

# Corporate entrepreneurship and implications for Stuttgart

What can corporates learn from startups

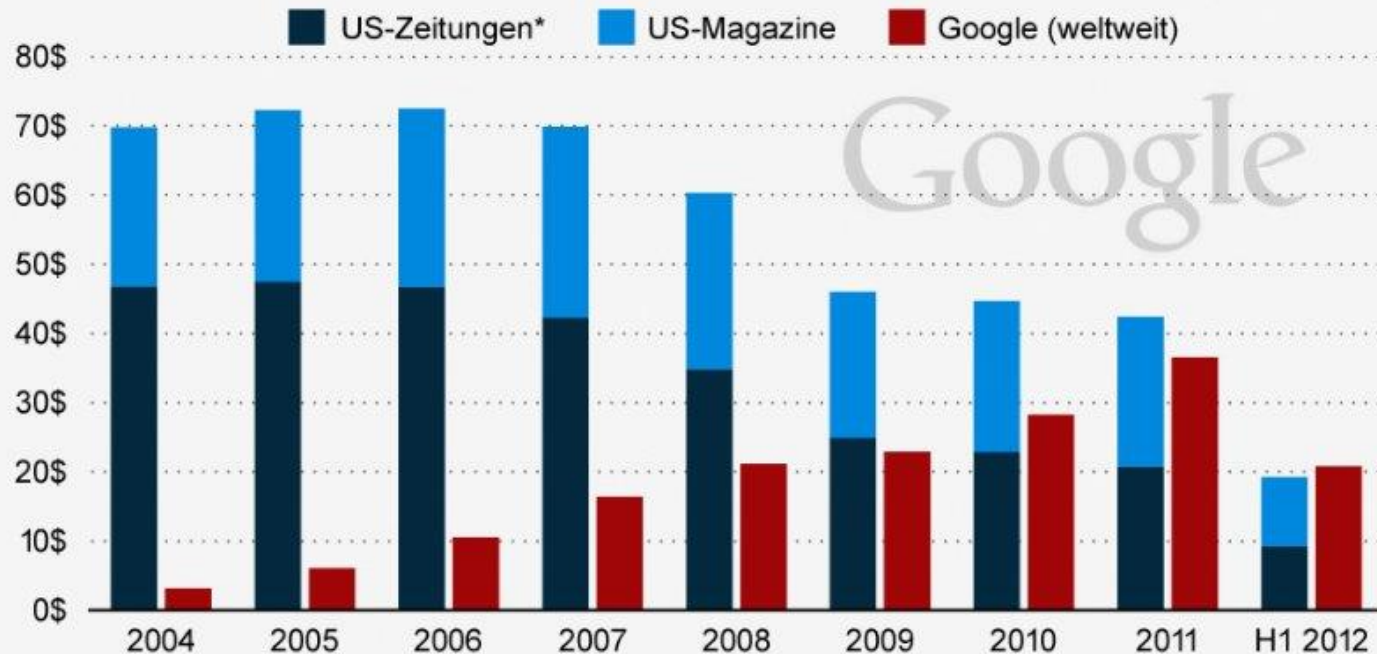
Prof. Dr. Nils Högsdal and Volker Scholz

