

Acknowledgments

- I would like to sincerely thank my fiancé and her dear Father for their help and continuous assistance.
- Especially I would like to express my gratitude to Professor Anders Lunnan and Associate Professor Bernt Aarset for their support and advice.
- I am sincerely thankful to all the interviewees for their participation and cooperation and the contribution they made to this thesis. Also I am extremely thankful for the help provided to me by Mr. Håkan Melin from Bisnode that provided me with the list of gazelle businesses.
- Last but not least, I would like to thank my own family: my father, my mother, my sister and brother and the family of my fiancé for supporting me and encouraging me along this work.

Ås, May 2015

Ali Noghrehkar Shirazi

Abstract

Many inventions fail to become innovations due to failure in the market. The innovation capability of enterprises is closely associated with three main factors being first the strategy of the enterprise, second the culture of that enterprise and third the leadership of the enterprise. It is worth to note that it is the leadership that directly influences the strategy and culture of the firms. Therefore by addressing the subject of leadership and entrepreneurs' mindset, one could increase the degree of innovation success.

The main idea of this thesis stems from a Norwegian technology firm called Fras Technology As. Fras is located nearby NMBU at the city of Ås. I spent an internship period at this company. The NMBU had given me the task to compare and contrast the leadership position of Fras with the leadership position of a company I worked for some years before in Iran. Although I believe that the product of Fras Company is a brilliant technological achievement, but they have not achieved the expected success in the market yet. Some months prior to the internship program, I was working with the business plan of this company and based on the extensive conversations I had with the staff there, I decided to continue studying the leadership position of the company.

The following thesis takes the reader on a journey into the realm of entrepreneurship and tries to identify the biggest problems entrepreneurs face for a successful innovation to take place. The thesis is based on a qualitative study in the form of ten deep interviews as its main method. The thesis tries to answer the following research question that in relation to entrepreneurs and business managers; the leadership of which group would serve better the interests of a new technology startup enterprise.

The analysis of the collected data indicates that although on the surface level these positions seem to belong to two different personalities, but in fact they overlap each other. As a matter of fact entrepreneurship is management and entrepreneurs could be skilful managers. The focal factor that needs to be addressed is that by considering the invention activity of innovation to be a more heroic and glamorous act than the commercialization work, these two characteristics start to diverge from each other and as a result many inventions fail on the market.

Sammendrag

Mange oppfinnelser mislykkes i å bli innovasjoner på grunn av svikt i markedet.

Innovasjonsevne av bedrifter er nært knyttet til tre hovedfaktorer. Den først er strategien for bedriften, den andre kulturen i bedriften og til slutt tredje ledelse av bedriften. Det er verdt å merke seg at det er ledelsen som direkte påvirker strategi og kultur i bedriftene. Derfor ved å ta opp ledelse og gründeres tenkemåte, kan man øke graden av innovasjonssuksess.

Hovedideen i denne oppgaven stammer fra et norsk teknologibedrift, kalt Fras Technology AS som er lokalisert i nærheten av NMBU i Ås. Jeg tilbrakte et internship hos Fras i tre måneder. NMBU ga meg et oppdrag å sammenligne lederposisjonen i nevnte selskapet med lederposisjonen i et selskap i Iran jeg jobbet i tidligere. Selv om jeg tror at produktet av Fras er en strålende teknologisk bragd, har de ikke oppnådd den forventede suksess i markedet ennå. Noen måneder før internshipprogrammet jobbet jeg med forretningsplanen i denne bedriften og basert på de omfattende samtalene jeg hadde med de ansatte, bestemte jeg meg for å fortsette å studere lederposisjon i selskapet.

Følgende oppgave tar leseren med på en reise inn i entreprenørskapsverden og prøver å identifisere de største problemene gründerne står overfor for at en vellykket innovasjon skal finne sted. Oppgaven er basert på en kvalitativ studie i form av ti dypde intervjuer som sin viktigste metode. Oppgaven forsøker å besvare følgende problemstilling: *Hvilke av de to gruppene gründerne og forvaltere vil ha størst fordeler ved å innføre en teknologi i oppstartingsfasen til nye bedrifter.*

Analysen av de innsamlede dataene indikerer at selv på et overflatisk nivå tilhører disse stillingene to forskjellige personligheter, men i virkeligheten overlapper de hverandere. Det vil si at entreprenørskap er forvaltning og gründerne kan være dyktige forvaltere. Det som må vurderes i forhold til innovasjonsaktivitet er at ved å vurdere oppfinnelsesaktivitet for å være mer heroisk og glamorøs enn kommersialiseringaktivitet, disse to egenskapene begynner å avvike fra hverandre. Og som et resultat av dette mislykkes mange oppfinnelser på markedet.

Table of Contents

Acknowledgments.....	2
Abstract.....	3
Sammendrag.....	4
1. Introduction.....	7
1.1 Areas of research.....	9
1.2 Defining the goal.....	10
1.3 Who would benefit from this thesis?.....	11
2. Method.....	11
1. 2.1 Case study.....	11
2. 2.2 Qualitative research.....	13
3. 2.3. Interviewee Selection.....	13
4. 2.4 Interview method.....	16
5. 2.5 The method for analysing the accumulated data.....	17
6. Explorative thesis demanded especial analysis and discussion method.....	18
7. 2.6 Research question.....	19
3. Fras Case & interviews.....	20
3.1.1 Fras Technology AS (Case).....	20
3.1.2 Coding of Fras (Case).....	28
3.1.3 Analysis of Fras Case.....	30
3.1.4 Theory of Fras (Case).....	32
3.1.5 Discussion of Fras (Case).....	37
3.1.6 Conclusion of Fras (Case).....	42
3.2.1 Interview summary Tom & Mary Poppendieck	43
3.2.2 Coding Tom & Mary Poppendieck.....	46
3.2.3 Analysis Tom & Mary Poppendieck.....	46
3.2.4 Theory Tom & Mary Poppendieck.....	50
3.2.5 Discussion Tom & Mary Poppendieck.....	58
3.2.6 Conclusion Tom & Mary Poppendieck.....	63
3.3.1 Interview summary Torve Indahl.....	64
3.3.2 Coding Torve Indahl.....	66
3.3.3 Analysis Torve Indahl.....	67
3.3.4 Discussion Torve Indahl.....	70
3.3.5 Conclusion Torve Indahl.....	70
3.4.1 Interview summary Lars-Kåre Legernes.....	71
3.4.2 Coding Lars-Kåre Legernes.....	74
3.4.3 Analysis Lars-Kåre Legernes.....	75
3.4.4 Theory Lars-Kåre Legernes.....	78

3.4.5 Discussion Lars-Kåre Legernes.....	79
3.5.1 Interview summary Erik B. Wiken.....	80
3.5.2 Coding Erik B. Wiken.....	82
3.5.3 Analysis Erik B. Wiken.....	83
3.5.4 Discussion Erik B. Wiken.....	85
3.6.1 Interview summary Giert Von Der Lipp.....	86
3.6.2 Coding Giert Von Der Lipp.....	88
3.6.3 Analysis Giert Von Der Lipp.....	88
3.6.4 Discussion Giert Von Der Lipp.....	90
3.7.1 Interview summary Finn Kristian Aamodt.....	90
3.7.2 Coding Finn Kristian Aamodt.....	92
3.7.3 Analysis Finn Kristian Aamodt.....	93
3.7.4 Theory Finn Kristian Aamodt.....	95
3.7.5 Discussion Finn Kristian Aamodt.....	96
3.8.1 Interview summary Mohammad Nahavandian.....	97
3.9.2 Coding Mohammad Nahavandian.....	99
3.9.3 Analysis Mohammad Nahavandian.....	99
3.9.4 Theory Mohammad Nahavandian.....	101
3.9.5 Discussion Mohammad Nahavandian.....	101
3.9.1 Interview summary Asadollah Asgar-Oladi.....	101
3.9.2 Coding Asadollah Asgar-Oladi.....	103
3.9.3 Analysis Asadollah Asgar-Oladi.....	103
3.9.4 Discussion Asadollah Asgar-Oladi.....	104
3.10.1 Interview summary Yahay Ale-Eshagh.....	104
3.10.2 Coding Yahay Ale-Eshagh.....	106
3.10.3 Analysis Yahay Ale-Eshagh.....	107
3.10.4 Theory Yahay Ale-Eshagh.....	110
3.10.5 Discussion Yahay Ale-Eshagh.....	111
3.10.6 Conclusion Yahay Ale-Eshagh.....	112
3.11.1 Interview summary Amir Tabrizi.....	113
3.11.2 Coding Amir Tabrizi.....	118
3.11.3 Analysis Amir Tabrizi.....	118
3.11.4 Theory Amir Tabrizi.....	124
3.11.5 Discussion Amir Tanrizi.....	126
3.12.1 Interview summary Hossein Noghrehkar Shirazi.....	127
3.12.2 Coding Hossein Noghrehkar Shirazi.....	127
3.12.3 Analysis Hossein Noghrehkar Shirazi.....	128
3.12.4 Theory Hossein Noghrehkar Shirazi.....	128
3.12.5 Discussion Hossein Noghrehkar Shirazi.....	129
4.1.1 Discussion.....	129
4.1.2 Entrepreneur has to master commercialization.....	129
4.1.3 Entrepreneur in leading position of the firm.....	131
4.1.4 Entrepreneur or manager as leaders of the firms that once were innovative.....	132
4.1.5 Entrepreneurship is management.....	135
5.1.1. Conclusion.....	136
5.1.2 Further research.....	136
Bibliography.....	143
Online sources.....	145

Appendix 1 : Interview guide.....146
Appendix 2: Interviews.....147

1.1 Introduction

Innovation has been the cause for technological progress in the World. But considering the innovation rate, one realizes that chances are very slim for the success of the innovation activity. Most inventions are never actually commercialized. Only about 6 per cent of inventions developed by independent inventors actually reach a market (Asterbo, 1998). Many studies show astonishing figures indicating that one idea out of several thousand ideas will make it through and become a successful product. The studies indicate that 3,000 raw ideas are needed for a successful commercial product. (Schilling, 2010)

On 20 March 2015, Anne Kathrine Slungård, Managing Director of Young Entrepreneurship in Norway was presenting a speech where she reflected on the policy that exists now in Norway. Norway should become the leading country in the field of entrepreneurship education.

In an article written by Arnold Cooper (2005) about the history of entrepreneurship study, he shows the high increase in the institutions that are offering entrepreneurship and innovation as an academic subject. In fact what was offered as a single course in 1947 at Harvard Business School is now being taught at more than 100 universities worldwide and the number is still increasing. Cooper (2005) identifies the reason for this dramatic change to be the alteration in public belief in 1960s and 70s that large business organisations are going to become the main source of innovation. This thesis aims at addressing the issue of the main source of innovation whether it is large business institutions run by business managers, or small innovative institutions run by entrepreneurs.

