial way. Identify the fifth and final stage of Griener's Organisational Life Cycle Process. Describe this stage and indicate what changes must be made to ensure a continued existence of the company.

The fifth and final stage of Griener's organisational Life Cycle Process is *Growth through Collaboration*

This model is based on certain assumptions about the organisations which states that : most organisations are rigid, bureaucratic and centralized entities and hence they battle to overcome

the crisis of red tape, for instance the increasing reporting and controlling adding more layers of bureaucracy at all levels, problems in delegation which gets more complex as the organisation grows, these increasing complexities may also lead to leadership challenges, autonomy crisis etc. Hence it is quite difficult to replace bureaucrats administrators with innovators.

In order to overcome the above mentioned challenges organisation must simplify structures and procedures (Corporate Inn & Entrepreneurship :Kurakto,Moris and Covin 3rd Ed), reduce HQ staff, reassign staff experts to consulting teams assisting field operations, create matrix structures, encourage experimentation in all facets of the business and emphasize innovative projects involving cross functional teams. Reward systems may also be aligned to promote team and organisational success, as per the lessons learned from FNB and its innovative ethos.

9. Briefly share your understanding of the concepts below;
Technology-push versus market-pull approaches to innovation.
Structure your explanation for about 8-10 marks.
 - No answer available
10. Name and explain the external challenges that any entrepreneur is likely to face in his or her core Human Resources (HR) function.
 - No answer available
11. Unpack the concept of “creative abrasion” and indicate how this concept is applied at Google
 - No answer available
12. The new product or service development process does not evolve in a neat and orderly fashion. In fact, there is a certain level of chaos in most successful development projects. Nonetheless, some key steps must be accomplished to produce a commercially viable new product.

Provide the steps in the innovation process

- No answer available