Understanding and Unlocking
the Potential of Innovation,
Entrepreneurship, and Intrapreneurship

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INNOVATION@WORK
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• Visit http://executive.mit.edu for more information on MIT Sloan Executive Education, Bill Aulet, and his new four-day course, Energy Innovation: MIT's Approach to Discovering and Realizing Energy Opportunities
ABOUT BILL AULET

• Senior Lecturer; Chairman of the MIT Clean Energy Prize
• Serial entrepreneur, Aulet has raised over $100M in funding for his companies and created hundreds of millions of dollars in market value
• While at IBM, Bill was named MIT Sloan Fellow
• Later served as President/CEO of two MIT spinouts—Cambridge Decision Dynamics and SensAble Technologies—the latter was twice listed as an Inc. 500 Fastest-Growing Private Company and also featured in Fortune, BusinessWeek, and WSJ, and won dozens of awards
• He conceived, developed, and teaches the MIT graduate-level class called Energy Ventures, and also leads the Exec Ed courses: Energy Innovation and the Entrepreneurship Development Program
• Earned BS from Harvard and MMS from MIT Sloan
Definition of Entrepreneurship

Entrepreneurship

SME (Small Medium Enterprise)
- Regional Markets
  - Restaurants
  - Dry Cleaners
  - Services

IDE (Innovation-Driven Entrepreneurship)
- Global Markets
- Products for Export
- Sustainable Competitive Advantage at Core

- $\Delta t$ is short
- Linear growth
- Less investment required

- $\Delta t$ is long
- Exponential growth
- A lot of investment required

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Definition of Innovation

- Innovation creates value
- Innovation = Invention * Commercialization
- Invention = Patent, Idea, Technology
Opportunity of Innovation

- Google
- Apple
- Angry Birds
- Hundreds of New Companies Every Year by MIT Alumni
- Percentage of Fortune 500

- Du Pont
  - Nylon riots
- Eli Lilly
  - “Random” drug discovery to genetics and genomics
- Nokia
  - Rubber boots to cell phones
- Corning glass
  - Cookware to optical fiber to displays

Source: Prof. Rebecca Henderson, MIT Sloan
Do You Want to be in this Club?

- Levi Strauss
- Kodak
- RIM/Blackberry
- Zenith
- Radio Shack
- U.S. Post Office
- Firestone
- Lehman Brothers
- Bausch & Lomb
- Ciba-Geigy
- Oxford Health
- Sears
- Timex
- Nestlé
- Philips
- U.S. Steel
- Polaroid
- IBM

Source: Prof. Rebecca Henderson, MIT Sloan & IBM
Taxonomy of Innovations

- Categories of innovations:
  - Incremental or sustaining
  - Disruptive
  - General/Lateral

- Types of innovations
  - Technical
  - Process
  - Business model
  - Positioning/perception
  - Other (e.g., “Social”)
Can Innovation-Based Entrepreneurship Be Taught?

- Roberts Study (2009)
- 26K+ companies formed
- 3.3+ million employees
- ~$2T in annual revenues
- If standalone economy, 11th biggest in world
- 900 new companies/year
Innovation Case Study 3M
Innovation Case Study Energy Industry

Government:
- Public good e.g., environment
- National security
- Regulation

Big Players:
- Control infrastructure
- Utilities, oil companies, auto manufacturers
- Control supporting ecosystem

Seed Innovators:
- Technology/Science
- Business model
- Process

Financing:
- Amount & Types
- Timeframe
- Sources

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So What is One to Do?

- Understand the system
- Take a disciplined, holistic, long-term approach
- Get educated about how to do this
- Design an organization that can foster innovation
- Build a proper culture
- Measure yourself appropriately
- Experiment and react
Current Trends: IDE Entrepreneurship is Going Global

- London
- Berlin
- Amsterdam
- Finland
- Scotland
- New Zealand
- Romania
- Istanbul

- Governments Actively Supporting It
  - Jobs Act in the U.S.
  - Immigration
  - Startup Chile
  - Canada
  - Singapore
  - Battle for Talent

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Current Trends: Increasing Importance of Design

• Two scenarios with Product A that has A+ Technology and B Design/User Experience vs. Product B which has B Technology but an A+ Design/User Experience

• Case study – New York City
• Case study – Apple
Current Trends: In Praise of Business Planning in Context of “Lean Startup” Movement

- Anti-business planning mentality
- Benefits of business planning
- New business plans vs. old business plans
- Example: Real reflection on value extraction framework can be extremely valuable
- Hence our 24 Step discipline approach to launch new ventures
- Works for heavy and light technology startups

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Some MIT Sloan Courses Related to this Discussion

- **Energy Innovation: MIT's Approach to Discovering and Realizing Energy Opportunities**: May 5-9, 2013
- **Regional Entrepreneurship Development Program (REAP)**: Now taking applications for Feb 2014
- **Entrepreneurship Development Program**: Jan 27-31, 2014
- **Building, Leading, and Sustaining the Innovative Organization**: Mar/Jun/Oct sessions
- **Driving Strategic Innovation**: Sep 8-13, 2013
- **Big Data**: Apr/Oct sessions (on campus & online)
- **Understanding and Solving Complex Business Problems**: Mar/Jun/Nov sessions
Thank you!

Any questions?
For Q&A

Please submit your questions through the Webinar panel
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THANK YOU

To continue our Live Q&A with Bill Aulet after this event, go to: http://www.facebook.com/pages/MIT-Sloan-Executive-Education/67622592449