



ENTREPRENEURSHIP AND INNOVATION IN A GLOBAL CONTEXT

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Agenda

- 1 Introduction**
Entrepreneurship in a volatile global environment
- 2 Entrepreneurship and Innovation – the “Hidden Champions” of OWL, Germany**
Cases and Specialties of the OWL entrepreneurs, Germany
- 3 Industry Cluster**
Effect on Entrepreneurship and Innovation

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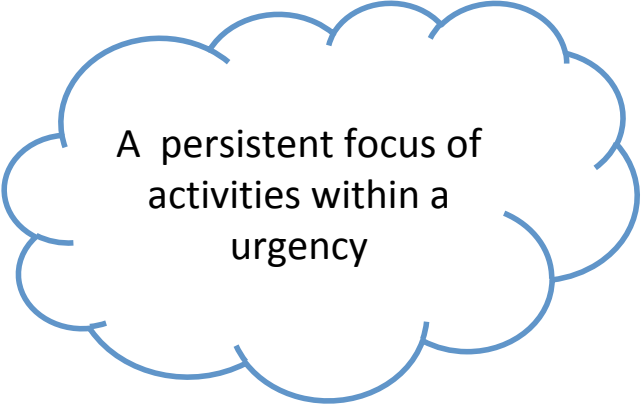
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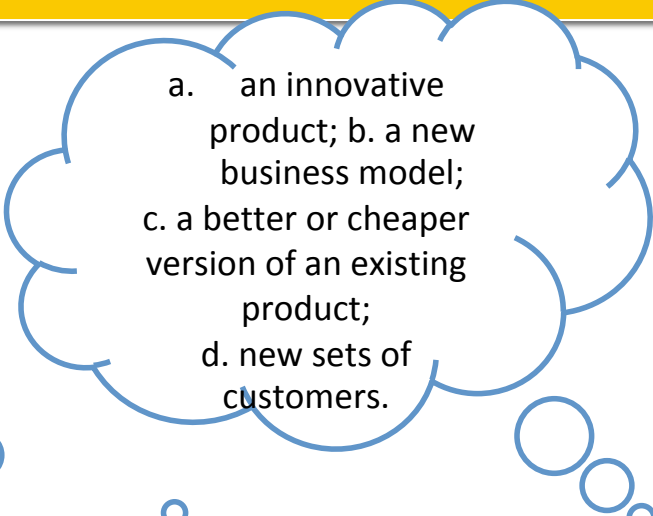
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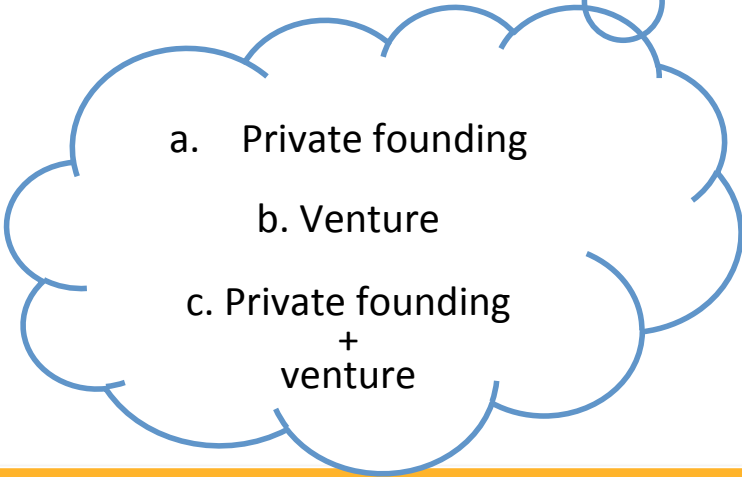
1. Introduction - Entrepreneurship Defined



A persistent focus of activities within a urgency

- 
- a. an innovative product;
 - b. a new business model;
 - c. a better or cheaper version of an existing product;
 - d. new sets of customers.

Howard Steveson: “Entrepreneurship is the pursuit of opportunity beyond resources controlled”.

- 
- a. Private founding
 - b. Venture
 - c. Private founding + venture

Q & A

- What are the top three challenges of entrepreneurs all over the world?