HdM Stuttgart and mm1, April 14th 2015

# Print as a business model?

## Google übertrifft Print in den USA

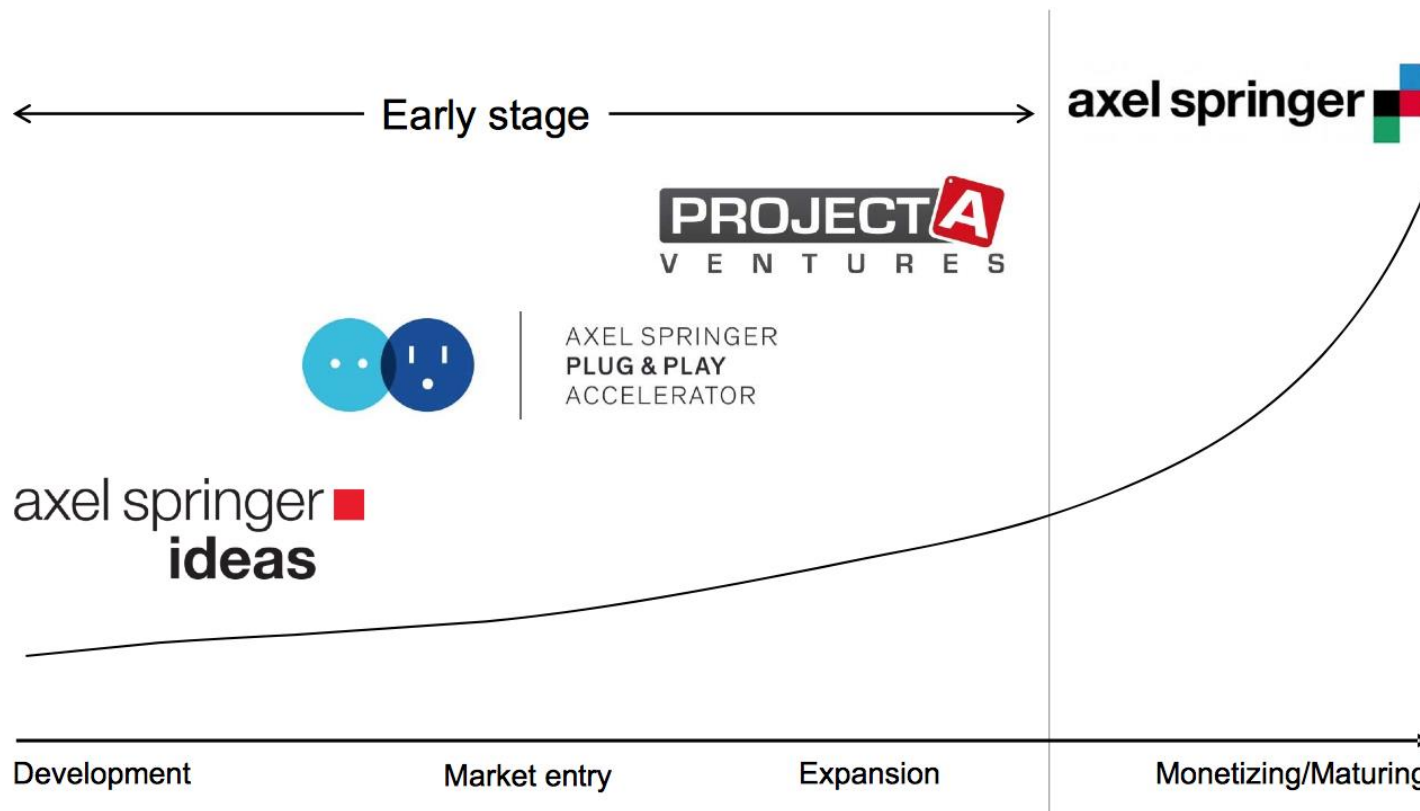
Werbeumsätze von 2004 bis 2012 in Milliarden US-Dollar



\* ohne Werbung auf Zeitungs-Webseiten

# Case Study: Digital growth by Axel Springer

## Participation in Project A bridges the gap between early stage and later stage investments



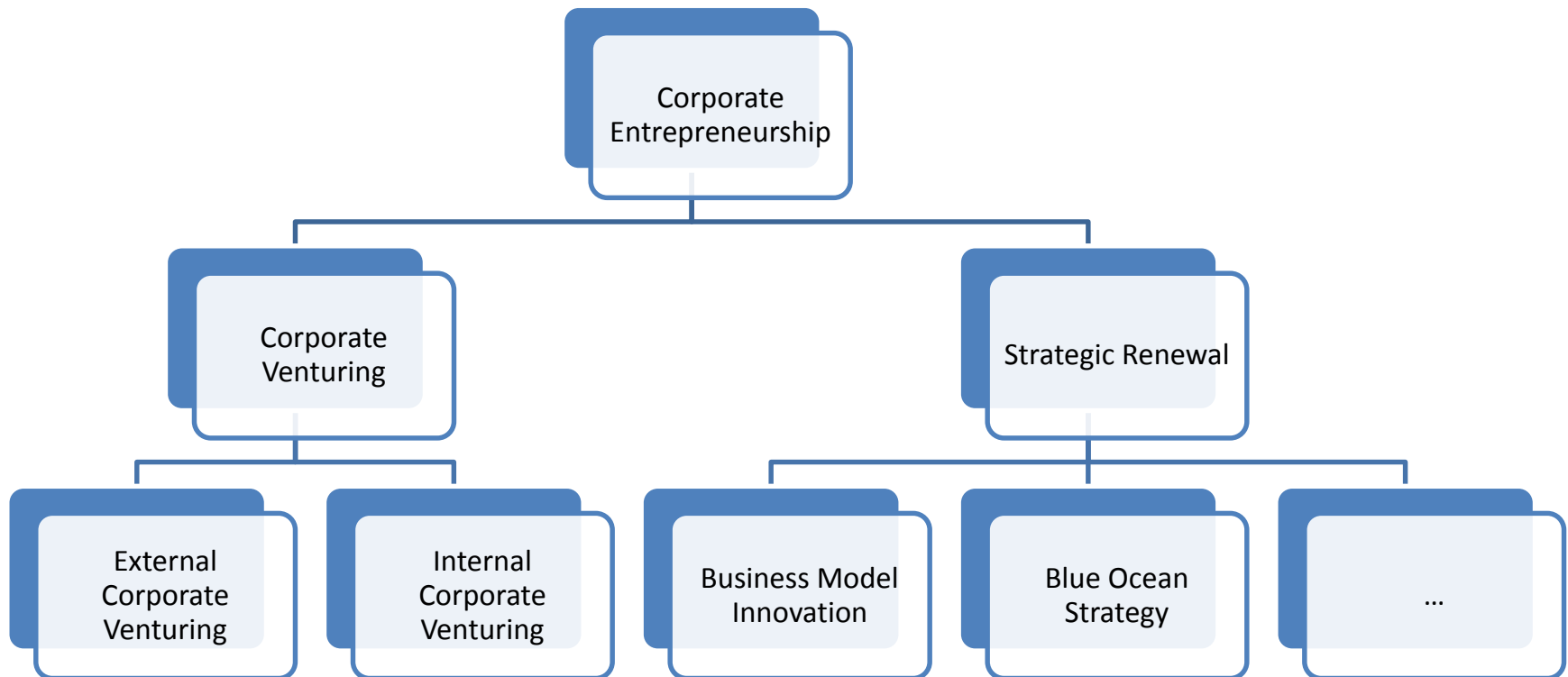
# Definition: Corporate entrepreneurship