On the other hand Bel (2010) draws on the viewpoint of many as he puts it researchers and practitioners and regards *leadership behaviour*¹ as one of the most, if not the most important driver of innovation. In the thesis written by Rasmussen and Reinertsen (2010), they also identified leadership as one of the key players when it comes to innovation. They even drew on the view of Storey and Salaman (2005) that claim: “Managers are by no means the only

¹ My highlight

² From now on also referred to as simply ”Fras”

³ Introduction to entrepreneurship

⁴ M25FRIE-HH, Independent study

⁵ From now on also referred to as Sølve

⁶ The Companies main product.

⁷ <http://www.machinerylubrication.com/Read/21/hydraulic-system-leakage>

⁸

actors who can play crucial roles in relation to innovation”. They also found that the three factors of leadership, strategy and culture of the firms are the pivotal determinants of the firm’s growth.

In this Master’s thesis the focus point is on the overall leadership concerning the way to proceed with the idea to developing a product or offering of a service. The thesis introduces two different mindsets, one belonging to an entrepreneur, precisely those to be considered as technical entrepreneurs compared and contrasted with the viewpoint of business managers. The idea of this comparison struck my mind after my engagement with FRAS Technology AS², which started first during a course nicknamed INN220³ in the Autumn 2011 at NMBU. I also spent about three months at that Company as part of an internship program for the course ENT4300⁴. One of my tasks at the end of the three months internship was to write a Reflection Report with the following themes to be included where I would compare the leadership position at Fras with the leadership position of a company I worked for when I was in Iran.

“International assignments appear to be the most effective source of developing global leadership skills. This contention is one of the major insights from the GLOBE project on cross-cultural leadership. In a similar vein, internship at a start-up company is a major source of learning with regard to developing your entrepreneurship skills. At least you will in the upcoming foreign assignment have the chance to nurture your cross- cultural entrepreneurial leadership skills.

Central to entrepreneurship is the ability to seize the opportunities and to (re) allocate or mobilize resources to see initiatives through. This is not easily accomplished without an ability to motivate or inspire others (leadership defined). Your semester report under this option should be a reflection around your cross-cultural leadership skills in the internship setting. We are confident that you through your assignment will have the opportunity to practice, or at least to observe, some leadership at your workplace.”

² From now on also referred to as simply ”Fras”

³ Introduction to entrepreneurship

⁴ M25FRIE-HH, Independent study

1.2 Areas of research

I have decided that in this thesis I shall not deal with the case for social entrepreneurship and service providing firms. I took this decision in order to narrow down the field of study to innovation in relation to products. I avoided considering the innovative ideas and commercialization as far as providing social entrepreneurship and the offering of services are concerned. However, many of the issues discussed could also be extended to include the above noted types of entrepreneurship, especially it could be arched over the service providing firms.

My goal has not been to generalize the outcome of this research question to each and every entrepreneur, but I tried to identify one or more of the perhaps popular booby traps that is awaiting entrepreneurs. According to Johannessen et al. (2011) a hypothesis is something that is assumed and it is also temporary and has to undergo empirical tests. Based on this definition I also identify the outcome of this thesis to be a hypothesis that has to undergo empirical testing.

The thesis aims at understanding whether entrepreneurs recognize the difficulties of the commercialization process prior to their engagement with it or not and if they do to what extent. I also wanted to identify the place that the significance of commercialization has in the mind of the entrepreneur prior, during and after commercialization process. To increase the ability and willingness of the entrepreneurs to first identifying commercialization as an essential and important part of innovation, then acknowledging it as a challenging work, and finally trying to overcome it has been one of the goals this thesis aims to achieve.

After my engagement with Fras, and amid trying to figure out the different aspects of its leadership, as that was the task of my report, I orchestrated an assumption based on Fras' case study that I pursued. My assumption was that the entrepreneur of Fras, Sølve Fjerdingsstad⁵ did not recognize the importance of commercialization at the time he considered the production of DynaSamp⁶.

⁵ From now on also referred to as Sølve

⁶ The Companies main product.

1.3 Defining the goal

As Johanessen (2011: 36) mentions the research must be oriented towards a goal. For me the goal was finding answers for my research questions. From the beginning I set the task for myself to identify and possibly solve at least one of the hurdles and major obstacles entrepreneurs face concerning innovation. The entrepreneur of Fras complained during the interviews we had about the lack of financial means as being the biggest problem he as an entrepreneur had faced ever since he had the idea of producing his product. Therefore, during the INN220 course in the Autumn 2011, I decided to choose this topic for my thesis. However, after spending three months as part of an internship program at FRAS and the writing of my Reflection Report, which focused on the leadership position of the company I was spending my internship at and also due to the interviews conducted with the staff members of FRAS, I realized that perhaps the problem lies somewhere else.

The subject of my thesis altered eventually to the comparison between entrepreneurs who face ad-hoc circumstances and business managers for whom the tasks resonate to have more the form of a routine and known work. I decided to focus on which of the abovementioned groups suits better to hold the overall leadership position at the companies whom are engaged in innovation work.

This dissertation tries to discover major problems that ideas face in becoming products and services that could be diffused among the customers through the prism of analyzing the overall leadership at the firms. In short this thesis is about *Commercialization strategy in relation to the commercialization leader*.

1.4 Who would benefit from this thesis?

Primarily entrepreneurs will benefit from this thesis. However, business managers, venture capitalists, investor groups, banks, business consultants, business angels, super angels and generally organizations that try to help and promote innovation among the people, at firms, at schools and at society in large will find this thesis to be beneficial for them in their quest for a successful innovation.

2- Method

Case study

Purpose, exploratory, descriptive

My purpose for conducting a case study based on the Fras Technolog AS was due to my engagement with this Company since autumn of 2011 where I wrote a business plan review for a course at NMBU dubbed INN220. From that time I became interested to find out the reason that such an extraordinary finding could not be successful in the market.

The reason I decided to spend my internship programme compulsory by NMBU at this Company was in order to explore the possible problem associated with the Company or its product. During that time I had received the task from the university to compare and contrast the leadership position of Fras with the leadership position of a company I worked for in Iran.

During the long hours of discussion I had with Masoud from Fras, I who had set my goal to write about the financing problems that SMEs have, changed course and decided to write initially about comparison between entrepreneur and salesperson and later on the topic was changed to entrepreneurship vs. management.

The reason I decided to write about the financial problems of SMEs was also due to the interviews and discussions I had with Sølve, the entrepreneur of Fras. As he identified lack of financial resources to be the prime reason for the expiration of the patent for his main product, namely DynaSamp. But after the discussions I had with Masoud, he convinced me that prior to starting the development of a product, information is available to people about the financial assistance they are entitled to receive. Therefore this does not constitute an ad hoc circumstance for the entrepreneur.

Since my task in the paper I was writing for NMBU was to focus on the leadership position, and since the head of the company I was working for in Iran had a totally different characteristics than Sølve of Fras. I started to come up with the subject of this paper.

As Yin (2009: 43) asserts:

“The concern for internal validity, for case study research extends to the broader problem of making inferences. Basically, a case study involves an inference every time an event cannot be directly observed. An investigator will infer that a particular event resulted from some earlier occurrence based on interview and documentary evidence collected as part of the case study.”

I also did not have any watertight proof. I was also just inferring that there might exist some correlation between the characteristics of entrepreneurs vs. business managers. Yin (2009: 186) discusses that: “Both discovery and theory development are found within the same case”. I certainly did not even know about the existence of any problem at Fras. They had just won the highest prize for entrepreneurship activity in Norway worth NOK 16 million in investment for development of their product. So on the surface level still everything looks to be picture perfect. However, as my knowledge base grow, I realized that if a company succeeds to survive for some years, that company has achieved a huge milestone. This was due to the nature of market and entrepreneurship that I was a stranger to it.

Qualitative research

“The qualitative research is especially useful when one is venturing into territory that is not well known. It helps the researcher to conduct research about phenomena that he or she does not have a clear picture of.” (Johanessen, 2011: 36)

For more than a year after I spent three months at Fras, I still did not have any idea about the source of the problem. But decided to contact some gazelle businesses in Norway, perhaps after discussing the issue with them, things could become clearer to me. This time I wanted to held interviews a bit more systematic than the previous time. Therefore, I contacted NSD i.e. norsk samfunnsvitenskapelige datatjeneste and asked for permission to audio record the interviews. And they also approved my request. This happened in April 2013.

Interviewee Selection

As the collection of data is concerned, the target group was primarily Fras Company. But I had in sight the possibility of conducting interviews to illuminate the dark sides of the road.

However, due to the time constraints and the size of this thesis I was aware that I have to confine my work to an extent that it would not exceed the norms defined for this type of work. The designated research method and strategy consisted of case study with regard to Fras and qualitative research in the form of interviews with the people of my choice. The recruitment strategy was based on the development of the paper and subjects brought up and discussed about on the interviews. The final outcome and result of this investigation is also presented in the form of a conclusion and report at the final chapter of the thesis. There, I will try to consider further research factors that this thesis could inspire. (Johanessen, 2011).

Interviewing Torve Indahl, Mary and Tom Poppendieck

My next move was to take part in an intrapreneurial prize at the Engineers House in Oslo on 5. June 2014. I assumed that since the nominees must have some sort of intrapreneurial activity, then possibly I could interview some of them and find out about the differences between large organisation and small enterprises. In that Conference, I talked with Torve Indahl who was the head of the jury who nominates the winner. He kindly accepted to have an interview with me.

At that Conference Mary and Tom were holding a presentation. Afterwards I asked them for an interview. They were visiting Norway, because they held workshops here for those who are interested in innovation and startups. I met them at their Hotel and in this I had my first interview. The discussions that were discussed during the interview with Mary and Tom vividly affected the interview I held with Torve some days later.

Interviewing Lars-Kåre Legernes

On 18 June 2014, there was a conference dubbed “Iran-Norway, business opportunities” held at Oslo’s Chamber of Commerce. There I met Lars-Kåre Legernes and we talked on the side of that Conference. He held a speech there where he was introducing the Norwegian business opportunity and I realized that he has vast knowledge in this regard.

Interviewing Erik Wiken & Finn Kristian Aamodt

He was also invited to the Conference at Oslo’s Chamber of Commerce and held a presentation where in his presentation he talked about having written a book about Iran’s market some twenty years ago. I kindly asked him for an interview. And then asked whether it

would be possible to interview also Finn Kristian Aamodt. After I sent Erik my interview guide, he informed me that I could also interview Finn.

Interviewing Mohammad Nahavandian

Nahavandian was also present at that Conference at Oslo's Chamber of Commerce. Although he was visiting Norway to take part at a United Nations Summit. But he also participated at that Conference and held a brief speech there. He invited me to his Hotel that same evening that we met. But the interview was interrupted and could not be completed. Therefore, he invited me to Tehran to finish the interview. At his office on the other side of the hall where President's office is, he greeted me and asked the security to allow me to bring my mobile phone with to his office to audio record him.