Q & A

1. Access to talent
2. Excessive bureaucracy
3. Scarce early stage capital

Based on survey and Daniel Isenberg , 2013

1. Introduction - Entrepreneurship in A Volatile Global Business Environment

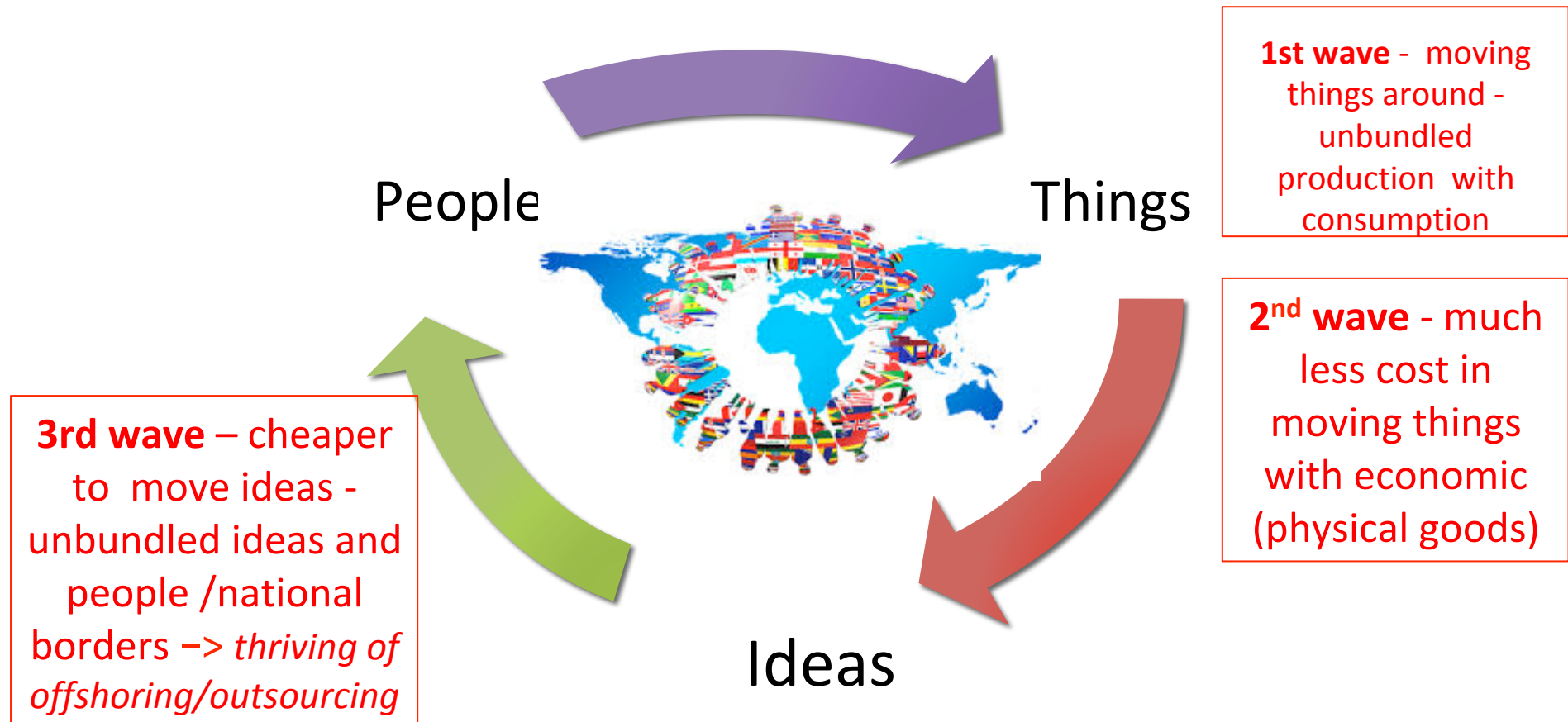
Globalization 3.0



- ❖ 3rd wave – A global convergence fueled by internet and information technologies
- ❖ 2nd wave – The US dominated period the second-world war
- ❖ 1st wave – The UK dominated wave of late Victorian era of 1820s

1. Introduction - Entrepreneurship in A Volatile Global Business Environment

Moving & Unbundling



1. Introduction - The Global Context

Why do entrepreneurs seeking global markets and location(s)?

- Access to more markets
 - Increase sales and profits
 - Offset sales declines in the domestic market
- Lower manufacturing costs
- Lower product cost
- Improve competitive position



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- 4 Summary

OWL - The Land of Hidden Champions And Solid SMEs

- *“Hidden Champions” - Mittelstand*
 - A term coined by Prof. Hermann Simon in his 1996 Book *“Hidden Champions: Lessons from 500 of the world's best unknown companies”* Harvard Business School Press.
- According to Prof. Simon, characteristics of Hidden Champions in 1996
 - A. Number 1, 2, or 3 by market share globally or Nr. 1 on the continent
 - B. Less than €4 billion revenue
 - C. **Extreme low profile** and public awareness
 - D. **Unspectacular**, inconspicuous product

Character B is changeable, but the rest are TIMELESS!

OWL - The Land of Hidden Champions



2. CASE 1 – KICKERT GMBH

“True greatness is born of many small things” – KICKERT GmbH

Case 1 – KICKERT GmbH



Jürgen Kickert
Founder and Owner of
KICKERT GmbH

- KICKERT GmbH
Leopoldshöhe, NRW,
Germany
- Leading position in Europe
- Manufactures customized ***Spreader Rolls*** for the textile industry, paper industry and paper/foil-converting industry.
- 30+ years of experiences

Keys in Business Success

- Highly Customized
- Innovative Technology
- Quality Not Quantity

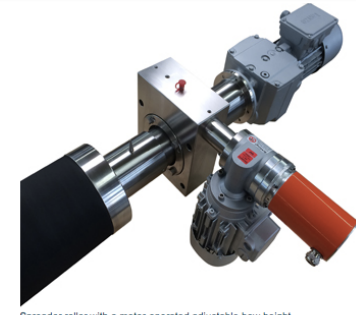


Case 1 – KICKERT GmbH



Jürgen Kickert
Founder and Owner of
KICKERT GmbH

1. What is your business Strategy?
2. What is your goal
3. Challenge of Innovations Management?



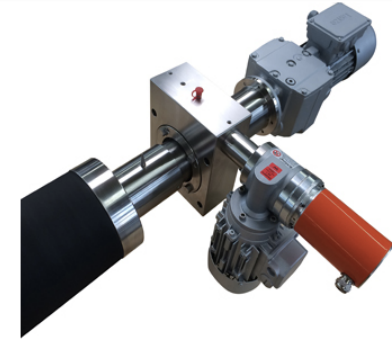
Spreader roller with a motor-operated adjustable bow height and bow position.
Typ: Vario Electric