“Corporate entrepreneurship encompasses two types of phenomena and the processes surrounding them:

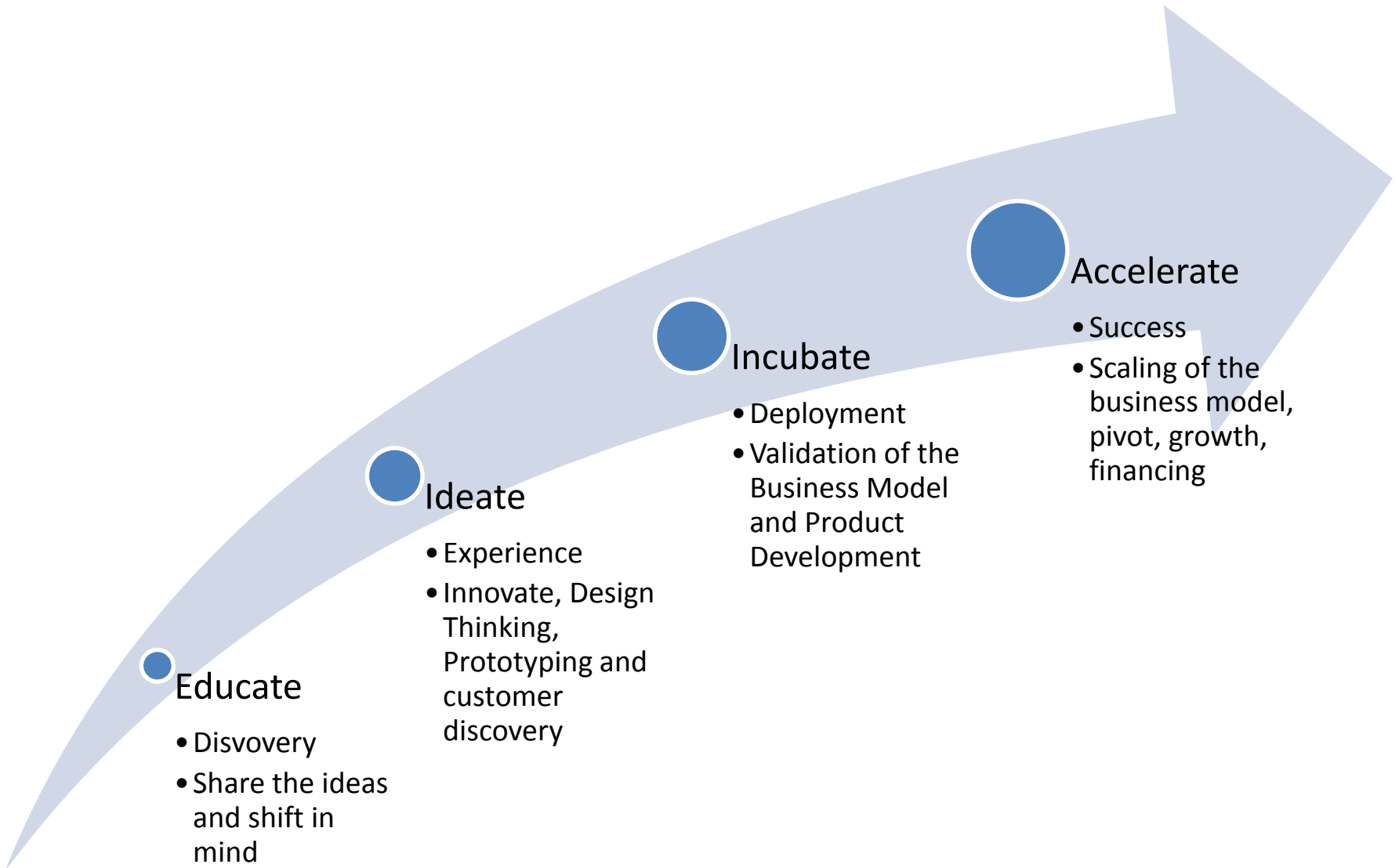
1. The birth of new businesses within existing organizations, i.e. internal innovation or venturing, and
2. the transformation of organizations through renewal of the key ideas on which they are built, i.e. strategic renewal.”