Interviewing Giert Von Der Lippe

Due to the emphasis that Lars-Kåre Legernes had on the activities of Connect Norway, I decided to contact them and Giert also kindly accepted after I explained to him about my project.

Interviewing Asadollah Asgaroladi

After I interviewed Nahavandian. I came out of his office and saw that Asgaroladi was sitting in the lobby of president's office. So I approached him and talked about my thesis with him. He also kindly accepted and appointed a time for our interview.

Interviewing Yahya Ale Eshagh and Amir Tabrizi and Hossein Shirazi

I thought that since interviewing Lars-Kåre Legernes provided me with a deep insight about the Norwegian entrepreneurship, I should also try to interview his Iranian counterpart. The idea of interviewing Iranians struck my mind after Erik Wiken in his interview hinted at the existence of similarity between Iranian entrepreneurs and Norwegian entrepreneurs.

Therefore, I decided to interview Yahya Ale Eshagh too. During the interview, Yahya emphasised on the necessity of the existence of a middleman between entrepreneurs and business and business managers. As the first subject that I studied at a university in Tehran

was industrial engineering, I decided to interview an industrial engineer who also knows about entrepreneurship. Therefore, I interviewed Amir Tabrizi. After I interviewed Amir Tabrizi, I started to recite the memory my father had told me once or twice in my life.

Interview method

I applied a semi-structured method so that I start the interview with my interview guide, but then the question, their order, and subjects could vary. (Johannessen, 2011) I decided to provide the interviewee liberty to express himself or herself. I have experienced the language barrier quite often in my life. Therefore, decided to try my best in order to allow the interviewee express his mind in his mother tongue. In this way, I tried to eliminate the language barrier to a certain extent. Because they may have had difficulty in comprehending my English or Norwegian language. Although, I informed them prior to the interview that if there is something you do not understand, you can inform me.

As far as my focus point in this thesis is concerned, I decided to screen the remarks and points that do not contribute to the research problem of this study. For this reason many filters have been applied and the data was screened several times before it was presented. This is despite the fact that I started for instance the interviews in very broad fashion to include as many elements as possible in the discussion. The transcribed text of interviews was coded in the fashion that the important data were highlighted. Each section of the transcribed interviews comes with a heading explaining the content in that section. Afterwards the interviews were summarised and shortened. The import data in the summarised version was also highlighted.

I simply delved into the issue of entrepreneurship with one question, asking the interviewee about his/her viewpoint about the most challenging problem entrepreneurs face. Even during the interview with Asgaroladi, he did not talk about the issues I wished he would bring them up, but I did not interfere. Only at the very end of the interview when he talked about the an issue that I could also relate the previous interviews with, I decided to interfere and ask him

question about it. Some of the questions asked were just for the sole purpose of instigating the interviewee to elaborate further about the subjects.

As the answers received to my question in the interviews were getting more a repetitious form, I decided to alter the interview guide and direct the questions in the form of answers to the identified problems. I also decided to bring the case of Fras in the interviews and especially the example I developed concerning the ill embryo. I decided not to discuss the entrepreneurial hurdles that affect solely Iran and include the ones into the discussion that could also put Norway into perspective.

According to Silverman (2011) taking advantage of naturally occurring data, and because I wanted to know the spontaneous responses of the interviewees in the discourse of the interviews, I decided not to send the transcribed interviews back to the interviewee for possible editing.

The reason I included the transcribed text of the interviews and presented them in the appendix section of this thesis was to first provide the enthusiasts the opportunity to read them and perhaps they could discover other issues from them. They may also find arguments to contradict me or reinforce my arguments. The other reason behind this decision was to project that I provided liberty to the interviewees to identify the obstacles that cause a hindering effect on innovation.

I also decided to include all the interviews for the sole reason not to differentiate between the interviews who advocate my point of view only. However, as one could see all the interviews do support my final hypothesis.

The method for analysing the accumulated data

I audio-recorded the interviews and therefore had to transcribe them. After I transcribed the interviews, because they were conducted under the semi-structured interviews, I could not draw analysis based on each and every question. Therefore, I decided to summarize them. But there is a close relationship between the interviews as they were closely based on one another.

For instance, I developed the research question concerning “the testing of the ideas to check whether they constitute a business opportunity or not” came from Tom & Mary interview. But since my task was first and foremost explorative, then I was more after extracting answers out of a particular interview.

After I consulted with dr. Aarset, I decided not to translate the interviews that were taken in Norwegian. This was due to my own disability and fear that I may misunderstand part of the speech.

For further coding the interviews in the sense that it would be easy to identify the research question and the extracted data. I used the method used by Tore Aase in his Master thesis, which was the method of Miles and Huberman (1994). In this method first key patterns were identified, in my thesis that applied to my research question “What are the major problems hindering innovation”. Afterwards, the responses in the form of short statements answering the main research question were extracted from the interviews and Fras case.

Explorative thesis demanded especial analysis and discussion method

Since this thesis is categorised under explorative thesis where I did not have orchestrated any clear-cut research question from the beginning and the research questions were developed along the course of the thesis, I decided to tailor a unique method for my thesis. In this method the thesis starts with an Introduction chapter followed by the method chapter. Then the case of Fras Company would be presented followed by analysis of that case. A theory chapter is followed the analysis of Fras case which will be followed by a discussion section for Fras. Then we start with the interviews. There are ten interviews that each of them has an analysis section and a theory section and a discussion section. However, all the interviews do not have the theory section. Some of the interviews end with a conclusion section, but not all of them as the discussion section plays also the role of the conclusion part.

I received the idea for organising the thesis in this fashion from Johannesson et al (2011) where he describes in full detail the data that comes in the analysis and discussion parts. For the analysis Johansson et al. (2011) suggests to divide the text into small elements. By having done so, you should try to extract a message from all these small parts that would

respond to your research question. For the discussion part, Johannsson et al. (2011) suggests to view the collected data from analysis in a larger perspective through the prism of related theory.

In this explorative thesis, the collected data had a **snowballing effect**. In my thesis the collected data had also a cascade function together with a snowballing effect on the rest of the data. Fras case built my first interview and thereafter each interview developed the interview after until I realized that I received the answer I was looking for.

Internal reliability

Due to the fact that I provided liberty to the interviewee to express himself/herself, I would say that the interviews had a high internal reliability except three of them; the interview of Finn Kristian Aamodt, Giert Von Der Lippe and Hossein Shirazi. In these three interviews I was after receiving answers about clear-cut problems.

Internal validity

I think all the interviews had to an acceptable degree the Internal validity factor in them.

External validity

I could claim that my interviews had a low external validity. As Johanessen (2011: 33) asserts: “the methodology helps us to realize the extent that our assumptions are true.” My assumptions about Fras were supposed to be tested in the light of both theory and other entrepreneur’s experience and the views of people dealing with entrepreneurship. I was satisfied with the way the interviews went. But from the beginning I did not set the task for myself to constitute a theory. I could the result of my thesis yielded a hypothesis that perhaps entrepreneurs and managers are the same.

Conceptual validity

I think that the conceptual validity of my interviews were low. Due to the liberty given to the interviewee to talk freely about the biggest problems that entrepreneurs have, then sometimes there occurred huge deviations from intended subject.

This thesis did not set for itself the goal to prove something. It was purely explorative. I have reached some hypothesis that still need to be tested. Until they are rigorously tested, they remain as hypotheses.

Research question

My initial and main research question was:

- *What are the major problems hindering innovation*

But in the course of the interviews I developed some sub-question that I tried to provide answer to. Questions such as:

- *Entrepreneurship (facing ad hoc circumstances) vs. Management (routine, known work)
Whose leadership suits better with regard to innovation leading to diffusion for the new technology enterprise startups?*
- *Does innovation happen in clear-cut chunk phases?*
- *Is it possible to determine the fate of a business idea before testing it in the market?*

At the end of the thesis my research question developed to this:

- ***Could it be that entrepreneurs not considering commercialization aspect of innovation activity to be as heroic and glamorous as the invention work constitute the biggest hindering factor regarding successful innovation?***

3. Fras (Case) & Interviews

3.1.1 Fras Technology AS (Case)

Fras technology AS is a technology driven firm based on innovative products and services in relation to oil sample taking for machineries and industrial applications. The name “FRAS” is an abbreviation for “fluid, reliability, availability, and safety”. Its entrepreneur is Sølve Fjerdingstad. He is also the inventor of the fluid sample taking devices that the Company offers to the markets. The Company was formed as a spin-off from Den Norske Veritas Company in 1996. The reason for that was commercialization of the patented product that later on was dubbed DynaSamp. The Company has had about 14 patents, which some of them have already been expired or are at the brink of expiration.

The idea of developing sample-taking devices came from:

“It is a statistical fact that 80% of machine and equipment stoppages and component failures are caused by contaminated lubricants.”⁷

Sølve considered that there will be a big market for oil-sample-taking devices globally and decided to act upon. He thought that machine and equipment stoppage at important installations such as oil platforms costs a huge amount of money for each day that the installation is out of the work. Therefore, he perceived that by developing these products even insurance companies would oblige their customers to use Fras’ products.

DynaSamp is a sample-taking device produced in all different sizes and could be installed on machines in a variety of sizes. All machinery that is using oil as lubricant fluid could be a potential customer for the device. DynaSamp could also be used for sample taking in relation to other fluids. The product contains many innovative features as for instance unlike other sample taking devices, it is attached to the tube where fluid is running in and could take samples at any time of choice. The container of the sample also comes with a cap and this is to avoid the bacteria in the air having an effect on the sample.

⁷ <http://www.machinerylubrication.com/Read/21/hydraulic-system-leakage>



Figure: 8; DynaSamp (taken from Fras' website)

The first years of the operation of the Company were difficult due to lack of financial assets and Sølve had to work hard to raise the necessary funds. In 2005 things did not move in favour of the Company and it became bankrupted. In contrast to 2005 the following year, 2006 was a good year for Fras. The Company inked a contract with a giant ship to refurbish its hydraulic system. The lucrative deal earned the Company more than NOK 25 millions. This was a good business for the company who recently was trying to emerge out of bankruptcy.

Sølve having faith in the latent potential his product had, started working on the business as well as technical aspects of DynaSamp. But as a reason for being away from the sample taking market for two years due to bankruptcy and involvement with that ship, the market had forgotten about Fras' main product. Sølve was aware that DynaSamp has never been fully commercialized despite the fact that Fras' website announced in 2014 that the Company has sold more than 1500 units of DynaSamp all together. But the potential for the product is much larger than this figure. He decided to spend all the money he had earned from that ship on DynaSamp and on its further development. This resulted in a derivational product and a related diversification to DynaSamp. The move was a counter measure tackling the expiration of DynaSamp's patent in 2010.