1. “Quality, Quality and Quality pulls business growth successfully”
2. “To be the best in my (industry) segment”
3. **continuous adaptation** to new speeds and processes of the machine development , **constant refinement** and adaptation to the requirements of the mechanical engineering’s track of " faster higher further "

Case 1 – KICKERT GmbH



Jürgen Kickert
Founder and Owner of
KICKERT GmbH



Spreader roller with a motor-operated adjustable bow height and bow position.
Typ: Vario Electric

1. Copy-Cat/IP issues?

2. Pricing?

3. Goal of Business Growth?

1. Not really, copy-cat lacks of decades of experiences and craftsmanship

- each piece is almost handmade, copying can only be done once
- Pakistani orders machine from China, but needs KICKERT's Spreader Roll

2. **No Price discussion**, the hand-made machine and craftsmanship is priceless

3. KICKERT GmbH has steady business growth

- *"I am satisfied with what I am doing and focusing on improving quality"*



2. CASE 2 – BERNHARD BÜNGELER GMBH

Business from Floor Up



Case 2 – Bernhard Büngeler GmbH – Business from Floor Up

Consumer Market



Business-to-Business



Case 2 – Bernhard Büngeler GmbH – Business from Floor Up



Keys to Business Success

- Bernhard Büngeler GmbH, Salzkotten, NRW Germany
- Household and Professional Tiles and Sanitary Fittings, Equipment, and Prefabricated Bathroom/ Sanitary Systems
- Quality & Innovation
- Punctuality
- 30+ years know-how
- Incremental growth from regional → national - > Global

Case 2 – Bernhard Büngeler GmbH – Business from Floor Up



Case 2 – Bernhard Büngeler GmbH – Business from Floor Up

Bernhard Büngeler Founder and Owner



Steady Business Growth

- Expansion through quality
 - Originated as a father-and-son workshop to a brand name
 - High-volume contracts all over Germany
 - Contract from China
 - Private Investor from Hangzhou
 - Preliminary agreement with a Shanghai manufacture for production of sanitary equipment, prefabricated bath and raw materials



3. CASE 3 - HELLA KGaA HUECK & CO

HELLA – Multinational Team, the Center of Innovation

Leadership - Clear, Transparent, and Consistent Message from C-Level Management

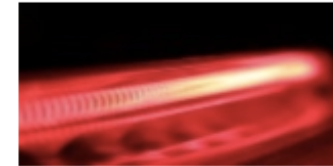


Case 3 – HELLA KGaA Hueck & Co. – Lights, Lamps, and Automotive Parts



HEADLAMPS

Find out more about light



REAR COMBINATION LAMPS



INTERIOR LIGHTING

- HELLA KGaA Hueck & Co.
- Headquarter Lippstadt, NRW, Germany, family-owned company
- 100+ years old
- Locations worldwide (e.g. 3 JVs in China)
- Develop and manufacture lighting technology and electronic products for the automobile industry
- One of the largest retail organizations for vehicle parts and accessories in Europe.

As many global companies, HELLA "Employees from Lippstadt work closely with colleagues from China, and India employees develop work together with Czech teams...I believe that enormous creative potential lies in intercultural, international cooperation."

— Dr. Juegen Behrend, Managing General Partner at HELLA (Source: HELLA Global Vision 2015/2016) —

Case 3 – HELLA: insights from Middle Management



**Recipe for success:
A multinational team in a
globalized market**

Three questions for Torben Petersen, Managing Director
of HELLA Middle East, Dubai.

Interview: Mr. Könighaus, HELLA
Manager Worldwide Automobile Key
Production and Development

- “Driving e-innovation” – HELLA
idea Competition
 - 1000 employees worldwide
 - Sales Pitch to the C-Levels
 - 140 fresh new ideas by
spontaneously assembled teams
 - best are in for prototyping
- Leadership
 - Board members are in tune, in
ONE mindset
 - Consistent strategy radiates to
all level of corporate hierarchy/
network
 - Transparency

Source: HELLA Global Vision 2015/2016, <http://www.hella.com/hella-com/HELLA-at-a-Glance-723.html?rdeLocale=en>

Q & A

A strong economical growth fosters more startups.

True or False?

Q & A

False

- Evidence shows economic growth negatively related to number of new startups
- This is proven by research done by Kaufmann regarding the US economy
- The Economist regarding Germany

2. SUMMARY

Quality, Incremental, Multinational Employees

2. Summary

“True greatness is born of many small things”

KICKERT GmbH

2. Summary

Innovation and SME Business Success Depends on

- Incremental improvement of production and technology
- Multinational employees and teams
- Transparent leadership

Innovation Pitfalls

- Fast and Furious Growth
- Shortsighted Management/management arrogance
- Quality vs. Quantity
- There is a negative relation between strong economical growth and number of start-ups

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3. Industry Cluster

“A cluster is a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities”. A cluster may cover a region, a state, or even a single city.