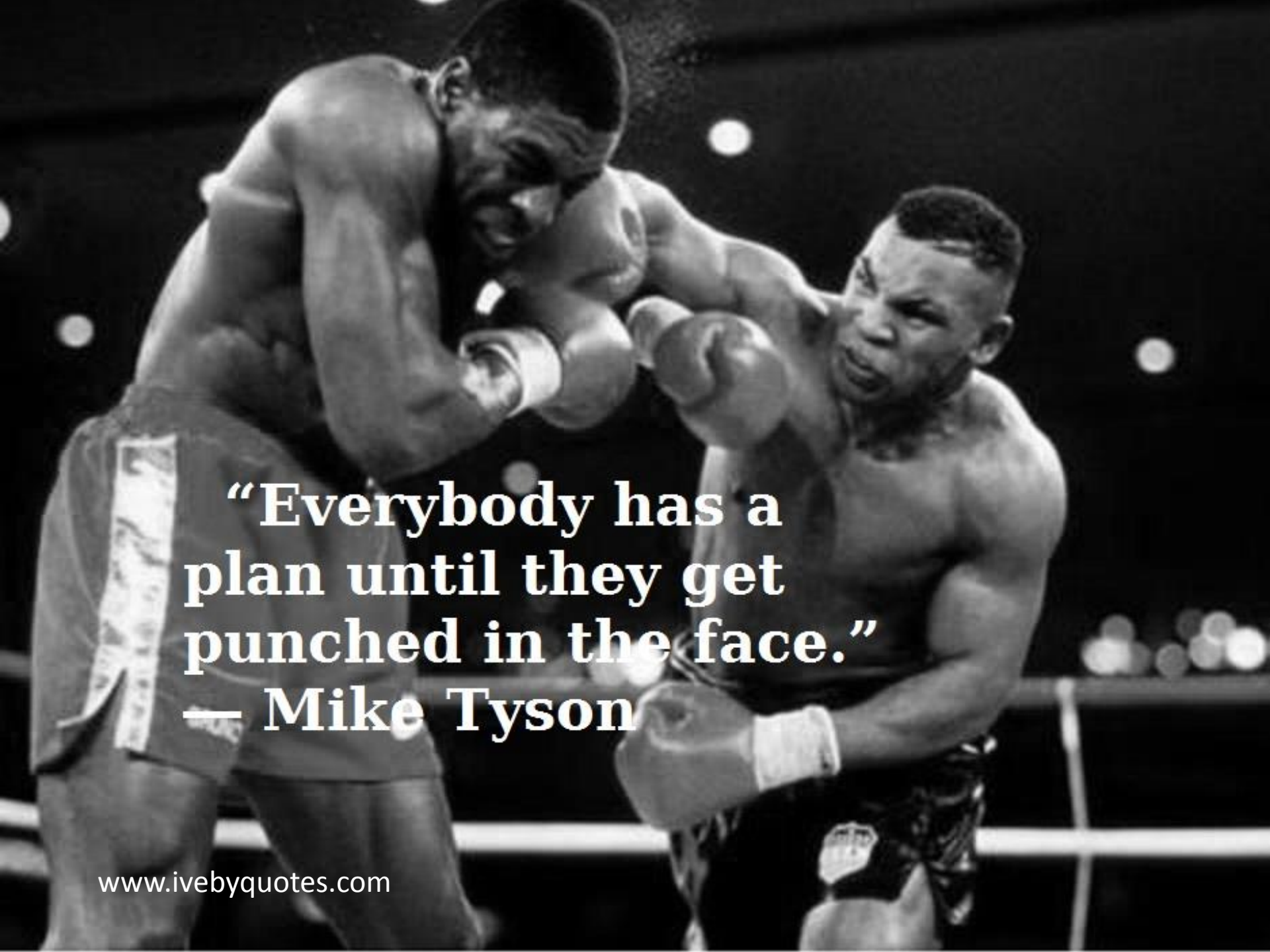
(Source: Guth and Ginsberg, Corporate Entrepreneurship 1990, p. 5).