The new sample-taking device named DynaView made online sample taking possible. By applying DynaView the device takes samples automatically multiple times every minute. The data system of the device checks for possible bacteria contamination in the fluid and if it spots any unusual development in the fluid in relation to bacteria, informs the operator. Therefore, it is recommended to use DynaView with an operator at place. Sølve manufactured

DynaView with the assistance of external companies. However, the making and advancement of DynaSamp not only became lengthy, but also expensive. In 2008 amid the global financial crisis, Fras needed NOK 5 million. A company provided this amount as loan to Fras. The loan was conditioned by hiring of a Business Manager to serve as the overall leadership of Fras for two years. Sølve, the entrepreneur of Fras and the new business manager did not go along well. The inconsistency between these two persons i.e. the technical entrepreneur and the business manager whom Sølve thinks possessed two different personalities created huge problems for Fras.



Figure: 9; DynaView (taken from Fras' website)

In 2012, Fras was declared as the winner of the DEMO 2000 prize for producing a related diversification to DynaView. Forskningsrådet holds the competition and the winner is entitled to NOK 16 millions. Forskningsrådet organisation, Eni, Royal Dutch Shell, and Statoil companies agreed each to finance NOK 4 million for further advancement of the product. This is the first time that Fras has earned a huge sum for the product the Company has produced. Currently, Sølve is the entrepreneur, founder and to a large extent the biggest shareholder of the Company.

Interviews

At Fras Company, I interviewed Sølve Fjerdingsstad. His education is in Machine engineering. He is the Managing Director of Fras and is also responsible for technology and marketing section at the Company. I also interviewed Masoud Jahan-Mir who is the senior technician of

Fras and responsible for DynaSamp's development. He has an MSc in Aerospace engineering and an MBA in Business Administration. The last person I interviewed was Marit Sommerro. She is the Company's contract manager and conducts also office work. She has been working at Fras for more than 13 years. Her education is Bachelor in Business Administration.

I held three lengthy interviews with Sølve. I interviewed Masoud about 5 times as he is also of Iranian origin and we talked about different subjects concerning the commercial as well as technical aspects of DynaSamp and DynaView and Fras in general. I also interviewed Marit two times. Due to the cosy environment existing at Fras, I was able to openly ask questions about all the subjects that struck my mind. None of the interviews were recorded on any electronic device. Oftentimes I was taking notes, but we talked whenever there was the possibility for it. I spent three months as part of my internship at the Company and had plenty of possibility to come across the employees there and talk about a subject of choice.

Interviewing Fras' staff

I held three long interviews with Sølve in 2011 (on September 23, October 11, and November 9) and on June 23, 2012. The subject of all the interviews was about Fras' market performance and the commercialization of DynaSamp and DynaView. When I asked him about the expiration of the patent of DynaSamp without the product being diffused in the market, he always blamed *the lack of financial means* as the prime cause. Sølve was also complaining about the long list of criteria that the fund providing organisations in Norway demand. He was specifically referring to Innovation Norway. To him these demands had absorbed much of his energy and time. For instance he had to ask an external company to write the business plan of Fras in order to make sure that all the demands set by the loan providing organisations would be met. Sølve is on the idea that if he would have written the business plan, not much funding would have been allocated to Fras.

When asked about his overall goals, he vividly announced that he is not interested solely in earning money from his products, that if it was so, he could have earned more in fix occupations or turning Fras into a service rendering company, performing activities such as refurbishing that hydraulic ship.

My internship lasted from 4th June 2012 to 24th August 2012. Therefore, I had many other conversations with Sølve too beside those three interviews and experienced things at first hand. *He never showed particular interest in discussing the business facets of his work* even on those three interviews. All the three interviews we had, were supposed to cover the commercial side of Fras, but during the interviews we always ended up discussing the technical aspects of Fras' products. Contrary to business related subjects, when it came to discussing about the technical aspects, Sølve was turned into a different person and discussed and explained in full detail the technical issues. On the final day of my internship, I was giving a presentation about Fras to Professor Anders Lunnan and Sølve. The moment I started to discuss the technical side of Fras' products, Sølve stood up and started explaining the technical parts. To me it seemed that he lost control over his emotions and was very excited to explain all the little details to Professor Lunnan.

Replacement of Sølve with a manager

In the interviews I had with Masoud and Marit, they were on the belief that it would be better for Sølve to step down and hand over the administration of Fras to a *business manager*. To them a skilled salesperson would have been ideal for the Company. In particular, Masoud considered *the ability to sell* products not to be Sølve's strong suit. Masoud feared that due to the size and the high level of competition existing in the sample-taking market, sooner or later a big player will outcast Fras from the market by copying DynaSamp or by producing something similar to DynaView. This is despite the fact that during these years, namely since 2010 that the patent of DynSamp has expired, no other company has produced it. And according to Masoud producing DynaSamp does not present any technical challenge for liquid sample-taking producers in the market.

I have not received permission to talk about the customers of Fras, but Masoud fears that signing contract with one of these big players for a huge quantity of DynaView is a quite risky gesture. He believes that the companies who cooperated with Fras to produce DynaView also constitute a viable threat and could move to copy the product. According to him they are just waiting for a well-known reference customer and after they are assured that there exists a market for DynaView, they would act upon. They possess all the technical knowhow of DynaView since they produced it on behalf of Fras. The only part that they did not produce is

DynaSamp. Because at the heart of DynaView lies DynaSamp. But the patent for DynaSamp has already been expired and its production does not constitute any technical challenge for them. However, Sølve argues that the U shaped movement of liquid within the DynaView has been patented and this eliminates the threat of copying the DynaView.

The reasoning behind Masoud's insistence on this claim, namely that the DynaView would be copied soon after a big quantity of this device is sold is based on the argument that big players in the market of sample-taking devices have many employees. And the top managerial positions of these companies do not know about this product. But as soon as a big customer orders a huge quantity of this product, then lower employees at these companies would find a way to convince the top managers at these companies about the production of the device.

Masoud has also hard time accepting Sølve's reason for the failure of marketing of DynaSamp. As a remedy to the current commercial difficulties, Masoud wants more resources to be allocated for the marketing of DynaSamp. Sølve does not welcome this idea. He is optimistic that DynaView will capture the markets soon. And he is confident that due to several patents, in particular patenting the attachment of DynaSamp to DynaView and the U shaped movement of the fluid inside the device, the rivals could not pose a threat. Sølve even said on the last interview we held that he developed DynaView to downgrade the effect of the expiration of the patent of DynaSamp.

Marit also considers *Sølve not to be a skilful salesperson* and thinks that perhaps by replacing Sølve with a manager, many problems of the company would be solved. This is despite the fact that she admires Sølve concerning the *technology related issues*.

Sølve introduced a new manager at FRAS

Sølve was motivated to find a young talented manager as a replacement for himself. He interviewed candidates from June 2012 until mid-August of that summer, but could not agree on any of the candidates. There was even a 33-year-old Norwegian young man that had education in Business studies but after he visited the Company couple of times, he was not offered the job.

Sølve is currently 67 years of age and would step down sooner or later, but he needs to be confident in the person who would rule over the company he grounded and the invention he created. He wants to bring the Company to the position where his physical presence would no longer be a necessity and the activities of the Company have moved away from being *ad hoc in nature* to a more *routine type of activity*. But even he, who has always shown to be extremely optimistic, admits that it is a difficult task.

Losing control over the Company

During the discussions and interviews we had, Marit considered Sølve to prefer a modest but secured growth for Fras, compared to the situation where he would lose his control over the Company. Marit has served more than any other employee at Fras and therefore her viewpoints were of especial value to me, although I did not come across valid proofs that would back some of her claims. Marit was also advocating that it is better to move slowly but surely forward, compared to a situation where things go out of control. And in this she identified her viewpoint similar to Sølve's.

This sense of insecurity is evident at the Company. Fras that is located in the suburbs of the small town of Ås, has a huge property. There I observed much machinery that were bought and left unused there. I asked from Marit about this trait of Sølve, however I orchestrated my question in an indirect way, as if I am reciting reminiscence about the company I worked for in Iran. And used the example that there was a cheap (in terms of financial value) however, critical device that they did not have any replacement for. I asked what would Sølve do? "Would he buy a spare example in case there will be problems for the device?" And MARit replied: "He would buy two spare examples."

Learning about financial resources prior to entrepreneurial activity

I discussed with Masoud about Sølve's claim that lack of financial means is the prime factor that blocked Sølve's progress in commercializing DynaSamp. Sølve considers this problem

as a hurdle that has haunted him ever since he started with the idea of producing sample-taking devices. Masoud viewed this problem as not to be valid. He said that *Solve always had the possibility to investigate the amount of investment that was required and also find out about the sources that could provide him with the necessary funds. To Masoud there are other factors that could not be investigated prior to an entrepreneurial activity.* Therefore, he suggested to me that I should focus on the possible existence of other factors that causes innovations to fail.

Learning the technical aspects

Several times I asked Sølve about the business manager who ran the company from 2008 to 2010 and the problems they had with each other. With other words the problem Sølve as the technical entrepreneur of the Company had with the business manager who held the top leadership position of Fras. Each time Sølve’s response revolved around *the business manager not having any desire to learn about the technical side of Fras’ products. Time after time Sølve reiterated that someone without the required technology background could easily learn the technical facet of the products we have at Fras in a period of 9-12 weeks. But according to Sølve the business manager was not interested in learning these technicalities. And as a reciprocity measure Sølve was also not willing to know about his commercial viewpoints. According to Sølve, that business manager solely focused on saving money by cutting the expenses, especially money used for further development of DynaSamp* which eventually was dubbed DynaView.

3.1.2 Coding of Fras (Case)

Fras (case)	
<i>Major problems</i>	1- Entrepreneur’s lack of financial assets 2- Business manager replacing technical entrepreneur

<i>hindering successful innovation</i>	<ul style="list-style-type: none"> 3- Technical entrepreneur's inability to sell products 4- Business manager more interested in commercial issues 5- Technical entrepreneur more interested in technical issues
--	---

3.1.3 Analysis of Fras Case

Fras is an innovation-based company rendering predominantly products in relation to oil sample-taking devices. The Company in the most positive sense has only sold moderate amount of its products. I aimed at discovering the possible reason(s) for this absence of huge commercial success. Thus far into the thesis I have not developed any clear-cut research question beside the quest for the problems that cause innovation failure. However, as I proceed with the investigation certain questions crossed my mind that had the latent potential to become the research question of my thesis. For the time being I stick to my goal, which is what are the main obstacles in the path of a successful innovation to take place.

Entrepreneur's lack of financial assets

Fras' entrepreneur, Sølve considers lack of financial resources to be the focal challenge he had to overcome. However, as the senior scientist and developer of the firm's main product, i.e. Masoud argues, shortage in financial resources is not to be viewed as an obstacle that the entrepreneur could not have investigated about prior to his engagement in an entrepreneurial work. He could have gathered knowledge about the possible sources that could provide him with the needed funds.