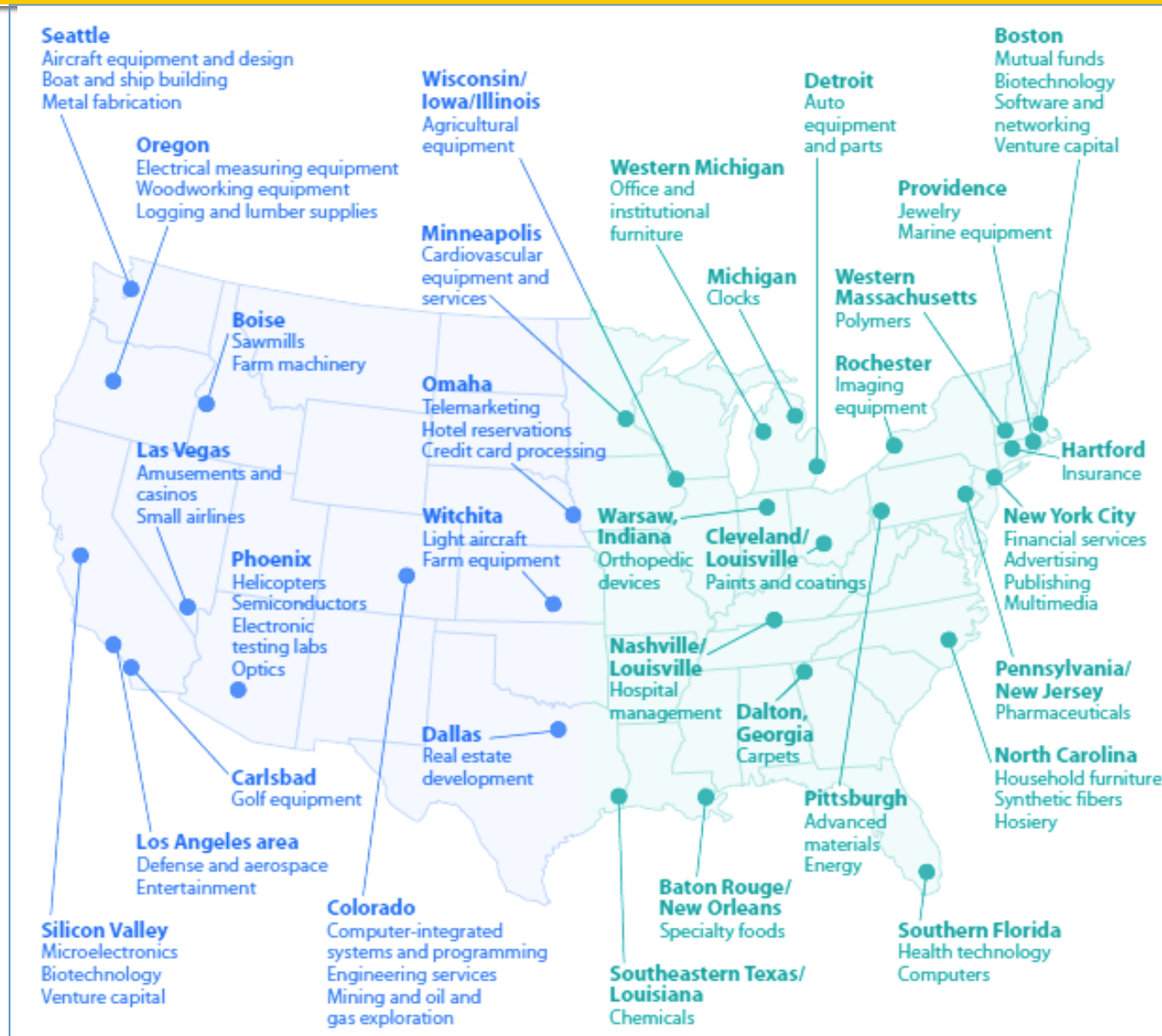
- Porter, M.E. (1998): Clusters and the New Economics of Competition. Harvard Business Review, Nov - Dec 1998
- Porter, M. E. (2000): Economic Development Quarterly, Feb2000, Vol. 14 Issue 1, p15, 20p, 4 diagrams
- Institute For Strategy & Competitiveness, Harvard Business School (2018): Cluster Studies.
<https://www.isc.hbs.edu/competitiveness-economic-development/research-and-applications/Pages/cluster-studies.aspx>