# Overview



# (Corporate) Entrepreneurship as a process





**“Everybody has a  
plan until they get  
punched in the face.”  
— Mike Tyson**

# Lean Startup

## Framework and definition

- Definition: a startup is
  - **temporary** organization designed **to search**
  - for a **repeatable and scalable business model**
- Startups Fail Because They Confuse *Search* with *Execute*
- The Lean Startup Framework **comprises a set of tools and processes** aimed at **validating hypothesis about customers** early while staying **agile** in the process



# From grassroots to mainstream?

<https://archive.harvardbusiness.org/cla/web/pl/product.seam?c=25903&i=25905&cs=f85785d3580feb87e2bce1535af10c2f>

## Harvard Business Review



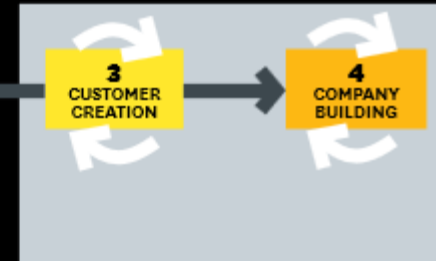
### Listen to Customers

During customer development, a start-up searches for a business model that works. If customer feedback reveals that its business hypotheses are wrong, it either revises them or “pivots” to new hypotheses. Once a model is proven, the start-up starts executing, building a formal organization. Each stage of customer development is iterative: A start-up will probably fail several times before finding the right approach.

#### SEARCH



#### EXECUTION



**1**

Founders translate company ideas into business model hypotheses, test assumptions about customers’ needs, and then create a “minimum viable product” to try out their proposed solution on customers.

**2**

Start-up continues to test all other hypotheses and tries to validate customers’ interest through early orders or product usage. If there’s no interest, the start-up can “pivot” by changing one or more hypotheses.

**3**

The product is refined enough to sell. Using its proven hypotheses, the start-up builds rapidly ramping up marketing and sales spending, and scales up the business.

**4**

Business transitions from start-up mode, with a customer development team searching for answers, to functional departments executing its model.

#### SPOTLIGHT ON ENTREPRENEURSHIP

# Why the Lean Start-Up Changed Everything

by Steve Blank

# The Business Modell as the new holy grale

Incremental innovation has been and continues to be main performance engine, but business model innovation expected to play a bigger role moving forward

	In the past	Going forward	Change
<b>The improvement of existing products or services</b>	83%	79%	-4pts
The development of entirely new products or services	63%	66%	+3pts
The development of new business processes to improve profitability	61%	63%	=
The development of more affordable new products and services	56%	56%	=
The development or improvement of products customized to local needs	55%	53%	=
<b>The development of new business models</b>	46%	52%	+6pts
The development of more sustainable processes, products or services	44%	48%	+4pts
The development of new customer services	39%	42%	+3pts



The improvement of existing products or services



The development of new business models

Source:  
[http://www.ge.com/sites/default/files/Innovation\\_Overview.pdf](http://www.ge.com/sites/default/files/Innovation_Overview.pdf)

# Brainwalk

- Name examples of corporate entrepreneurship
- What drivers can you identify for corporate entrepreneurship activities
- How would you define success for the activities
- Why do corporate entrepreneurship activities fail
- What are typical business models for corporate entrepreneurship
- What will happen AFTER the business model has been found
- Which players do you know in the regional ecosystem
- What infrastructure is required for corporate entrepreneurship
- What mindset is required for corporate entrepreneurship

# Results

- Hypothesis Business Models: Corporates aim for access to innovations, a change in culture and smart investments
- Hypothesis Success: becoming faster, more accessible and more satisfied
- Hypothesis Drivers: the need for new business models, good investments and being attractive
- Hypothesis Infrastructure: Bricks and people to foster interaction
- Hypothesis Ecosystems: a driver on a mission is needed to institutionalize networking
- Hypothesis Best practices: we (Stuttgart) have to find your own brand and story
- Hypothesis Culture: Common Vision and Visibility to experiment and think big

# Contact and personal info

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