This thesis tries to bring into consideration the difficulties of obtaining the necessary funds and investment for the entrepreneurs, but also aims at identifying *whether there exist other factors that play a major role in prohibiting successful innovation to take place*. One thing is clear; the business plan of Fras was not produced locally, but an external firm wrote it. This was supposed to facilitate Fras' path towards acquiring of financial assistance. Sølve either did not trust his own expertise or simply did not have enough time to write the business plan

of Fras. The fund providing organisations have usually stringent demands and there exists a highly competitive race for obtaining financial support. Therefore it is quite logical to delegate the task of writing the business plan to a professional company.

Business manager replacing technical entrepreneur

The main employees at Fras are on the belief that it would be in the interest of the Company that Sølve steps down as the Managing Director of Fras and a business manager would replace him. They specifically mention the inability of Sølve regarding **selling the Company's products**. As the task given to me by NMBU during my internship period was to compare and contrast the leadership position of FRAS with the leadership of the company I worked for in Iran, and the vast differences existing between the personalities and abilities of these two MDs particularly regarding selling the company's products, I decided to pay more attention to the selling proposition.

Fras also has had a unique experience where due to shortage in funding, a business manager was enforced upon the Company to replace its entrepreneur for a period of two years as the managing director of the firm. This move did not cause any substantial improvement for the Company with regard to profitability. Sølve even argues that it was a setback as far as the expiration of DynaSamp's patent is concerned and the development of DynaView. He explained to me that the business manager did not allow the flow of essential funds and investment to take place for the development of DynaView and during this time the project came to a standstill.

In this section I decided to bring the point of "Technical entrepreneur's inability to sell products" under the "Business manager replacing technical entrepreneur" since Masoud who brought up this issue believed that Sølve's inability to sell stems from the fact that he is a technical entrepreneur and not someone with business management background. In away, Masoud's viewpoint is that Sølve is not a salesperson and someone with the abilities of brokers. Another reason for merging the two topics was due to the task I had been given by NMBU to perform at Fras. I was supposed to compare Fras' MD with the managing director of the company I worked for in Iran in 2009. The MD of the company I worked for in Iran, although he came under the category of technical entrepreneurs based on the definitions I will

provide in the next subchapter, he was a talented salesperson. But it is noteworthy to highlight the fact that he had an academic degree in economy and did not study technical subjects at university.

Business manager more interested in commercial issues

I never met the business manager who run Fras from July 2008 to August 2010 and therefore am unable to have any personal assessment based on first-hand data. But Sølve asserts that the root cause of the inconsistency between him and the manager was due to manager's lack of interest in learning about the technical aspects of Fras' products. Sølve firmly believes that the technicalities of Fras' products could be learned easily in a matter of 9-12 weeks for someone with no background in technological issues. But according to him that business manager was not willing to learn about the technicalities involved in the Company's products and was only concerned with commercial side of the work. Sølve considers the only strategy of that manager was to save money by cutting expenses.

Technical entrepreneur more interested in technical issues

On the other hand, as opposed to the aforementioned account of the trait that Fras' imported business manager had, I found Sølve to be solely interested in technical side of the work. I provided three examples in this regard. One example was his reluctance to cover the business side of the Company in all the interviews we had. The other was interrupting my presentation to him and Professor Lunnan the moment I started explaining the technological aspects of Fras' products due to excitement. And the third reason was spending all the money he had earned from refurbishing of a hydraulic ship on introducing a related diversification product to DynaSamp.

Now I would like to delve into the literature to see whether I could find an explanation for the above noted points.

3.1.4 Theory (Fras)

This subchapter of the thesis is devoted predominantly to the theoretical aspects and frameworks of the work of entrepreneurs compared and contrasted to the ones belonging to the business managers. Personal traits and characteristics of each group have also been the subject of my interest. It is noteworthy to announce that the writing of this subchapter started about three years ago. Even I wrote a paper about FRAS for the course BUS370⁸ at NMBU where the final assignment of that course demanded to present a case study that could also be the one you use for your Master's thesis. In that assignment one could find many of the quotations, remarks and data presented in this chapter. However, new theoretical aspects about entrepreneurs and business managers have been extracted from literature to correspond to issues brought up during the analysis subchapter of Fras in order to solidify my standpoint in the discussion and conclusion parts that will follow.

Who is an entrepreneur as opposed to a business manager?

Begley (1959) highlighted some of the focal characteristics of entrepreneurs to be:

“Entrepreneurs have been defined by one or more of the following elements: being a company founder, running a young company, and running or desiring to run a high growth company... We believe that a specific profile, including prior experience, risk-taking, and orientation towards growth will emerge from the use of a specific definition of entrepreneurship based on the founder vs. non-founder distinction.” (Begley, 1959: 249)

One of the main pillars of this thesis is built on the assertions of Hartman and Schumpeter about the distinctive features of the work of entrepreneurs contrasted with the work of business managers. Hartmann in his article written in 1959 drew on Schumpeter's definition of entrepreneurship and the act of entrepreneurs as: “the carrying out of new combinations”. In the same article Schumpeter is also quoted that: “The essence of entrepreneurship lies in the perception and exploitation of new opportunities in the realm of life”. Hartmann (1959) tries to distinguish between what is to be considered as the work of an entrepreneur compared to the work of a business manager. He says:

⁸ Economic Development and Entrepreneurship

“Objectively, for instance, the data for production and marketing of an unknown product obviously cannot be known from experience, in the sense that this is possible for a production and marketing-organization which essentially concerns itself today with what it was concerned with in the previous year.” (Hartmann, 1959: 431)

Schumpeter’s view on business management has also been quoted in Hartmann’s (1959) article to be:

“It involves largely routine administration including decision making and the control of others. Managerial decision makers, however, simply draw conclusions from known circumstances, and the control function essentially consist of correcting individual aberrations from a predetermined course of events.” (Hartmann, 1959: 430)

Replacement time for the Entrepreneur

Fagenson (1990) discusses the situation some time after the initial phase of the business establishment (i.e. the product has been commercialised and even diffused in the market) is done and believes that managing the operations concerning the firm plays a focal role in the success of the business during this time. Based on this necessity for skilful management of the operations, it would be in favour of the company to replace its entrepreneur with a manager as the overall leadership for the enterprise is concerned. She considers that entrepreneurs are also not enjoying the new status of the company either, something that is rooted in their entrepreneurial personality. To Fagenson *the value preferences of entrepreneurs are at odd with the value system of managers*.

As a result of this change to the working ritual or with other words the absence of the entrepreneurial component that existed in their working environment and now is being replaced with management, they feel dissatisfied and demotivated. This is considered by Storey & Greene (2010: 298) as “the transition from entrepreneur to manager”. Due to this change and in order to avoid it affecting the company, some scholars came up with the solution that: “In order to grow, must the founder go” (Storey & Greene, 2010: 298). This view is widely shared among the scholars that sometime in the working operation when the scale of production has increased, it would be necessary to handover the job to an experienced business manager. Wasserman (2003) and Fagenson (1990) blame this on the fact that *the*

psychological system of entrepreneurs is different than the one for managers. Cressy & Hall (2006) also provide us with a rate of this replacement that is 32 per cent of founders i.e. entrepreneurs were replaced by business managers after the venture passed the initial commercialisation phase regarding the product/service.

Entrepreneur better suited for the leadership position

However, there is a counter argument against the notion that entrepreneurs are not suited well for the overall leadership position or even to remain in the firm they established. Storey & Greene (2010: 298) provide the reasoning that the entrepreneur who founded the company is like the parent to the firm and therefore knows better how to continue on the path of turning the firm into a growth business. On the other hand the entrepreneur who founded the business also usually owns a large stake from the shares of the company. And by leaving him on the leadership position of the firm, it could reduce the possible clash between the objectives of the manager and the owner. And we should not neglect the fact that entrepreneurs who their product/service reached the diffusion phase are good leaders, because first and foremost it was due to their leadership skills that the company achieved this progress.

Storey and Green (2010: 298) drew on the viewpoint of Covin and Slevin (1989) who proclaim that:

“They found that procedural managerial strategies worked well in benign environments, whereas being “light on your feet” was associated with good performance in a hostile environment. This finding chimes with simple intuition, but still highlights the point that if the external environment changes for reasons beyond the control of the business – for example, it becomes more hostile as a result of the entry of a new business – then the ideal managerial skill set also changes. In short, a good manager in one context may prove a bad manager in another.”

Grant’s (2010: 143) credence on this issue is that “appraising resources and capabilities is not about data, it is about insight and understanding”. An important issue, which somehow is being neglected, is that the entrepreneur knows his product or service from inside out. In case of any malfunctioning of the product, the company will resort to the entrepreneur for help and guidance. Even when it comes to further development of the product, the entrepreneur could

be a reliable choice. With other words who knows the product better than the one who created it?

Product champion

D. A. Schon was the first person that came with the idea of product champion in 1963. Schon demonstrated that as a matter of fact innovations possess a certain degree of novelty, which would be challenging “the accepted ways of doing things and the long established skills” (Schon, 1963: 83). Commercialization work is also a demanding hard work and the people involved in this activity should show persistence and steadfastness against all the possible difficulties that may arise along the path of innovation. As the work is known to be heavily loaded with different types of obstacles, Schon suggested that the job should be handed over to somebody that could deliver, somebody who would be ready to go through hardship and not give up in the middle of the road. He or she earns the title to be called a champion. Smith (2010: 233) considers a product champion as: “Someone who will act as an advocate for the innovation, prepared to support and defend it even in the most difficult circumstances”. Schilling (2010: 243) also uses this term and argues that the product champion should be someone from the same firm who is able and willing “to champion a new product development project”.

The product becomes as entrepreneur’s own child

When it comes to the discussion of who should lead the firm after it became more established, Storey & Greene (2010: 298) consider entrepreneurs to be a good choice, for the reason that: “It is their baby” and therefore they are ready to sacrifice more for its sake.

A counter argument against usefulness of product champion for a firm is presented by Schilling (2010) where she reflects on the possible risk that because the product champion may create such a deep feeling to the product that he might think the product is his baby. And as a result he gets *zealous*⁹ about it and does not want to give it up at any cost. Here, Schilling (2010) suggests the development of anti-champions in the form of staff members who play the role of devil’s advocate. According to Schilling the fertile ground for the development of

⁹ My emphasis

constructive project champions and anti-champions is an open corporate culture receptive to criticism and dissent. The application of stage-gate process in order to know when to take the go/kill decision is also advised. (Schilling, 2010)

Entrepreneurs usually want to bring the venture under their control

According to Chen et al. (1998) “The entrepreneur may be avoiding company growth for fear of losing control”. Storey & Greene (2010: 295) also made a similar remark in this concern: “Businesses relying heavily upon internal funding are more likely to be managed by an individual concerned to maintain internal control of the business. In contrast, businesses that grow are characterised by owners who are prepared to release some control of the business in return for growth.” These two quotations clearly indicate the existence of managerial mistake in relation to commercialization strategy that the leader of the company may commit. It could also be argued that due to the extreme attachment and bond that exists between the entrepreneur and his company, he is ready to sacrifice financial benefit in return to not lose custody over his child, i.e. his company.