Effects on Entrepreneurship and Innovation

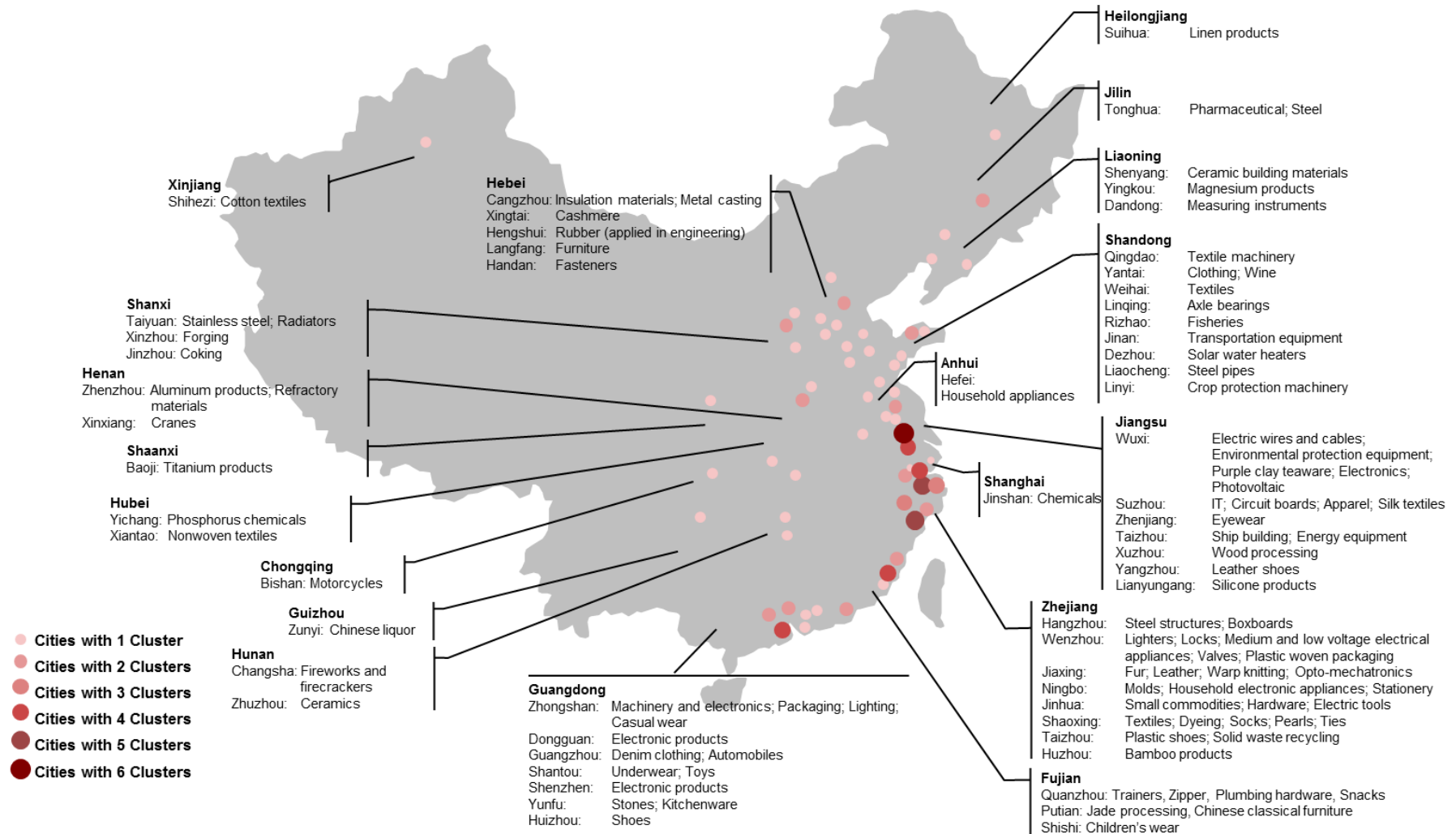
Why Industry Clusters?

- Clusters encompass complementary manufacturing of products, components, and services and to companies in industries related by skills, technologies, or common inputs.
- **Clusters stimulate start-ups** moving into the cluster for accessing pool of resources (e.g. capital, business network and people, etc.);
- **Clusters increase innovation and productivity growth;**
- Clusters include governmental and other institutions, for example, universities, think tanks, vocational training providers, and trade associations — that provide specialized training, education, information, research, and technical support.

Examples of Industry Cluster USA



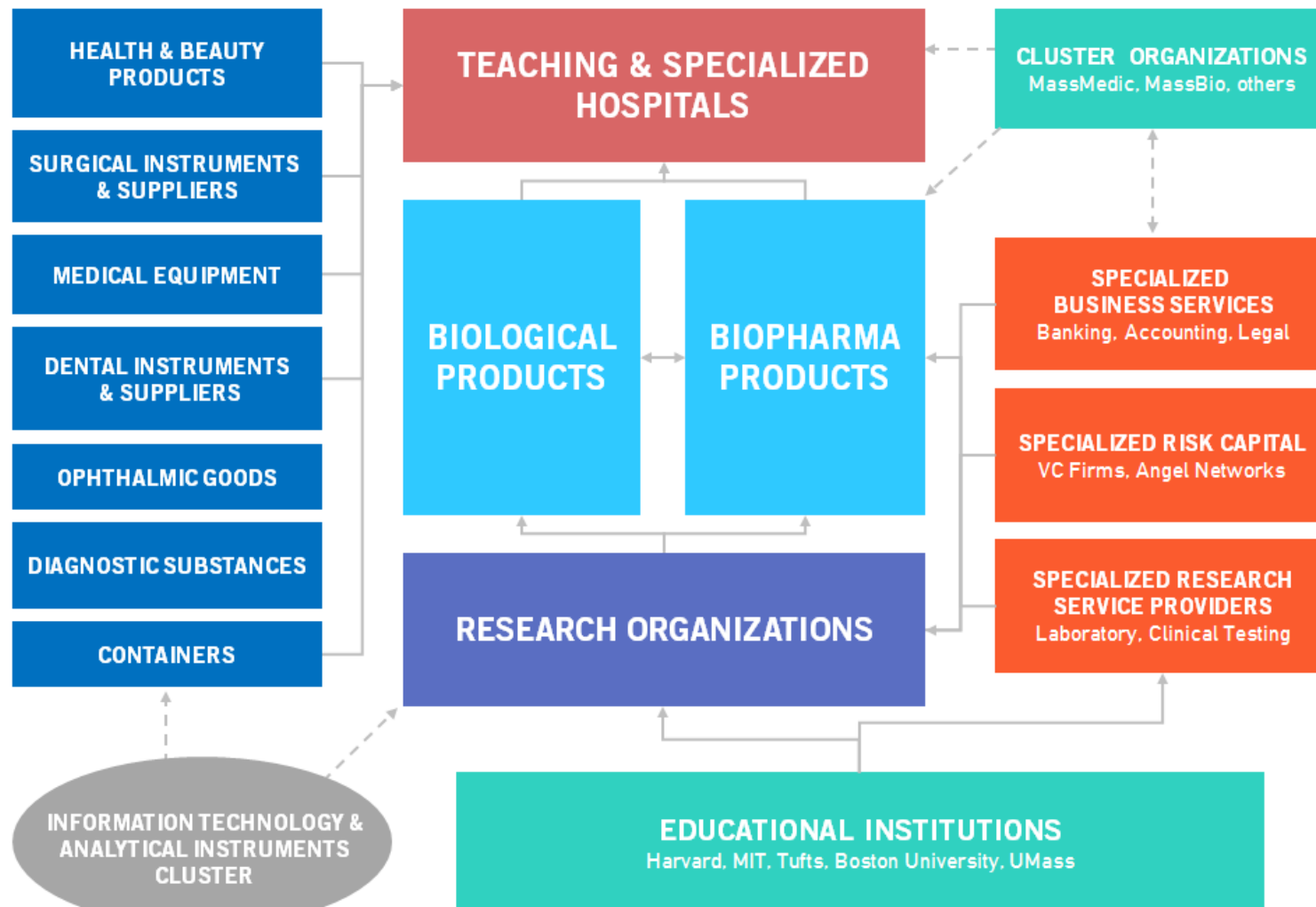
Examples of Industry Cluster China



Source: Li & Fung Research Centre; The Beijing Axis Analysis

Structural Sample of Industry Cluster

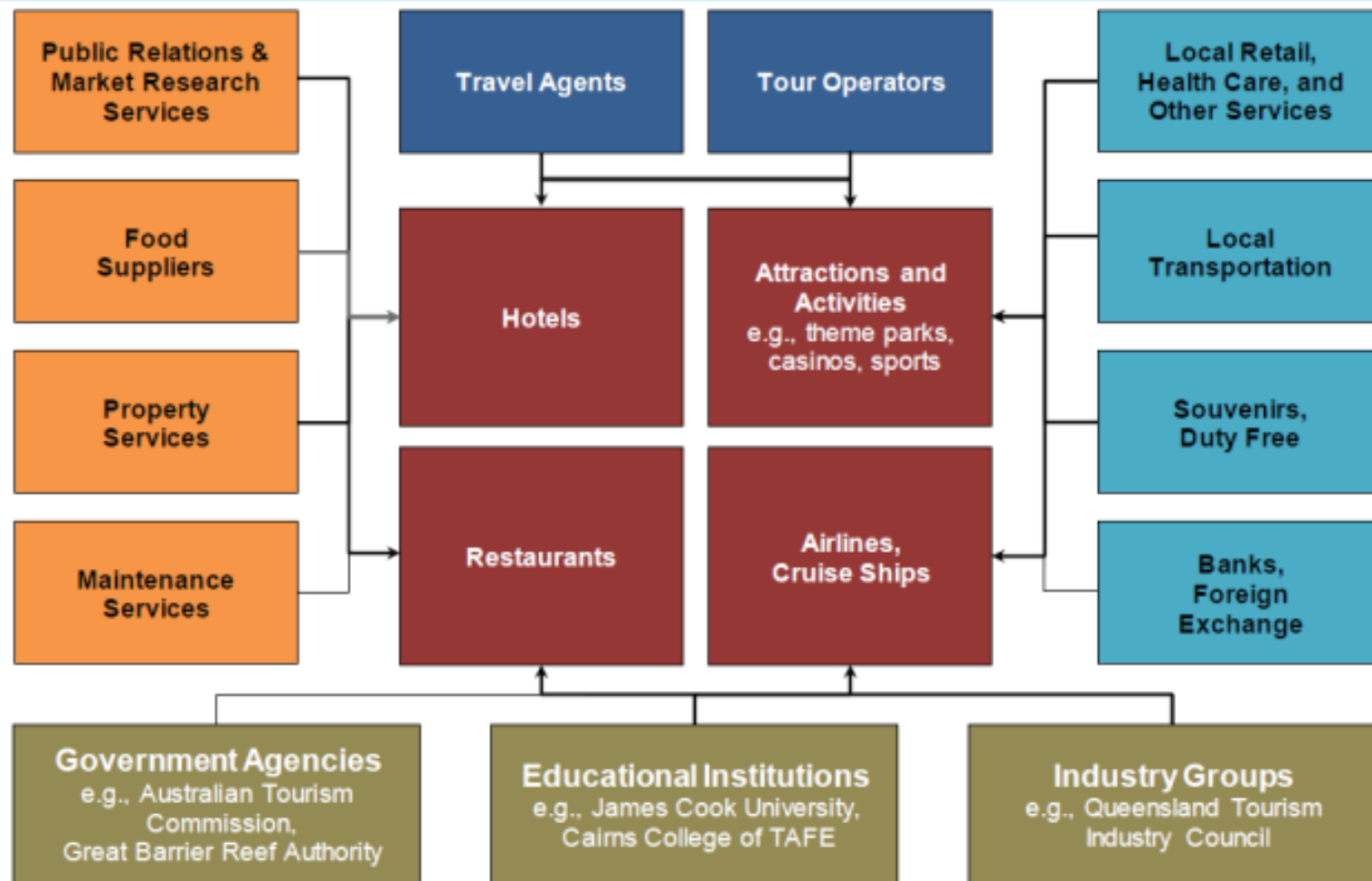
The Boston Biopharmaceuticals Cluster



Source: U.S. Department of Commerce, Economic Development Administration. (2014) Cluster 101 <http://www.clustermapping.us/content/clusters-101>

Structural Sample of Industry Cluster

DEVELOPING CLUSTERS: TOURISM IN CAIRNS, AUSTRALIA



Sources: HBS student team research (2003) - Peter Tynan, Chai McConnell, Alexandra West, Jean Hayden

Features of Innovation Clusters

Type of Innovative Cluster	Type of Linkages	Cluster Characteristics	Examples of Industries/Locations
Type A – Cohesive Clusters	<ul style="list-style-type: none"> Local pool of production, sector specialised, labour Non-traded externalities Maximum information flow High degree of internal production linkages 	<ul style="list-style-type: none"> Mostly small firms Located In-Town, often in Inner City Rapid-response to change Flexible Easy entrance and exit - 'Openness' 	<ul style="list-style-type: none"> Jewellery quarter, Birmingham Reproduction furniture, Hackney, London
Type B – New Industrial Districts	<ul style="list-style-type: none"> Traded and non-traded externalities Established trading linkages – including transport/information linkages between firms Stable production – relations between firms 	<ul style="list-style-type: none"> Mixture of large and SMEs Located Out-of-Town Macro-global trading Attempts to influence change through producer/supplier pre-planning Enduring relationships - 'Closed Club' 	<ul style="list-style-type: none"> Silicon Valley, California <ul style="list-style-type: none"> Speed of transaction costs of information exchange, reliable transport, availability of knowledge workers; - 'new' -> Mature industrial districts vs. rather 30+ years of existence –