Formalities; a Yoke on Entrepreneurs’ Neck

Storey & Greene (2010) believe that unincorporated companies are being less scrutinised compared to the ones with the limited liability legal form. One type of these scrutinise happen through analysing the company’s business plan. They are on the idea that despite the benefits associated with writing of a business plan such as eligibility for receiving financial support by banks and other organisations, there are also many downside effects accompanying it. To them (i.e. Storey & Greene) writing a business plan is as a trade-off scenario where the entrepreneur either uses time writing how he is planning to pursue his business idea or he spends the time effectively on actually doing the job and realizing that business idea. But they also acknowledge the necessity for presenting such a plan in many organisations if the entrepreneur is in need for financial support. (Storey & Greene, 2010)

On the other hand, there are also external agencies that could undertake the job and write the business plan instead of the entrepreneur of the firm. Honig and Karlsson (2004) in their study found that the number of entrepreneurs in possession of a formal and standard business plan is about 23 per cent.

Large companies stealing start-up's idea

Ries (2011) agrees that large established companies constitute a vividly viable threat for the start-up firms when it comes to stealing their ideas. But he reiterates that it is not an easy task to steal a good idea, since it is difficult to notice and screen brilliant ideas from simply good ideas. He is of the opinion that most managers in most companies are constantly overwhelmed with ideas that are good but not excellent. The screening challenge performed by prioritization and execution of ideas provides start-ups room and hope to survive and grow. According to Ries (2011) the challenge most start-ups face is to make their product, company or even idea be noticed by anyone. Therefore, the chances are slim that the one who would notice all the potential a product or idea has to be also your competitor. The issue of resources play also a major role in reducing the risks of an idea to be stolen. On the other hand Ries (2011) emphasises that once a start-up achieved success competitors will swiftly follow the start-up. (Ries, 2011)

3.1.5 Discussion (Fras)

Entrepreneur's lack of financial assets

I would like to reiterate that the point raised by Masoud, i.e. the scientist and developer of Fras' main product seemed to me to be quite logical concerning the knowledge of entrepreneurs about the financial resources that are available to them prior to their engagement with entrepreneurial activity. However, I decided to put the issue on hold for the time being and adhere to the advice Masoud gave me, namely looking for other possible problems that entrepreneurs could face that are more unpredictable in nature.

In the theory section, I identified some of the downside effects that exist in relation to writing and having a business plan. Fras was fortunate to have the financial and expertise resources (i.e. profession people who could write the business plan) and thereby delegated the task to an external firm. This saved time especially for Sølve and paved the path of Fras to acquiring

financial resources. And the reason behind this decision to handover the writing of the business plan to an external party besides saving time could be knowledge about writing the plan in the way that it would meet the demands set by the fund providing organisations. I did not receive a clear response from Sølve on this issue. However, as the study conducted by Honig and Karlsson (2004) stipulated only 24 per cent of entrepreneurs possess a formal and standard business plan.

Business manager replacing technical entrepreneur

The theory subchapter of Fras dealt predominantly with the subject of entrepreneurs and business managers; what are their definitions; how to distinguish them from each other; the replacement of an entrepreneur by a business manager and more importantly *the timing* for such a replacement to occur and so on and so forth. But the literature seems to be dubious in this regard as it both advocates and deters such a move to take place. What follows is a closer look through the prism of literature at Fras in relation to the substitution of Sølve with a business manager.

Now I would like perceiving the scenario where a business manager would have replaced Sølve, the entrepreneur of Fras. As a matter of fact this actually happened in 2008 and continued for two consecutive years. The result of this as Fras' employees told me was the expiration of the DynaSamp's patent in 2010 without any change in the rate of the device being sold and also not having developed the device further. According to the Hartmann (1959) Schumpeter described the duty of a business manager consisting largely of routine administration and decision-making based on known circumstances and also controlling of others in the form of rectifying individual errors from a predetermined course of events.

But Fras' course of events led the Company into making a modest amount of profit. In fact it was announced in 2014 on Fras' webpage that the Company has sold around 1500 units of DynaSamp thus far. This would make 1500 units since 1996 when Sølve established a spinoff from Det Norske Veritas. The Company's prosperity level was so shady that the Company even filed for bankruptcy in 2005. When it came to controlling of others, again according to Fras' staff the business manager only tried to cut expenses, especially funds for further

advancement of DynaSamp. Therefore, I would not consider that the year 2008 would have been the correct timing for Frås to replace its entrepreneur with a business manager.

Fagenson (1990) prescribes the correct timing for the replacement of entrepreneur with a business manager being some time after the business has been established. Frås replaced its entrepreneur with a business manager many years after its establishment, at a time when Frås' DynaSamp had reached the markets. However, market capture never occurred and the product did not diffuse in the market in the scale and quantity people at Frås had hoped for.

Some scholars even consider the expulsion of the entrepreneur to be essential for the progress of the business. The viewpoint of these scholars is that when the scale of production rises, then the entrepreneur is no longer capable of handling the situation and should be replaced by an experienced manager. (Storey & Greene, 2010) But then one question is left unanswered; are these firms going to sit on their innovation and not further develop it that they find the presence of their entrepreneur unnecessary?

In 2008 Frås faced a unique situation. The patent of DynaSamp was going to expire in two years time. Frås was short for NOK 5 million. The company who was going to provide the loan had conditioned it under several demands, that one of them was the replacement of Sølve with the business manager that the company introduces. Despite all the limitations placed around Sølve, because he sensed the threat (Smith, 2010) coming from the expiration of DynaSamp's patent (Schilling, 2010) he decided to carry on with the work on DynaSamp's related diversification product that functioned as a complementary device to DynaSamp. For this reason Sølve is a favourite choice for the "product champion" title. (Schon, 1963)

Back to our discussion about entrepreneur leaving the company he grounded (Storey & Greene, 2010), even if the entrepreneur who functions as the top leadership had not been required to leave the company, his replacement with a business manager would usually remain problematic. Fagenson (1990) also asserts that the *value preferences* of entrepreneurs do not correlate with the *value system* belonging to business managers. There could also be differences in relation to their *psychological systems* (Wasserman, 2003) that make the coexistence difficult and provide the fertile ground for organisational misfit (Johnson, 2011: 332). The misfit showed itself at Frås in the sense that Sølve could not cooperate with the business manager, something that resulted in two years of arguments and unfruitful relation.

Shifting Frås' top leadership position from the entrepreneur of the Company to an imported business manager from July 2008 to August 2010 also did not bring prosperity to the Company. Sølve's standpoint is even a more negative one. To him those two years were a setback as the development of DynaView and the expiration of DynaSamp's patent is concerned. ***On the other hand, especially regarding the case of Frås the entrepreneur seems also to be dysfunctional, as the Company has not yet made any huge progress in any market.***

As Storey and Green (2010) maintain the entrepreneur who founded the company perceives also a parenthood type of responsibility and claim towards the firm. As a parent he also knows better what is good for his child. It was due to Sølve's expertise that he came up with the idea of a related diversification product to DynaSamp and by this not only revived DynaSamp, but also brought sample-taking to a whole new level i.e. online sample-taking. Moving towards the direction of replacing the entrepreneur could also result in conflicts between the entrepreneur and the firm itself as the literature confirms the zealous attitude stemming from the parenthood trait that entrepreneurs usually evince in relation to their product. Even if the transition occurs in a smooth way, in case of future technical problems that the product or firm may face, the entrepreneur is a reliable source to approach as he knows the product inside out. As a parent the entrepreneur is also aware that the focal factor he needs to focus on is first and foremost the survivability (Grant, 2010) of the enterprise. Therefore, he does everything that is at his disposal for the survival of the company. For instance Sølve refurbished the hydraulic system of a ship and spend the entire NOK 25 million he earned on reviving Frås from bankruptcy and development of DynaSamp.

The expiration of DynaSamp's patent was not a simple problem for Frås. As Storey and Green (2010) reflected the finding of Covin and Slevin (1989) that managerial strategies may work well in benign conditions. However, the situation may undergo some changes and then the question is that to what extent could the managerial strategies cope with the new environment. If Sølve had left Frås, how likely was it for the Company led by a business manager to find a remedy for the expiration of DynaSamp's patent. ***One may argue that if a business manager led Frås, then the Company may have made a fortune before DynaSamp's patent expired.*** This is a debatable scenario that for the time being I cannot claim to be in favour or against it.

But the realities on the ground exert that DynaView, which was developed by Sølve to cope with DynaSamp's patent expiration earned more than NOK 16 million for Fras as this product won the first prize of Demo 2000 competition in Norway. Fras had never earned such a huge sum of money solely from rendering of its products. Sølve, the entrepreneur of Fras also managed to legally block all the possible ways of earning profit for those who may attempt to copy DynaSamp. This was achieved since DynaView that is a more advanced version of DynaSamp is protected and the U shape movement of liquid inside DynaView, which is a feature of DynaSamp is also patented. As Ries (2011) mentions large established firms constitute a threat for small companies. And once the idea of these small firms receives prominence it will attract competitors to follow suit. This as fact has also troubled Masoud, the main scientist at Fras who constantly tries to caution Sølve about the large companies who cooperated with Fras in production of DynaView. Because now that DynaView has also won the Demo 2000 prize as Ries (2011) highlights the threat of competitors become more eminent. But Sølve is confident that the patents he has registered for DynaView in the form of design and the technology is able to deter competitors from attempting to copy DynaView. However, all this is achieved due to the insight and understanding (Grant, 2010) Sølve had about DynaSamp, which led to making the DynaView in a way that its design, configuration and technologies be protectable under intellectual property rights in the form of patents. The patents of DynaView indirectly also protect DynaSamp from being copied.

Technical entrepreneur's inability to sell products

The task given to me by NMBU during my internship at Fras besides providing a thorough analysis of the Company, it was predominantly about comparing the leadership position at Fras with a company I worked for in Iran. As mentioned before and based on the literature provided in the theory subchapter, I identify Sølve to be a technical entrepreneur. On the other hand, the company I worked for in Iran, based on the same definition of entrepreneurs vis-à-vis business managers also belonged to the category of technical entrepreneurs. However, that technical entrepreneur who founded the company some 20 years ago unlike Sølve did not have any kind of technical expertise when it came to the production of filters, screens and structured packings (i.e. the main products he produced).

He was a profound salesperson. One could have talked with him about the technical details, but soon it would be revealed that he does not possess enough knowledge regarding the technical aspects of his products. He always diverted the technical issues to his son in law, a skilful engineer. But *the technical subjects were discussed only after this Iranian entrepreneur was assured about the lucrativeness of the business idea in markets*. Even then, he was not so interested to know about all the technicalities of the product. The focal factor to him when it came to technical side of the idea was to find out whether the idea was technically feasible or not. Based on this argument, *I refrain from drawing any type of general assessment that technical entrepreneurs are not able to sell their products*.