Highly specialized industries, e.g. fashion, reproduction furniture, household white goods in China's case

- **“the capacity for quick change production”** is essential.
- key economic success factor is the reduction of 'transaction cost' (e.g. transportation, communication, customization)

Features of Innovation Clusters

Type of Innovative Cluster	Type of Linkages	Cluster Characteristics	Examples of Industries/Locations
Type C – <i>Innovative Milieux</i>	<ul style="list-style-type: none"> • Relations based on trust between individuals • High-risk projects employing common, agreed goals • High-degree of both traded, and untraded linkages between firms 	<ul style="list-style-type: none"> • Mostly SMEs • Located out of urban areas • Importance of social capital • High degree of 'embeddedness' 	<ul style="list-style-type: none"> • Emilia-Romagna • Northeast Milan
Type D – Proximity Clusters	<ul style="list-style-type: none"> • Relatively close spatial bunching • Knowledge-based innovators • Stronger external than internal linkages • Customer-specified, batch production 	<ul style="list-style-type: none"> • SMEs and micro-firms • Located out-of-town • Micro-global trading • Local area is a location rather than part of a production system – 'unembedded' 	<ul style="list-style-type: none"> • Hertfordshire

Based on researchers from GREMI (Groupe de recherche Européen sur les milieux innovateurs) - - SMEs jointly pursuing innovative projects in order to "promoting innovation rather than simply rapidly responding to it and actively work together to promote common, medium and long-term innovative goals".

the innovative process is more influenced by 'demand-pull' rather than 'technology-push'.

<https://www.hertfordshirelep.com/invest-in-herts/economic-overview/>

Summary – Cluster on Entrepreneurship

- SMEs share knowledge, expertise, and specialized labor in the cluster system
- SMEs benefit from a system of support services as well as social networks
- SMEs rely on the strength of interdependent, regional communities within an industry

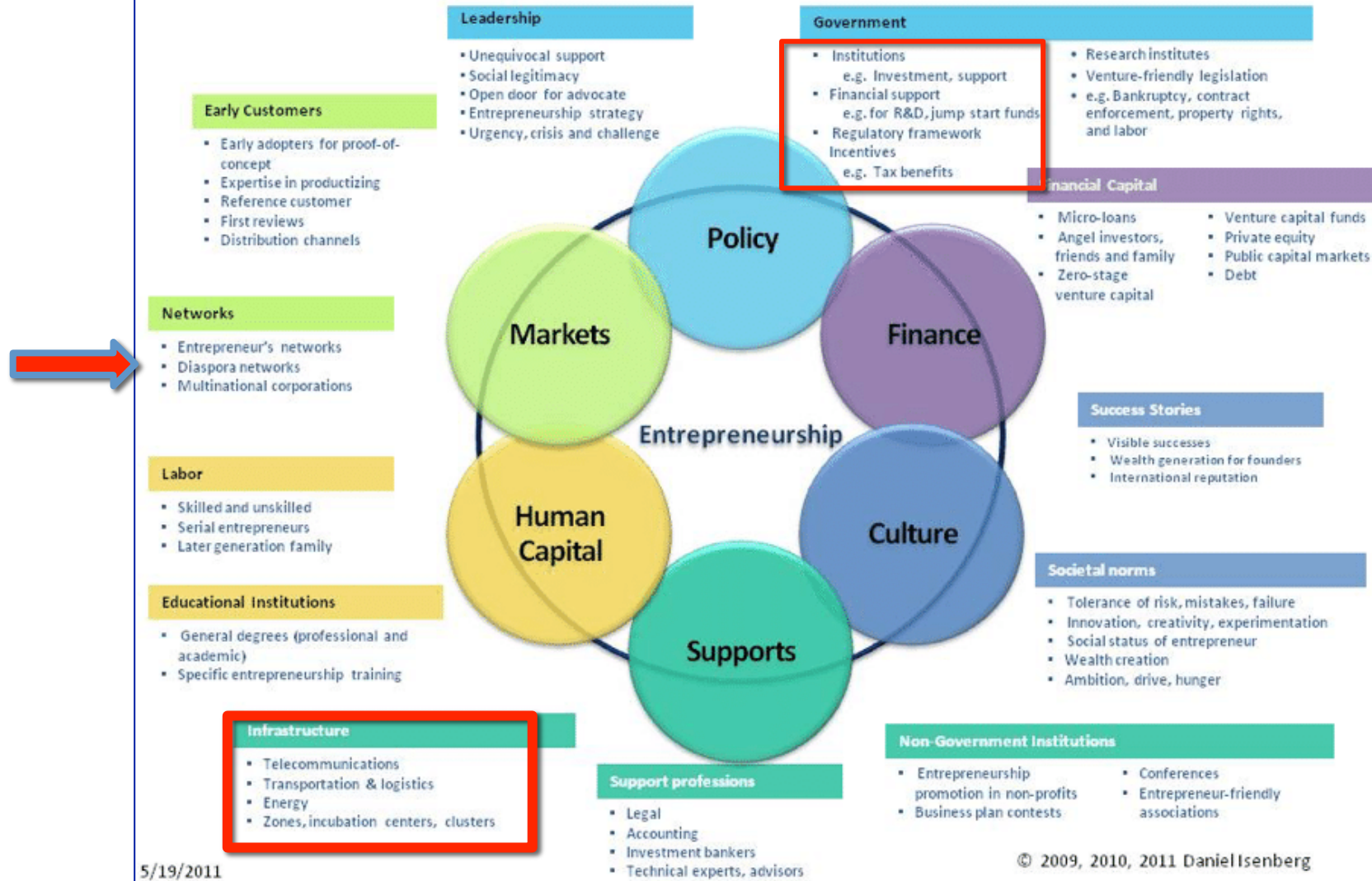
Summary – Industry Cluster and Innovation

- **To innovate by shortening the responding time** to trends and special customer needs as the result of close proximity between buyers and suppliers;
- **To innovate by constant and faster and comparatively earlier learning process and knowledge exchange** among companies within the cluster regarding “*evolving technology, component and machinery availability, service and marketing concepts, and so on*”;
- **To innovate by engaging extensively and rapidly all stakeholders** in developing new products and processes , e.g. suppliers, partners, customers;
- **To innovate by pressure** – “competitive pressure, peer pressure, constant comparison”

Entrepreneur Ecosystem



Domains of the Entrepreneurship Ecosystem



Domains of the Entrepreneurship Ecosystem model by Daniel Isenberg

Summary - Entrepreneur Ecosystem

Benefits Provided by Ecosystems

- Critical Mass of Skilled Workers (Cross Industry and Function)
- Cost Effective Access to University Research and Resources
- Healthy Supply of New Graduates and Temporary Interns
- Stable and Well Run Labor Unions
- Available and Well Maintained Logistics Infrastructure
- Existing and Competitive Transportation Lanes
- Availability of Suppliers (Indirect and Direct)
- Lower Cost to Serve Regional/Local Customers
- Natural Creation of Networking Communities

Source: A.T. Kearney

Questions

- What are the benefits of SMEs from industry clusters?
- Describe the dynamics of innovation and industry cluster.
- Do we need large corporations in a entrepreneurship ecosystem?
- What are the domains of Entrepreneur Ecosystem?
- True or False: “In order to strengthen your regional entrepreneurship ecosystem, it is necessary to establish co-working spaces, incubators and the like” (Isenberg, 2013)