Business managers more interested in commercial issues

and

Technical entrepreneurs more interested in technical issues

As I faced a deadlock about these two aforementioned points that had struck my mind during Fras' case analysis, I decided to put them on hold and see how the events will unravel in the future.

3.1.6 Conclusion Fras Case

The justification for bringing up a conclusion section at the end of Fras' discussion subchapter is to cast light on the subjects that occupy my mind thus far into the thesis. For the time being I have not orchestrated or even come close to any clear idea that should be the possible research problem for my thesis. I firmly believe that the task NMBU gave me for my internship period at Fras has had a direct influence on coining the theme of comparison between entrepreneurship and management. Although at the time I left Fras, I had not decided that I would use this comparison as the subject of my thesis, but I was seriously considering focusing on the *overall leadership* as it was suggested by NMBU to be the *research area of*

my thesis. The way the discussions unfolded especially regarding *the replacement of the technical entrepreneur with a business manager and the timing* for such a move to take place has just left me with a bundle of confusion. I also did not find any clue on how to pursue the claims that business managers are more interested in commercial issues and entrepreneurs having the same type of appetite in relation to technical matters. Therefore, I decided to go grassroots and stick to my initial goal that triggered my enthusiasm about Fras, namely *what are the biggest problems hindering innovations to succeed?* However, as I proceeded with the interviews, a flicker of light started to appear and the topics and discussions I had with the interviewees illuminated the path for my research.

3.2.1 Interview summary

Tom & Mary Poppendieck¹⁰

Holding Entrepreneurship workshops throughout the world

Here follows a brief summary of the views of Tom & Mary Poppendieck on the subjects discussed during the interview. The reason I chose this explanatory format to summarise their views instead of using the usual bullet-point method applied to other interviews was due to the way the interview was conducted. I interviewed them both simultaneously, as it was their choice in order to first be able to complement each other and also take short breaks while the other person is speaking.

Tom and Mary Poppendieck are both American citizens. Tom has a Ph.D. degree in physics and Mary has a Master's degree in mathematics. Tom has been giving lectures in electronic courses and computer programming and was a university professor before he switched his job to work as an engineer for some companies such as Honeywell, General Electric and some other companies before he retired in 2002. Mary has worked for companies, mainly computer programming companies or producers of electronic devices, like for example 3M. Mary also

¹⁰ Unlike the other interviews, I did not present their views in the form of bullet-point. The reason for that decision was that they were interviewed simultaneously.

retired in 2001. By then Mary had written her first book concerning the right way to do software development. Ever since they retired in 2002, they have started to hold workshops in relation to innovation and entrepreneurship all around the world. The interesting thing to me about Mary was that she has even performed the role of a *product champion* for a printer project during the time she worked for 3M company.

Mary considers the biggest challenge of entrepreneurs in relation to innovation activity to be making sure that the product of entrepreneur is what the customers actually need. She considers knowing the degree, which there is demand for a product or service in the market to be the biggest challenge for entrepreneurs concerning commercialization of their product. She thinks that company failures throughout the world are mostly caused due to the fact that the market does not want the product produced by that company. She thinks there are rare cases where the company failure was due to the failure of the product to function as it was proclaimed that it would and malfunctioning problems. Mary believes that the wrong evaluation of what the market needs is the prime drawback that challenges the commercialization of products.

Tom believes the fact that the entrepreneurship is technical is an accidental issue and there are no differences between an entrepreneurial act concerning a technical product or any other type of product. He as well as Mary recommend “The Lean Startup” book written by Erik Ries to deal with this particular problem. ***Tom is on the opinion that the hardest part in relation to innovation is identifying a real problem that potential customers are struggling with and to offer a viable solution for that difficulty. In his eyes the solution must be commercially viable and address a real need of the customers. Tom is of the opinion that the real problem is not the technical part, because there are thousands of people who can find a solution to technical problems. It is all about the need among potential customers and whether that need is big enough to support a business.***

Tom has a similar view like Eric Ries on the issue of market research for new ideas to conduct cheap and quick experiments as part of the market research activity prior to full-scale production. And he suggests this for prototype of products or even as early as the time that the idea has not been fully developed yet. By following this procedure, the entrepreneur understands the need in the market and then can address the need better. Tom considers that in the past it was quite popular that entrepreneurs spent all their capital trying to build the product perfect but when they were done, to their astonishment nobody wanted their product because they had neglected to address the need in the market. And this would waste the time of many people. He considers this to be as a direct result of separating invention from commercialization.

Mary and Tom both are of the opinion that ***considering the need of the market should start from the beginning of the project, i.e. starting from the time one gets the idea of developing a product or service.*** Through the *feedback* one receives, he will learn new things and could implement them in the project. This results in changing the initial idea. However, *if the idea remains the same, it also indicates that you have not learned anything.* That would make it unlikely for your product to succeed in the market. *Tom’s suggestion is to drop the idea and go and stick to a problem that already exists in the market. Since if there is no problem, then likewise there would be no market for a solution addressing that problem.* If you misunderstand the problem, then there would be no market either. One of the best probes for testing whether a market exists is by *testing whether people are ready to pay for that irritation to go away.*

Tom and Mary view innovation not happening in phases. Or better said: there is no distinction between the invention and commercialization in terms of different phases. They believe that these two are fully intertwined and the innovation act is an integrated path consisting of invention and commercialization. Tom believes that it is wrong to first develop an entire product and then see if there is a market for it. Mary and Tom delved into the depth of the subject matter about whether commercialization occurs in a phase distinct from the invention itself or not. Tom proclaimed there is no magic marketing organisation process that could turn an already existing product (that is not so great in the eyes of the market) into a product that is close to perfect from the market's perspective.

Mary used the example of Dropbox to explain that there is no such a thing as commercialization occurring in a separate phase distinct from product development. Tom also argued that this idea sounds as a theory produced and imagined only in the academic world and in reality the events happen differently. Mary emphasises on the significant, decisive and uncompromising role the idea plays in innovation. She asserts: *“There is no phase called commercialization or selling. Let us run an experiment. Let us see how it goes. That is how most software works. It grows from an idea”*. She believes in the modern economies one has to just make a very simple version of the product/service available and then if it is a viable idea it will grow and you just modify it as you learn about what the customers want. Both Mary and Tom were staunch advocates of Eric Ries' launching a start-up method. Tom believes that the term “commercialization” and the act of commercialization is out-dated and belong to the past and perhaps some few old companies are still pursuing that path.

I would like to present in full detail the following part of the interview as it made one of the cornerstones of this thesis.

“Ali:

Do you believe in “phase-development” like the “make-sell, make-sell” strategy you mentioned?

Mary:

In software I make a little and sell a little.

Tom:

The word “phase” is very old. It is very different than the idea of phase. Remember Mary said: “Make a little, sell a little”. Make a little, little different and see how it sells. Make a little more adjustments every time.

Mary:

The concept of what you call commercialization is absolutely different from what I call commercialization. I believe that the products shall sell themselves. If the products are good, they will sell themselves. They do not need to be sold.”

The view on whether commercialization and invention are two separate phases that follow each other affected to a great extent the whole interview. After that issue was settled, I tried to intervene the case of Frax Company into the discussion. This followed the suggestion by Mary and Tom that perhaps the initial, basic idea that Frax was built upon was not a good and long lasting **business opportunity**. In a way the market was not in dire need of their product. According to Mary, *perhaps they solved a problem, but not such a big problem in the eyes of*

the potential customers. And if as they proclaim it is a big problem, then why could they not convince others about it?

Tom’s suggestion to Fras was to give DynaSamp free of charges to some manufacturers. He suggested this is in order to find out whether there is a market for DynaSamp or not? And if there would be, then this act would promote thousands of customers to line up to purchase this product. Tom also followed Mary’s point of view regarding ***the initial idea Fras was built upon*** and asserted that the solution could be real, it could also be as you are saying that the problem is real, but “*the solution does not solve enough of the problem to be viable*”. Tom drew on the fact that *the solution Fras is offering to an assumable real existing problem is a **sampling** device and not a **preventing** one and “perhaps sampling is only a tiny part of the solution. That is not enough to motivate customers”*.

3.2.2 Coding of Tom & Mary (interview)

Mary & Tom (interview)	
<i>Major problems hindering successful innovation</i>	1- The need of customers 2- Focusing on the need of customers from the beginning 3- Invention and commercialization two separate phases of innovation

3.2.3 Analysis of Tom & Mary (interview)

The need of the customer

Both Tom and Mary consider addressing the need of the customer to play the most quintessential role for the success of the innovation. Mary asserts that knowledge about the degree that there is demand for a product in the market constitutes the biggest challenge for an entrepreneur. On the other hand, wrong assessment of that need is also a hazardous phenomenon threatening the very existence of the business. To Mary, company failures in

general sense are not caused due to product failure and malfunctioning of the product itself. However, misevaluation of the market is to be blamed for most of business failure cases.

Tom also agrees with Mary on this issue and suggests that in order to have assurance about addressing the need of the customer, one could focus on the problems already existing in the market. The person could offer a remedy for those problems. This strategy is safer than the one based on first creating need among potential customers and then trying to offer a solution for it. Since both Tom and Mary are staunch supporters of Eric Ries' Lean Startup method, they suggest that it is feasible to learn about a possible market for a solution offered to address a problem. In this way one could carry out market research to figure out the size and the amount of demand existing for a product that is made to eradicate a problem. Tom's opinion regarding the importance of finding what the market needs goes as far as he proclaims that when the need in the market is identified, then there are many who could offer solutions to overcome the technical challenges. To him there is even no difference between technical entrepreneurship and other types of entrepreneurship in relation to the importance of focusing on the need in the market. According to Tom, the best probe for testing whether a market exists for a problem or not is to check whether people are ready to pay money to get rid of the irritation caused from the absence of the product.

Focusing on the need of customers from the beginning

Both Tom and Mary are on the opinion that focusing on the needs of the market should precede all the other action in relation to innovation work. This means to study the need of the market from the time one gets the idea of producing a product. Tom discusses the method offered by Eric Ries in this regard which is based on conducting cheap and quick experiments to accumulate knowledge about the market for a product one is going to produce. However, it is essential to conduct market research *before* fully developing the product. According to Tom and Mary by following this strategy the entrepreneur could avoid spending all the capital he has on development and perfection of a product that there is no customer for it. Mary emphasises on the fact that the idea constitutes the cornerstone of the innovation activity. If it is wrong or is not good enough in the sense of the business opportunity it provides, then it could put the whole project in jeopardy.

Invention and commercialization NOT two separate phases of innovation

Tom believes that there exists no magical marketing process that could turn an undesired product for customers into something that the market would be receptive to. Both Tom and Mary proclaim that based on this argument innovation does not occur in separate phases of invention and commercialization. In their eyes separating invention from commercialization is the root cause for proceeding with bad ideas and eventually products, which are doomed for failure in the market. To Mary and Tom invention and commercialization are fully intertwined and should not be considered as distinct phases of innovation activity.

*Since Tom and Mary proclaim that invention and commercialization are not separate from each other, they also use this to back their argument for **performing market research on the idea and prototype of the product prior to its production**. Identification of the need of market also receives its prominence from the unity that Tom and Mary proclaim that exists between invention and commercialization during innovation. They overemphasise that **the market should not be detached from the development process of the product. The market is part of the entire process**. Mary uses the development of Dropbox as an example for her “make-sell, make-sell” strategy. She recommends making a simple prototype of the product and assessing the market’s reaction to it. If the market goes for it, then one just needs to modify the product based on the demand and feedback of customers. This method resembles Eric Ries’ “Build-Measure-Learn feedback loop” (Ries, 2011: 111).*

Since the customers are those who are expected to purchase the product in the future, it is essential to implement their demands in the product. Customers could become part of the product development process by offering feedback to the entrepreneur. This feedback illuminates the path forward for the entrepreneur. Due to this interaction with the market, the initial idea or prototype undergoes changes. Therefore Tom and Mary oppose the strategy used by some entrepreneurs who first fully develop the product and then try to commercialize it. According to Tom, this move would just drain off all the financial capital the entrepreneur possesses aiming at producing a flawless and perfect product without examining the viewpoint of the market. However, as the following passage of the interview exerts, **Tom and**

Mary do not claim that commercialization and invention are one activity. They are two closely related activities that come together and are merged into each other.

“Ali:

Do you believe in “phase-development” like the “make-sell, make-sell” strategy you mentioned?

Mary:

In software I make a little and sell a little.

Tom:

The word “phase” is very old. It is very different than the idea of phase. Remember Mary said: “Make a little, sell a little”. Make a little, little different and see how it sells. Make a little more adjustments every time.

Mary:

The concept of what you call commercialization is absolutely different from what I call commercialization. I believe that the products shall sell themselves. If the products are good, they will sell themselves. They do not need to be sold.”

Tom and Mary’s assessment of Fras and advice for it

I grasped the opportunity and brought up the case of Fras Company to Tom and Mary. Their opinion was that; chances are high the idea that Fras is built upon not to be commercially viable and even if it solves a problem, the magnitude of the problem is not huge. With other words the customers do not face a deadlock without this product and the absence of it would not have a crippling effect on the industry. Mary asks the question that if Fras’ product does in fact respond to a huge problem, then why could Fras not convince the market? Tom considers that perhaps due to the fact that the function of Fras’ product is sampling or with other words *identification of a problem* and *not prevention of it*, the market does not feel to be in dire need for acquiring it.

Tom suggests Fras to offer DynaSamp free of any charges to some of the leading sample producing companies that are active in the market for the purpose of conducting market research on it. The suggestion would also pave the way for the commercialization of DynaView. According to Tom, Fras could even provide assistance to these companies in order to facilitate copying the concept of DynaSamp. If DynaSamp is a good product, then these big players in the sample-producing market could expedite its diffusion in the markets.

As a result costumers of sample-taking devices would also learn about DynaView and its capabilities. As a result costumers may line up to purchase DynaView. This is due to the fact that DynaView is built on the concept of DynaSamp and its patents have not yet expired. However, if the major players in the sample-taking market would not show any interest to produce DynaSamp, then Fras could draw the conclusion that these products are not what the market demands.

3.2.4 Theory for Tom & Mary (interview)

Entrepreneur and commercialization process

Innovation activity usually constitutes a challenge to entrepreneurs. But what is innovation? Smith argues that innovation consists of invention and commercialization. He defines “invention” as “the *phase*¹¹ where ideas are turned into workable inventions” (Smith, 2010: 9). He also describes “Commercialization” as containing activities and processes that make the invention ready for the market, activities such as marketing, organisation, finance, as well as R&D activities. (Smith, 2010)

He continues by asserting that although “diffusion” is not part of the innovation, it is closely associated with it. He defines diffusion as: “the rate at which consumers adopt the innovation”. The following figure illustrates the relationship between invention, commercialization and diffusion with regard to innovation.

¹¹ My highlight



Figure 1: Innovation

According to Smith (2010: 9) “...commercialization is often a lengthy and expensive *process*¹² and many inventions, though they incorporate good ideas, never make it as far as the marketplace”. He defines the invention phase as: “The invention *phase*¹³ of innovation is the one that is most commonly associated with innovation. It is the phase where *ideas*¹⁴ are turned into workable inventions.” Smith (2010: 9)

Models of Innovation

Smith (2010) reflects on five closed models of the innovation process¹⁵. The following passages are about these five models of innovation process:

The generic model of innovation process enables us to learn about the different activities that are associated with innovation. However, it falls short in reflecting the range of different approaches that exist in relation to innovation. This is due to developments that have happened in the field of innovation during the past couple of years and as a consequence some newer models of the innovation process have come into existence. The following diagrams show the different stages of a generic model of the innovation process.

¹² My highlight

¹³ My highlight

¹⁴ My highlight

¹⁵ Closed model of innovation is defined as an innovation where only the internal resources of a firm have been used in relation to activities of the generic innovation process. (Smith, 2010: 121)

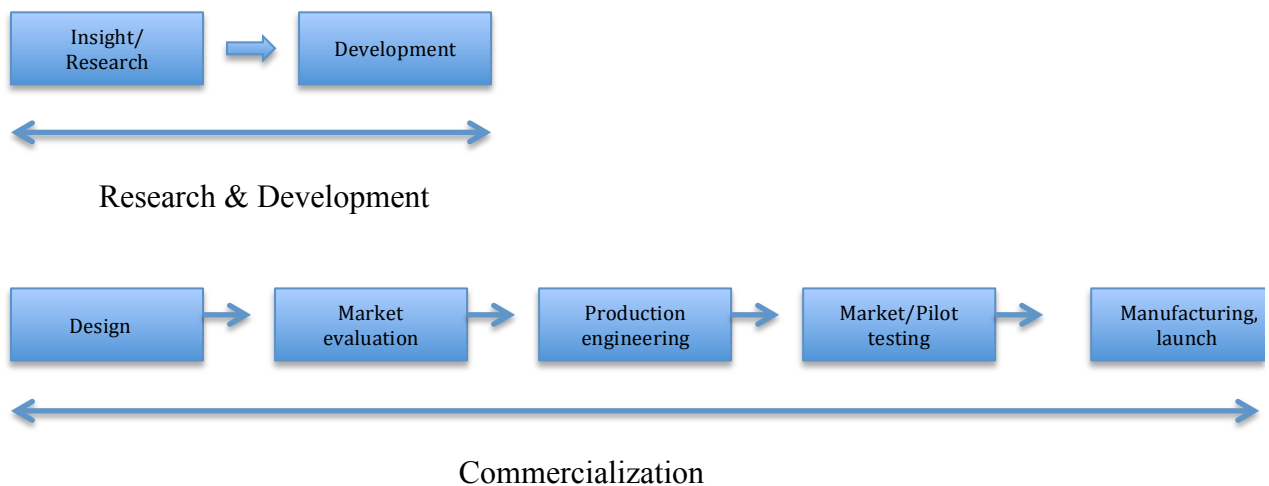


Figure 2: A generic model of the innovation process

The closed models of the innovation process are as follows:

1) Technology push model

It is somehow the traditional and classic way of innovation process. It is the generic model led by the developments in research and science. The model, which is linear and happens in sequences of activities that need to be accomplished before moving to the next stage advocates that spending more on R&D activity will lead to more innovation. (Smith, 2010)



Figure 2: Technology push model

2) Demand-pull model

In the demand-pull model, it is the market that is centre staged and a determinant for all the other activities, especially in concern with the source of ideas that will form new innovations. Consumer requirements in the form of market demand are driving the R&D activities forward. (Smith, 2010)

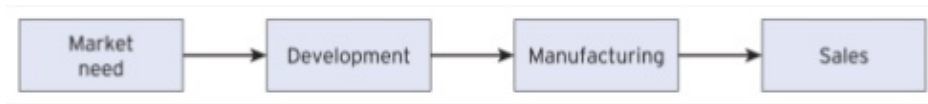


Figure 3: Demand-pull model

3) Coupling model

The two previous models of innovation process are limited by being linear and sequential. The department in each stage carries its work in isolation and without the involvement of the other stages. The coupling model presented here tries to tackle this problem by providing a more *cooperative*¹⁶ type of model where stages could benefit from the *feedback, guidance and help*¹⁷ of the others involved in the innovation process. (Smith, 2010)

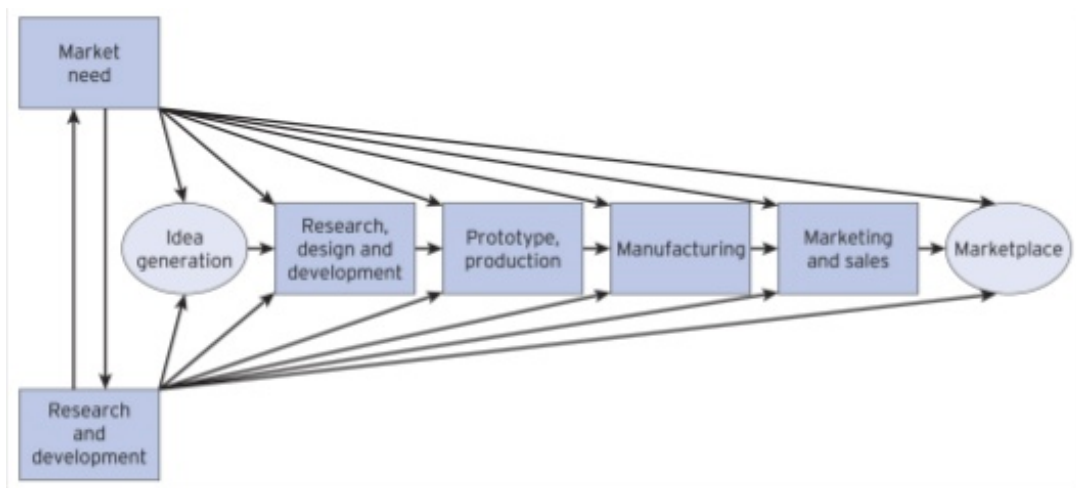


Figure 4: Coupling model

4) Integrated model

In order to put an end to the linear and sequential processes, and open the way for more *cooperation between the stages*¹⁸ new model for innovation has been introduced, namely the integrated model. In this model the different functions are brought and engaged in product development *from the start*¹⁹. With other words joint group meetings and activities that could ensure issues such as manufacturability are put into consideration *from the start*²⁰ of the

¹⁶ My highlight

¹⁷ My highlight

¹⁸ My highlight

¹⁹ My highlight

²⁰ My highlight

project. *As a result a product development that is team based becomes also a much more integrated process.*²¹ (Smith, 2010)

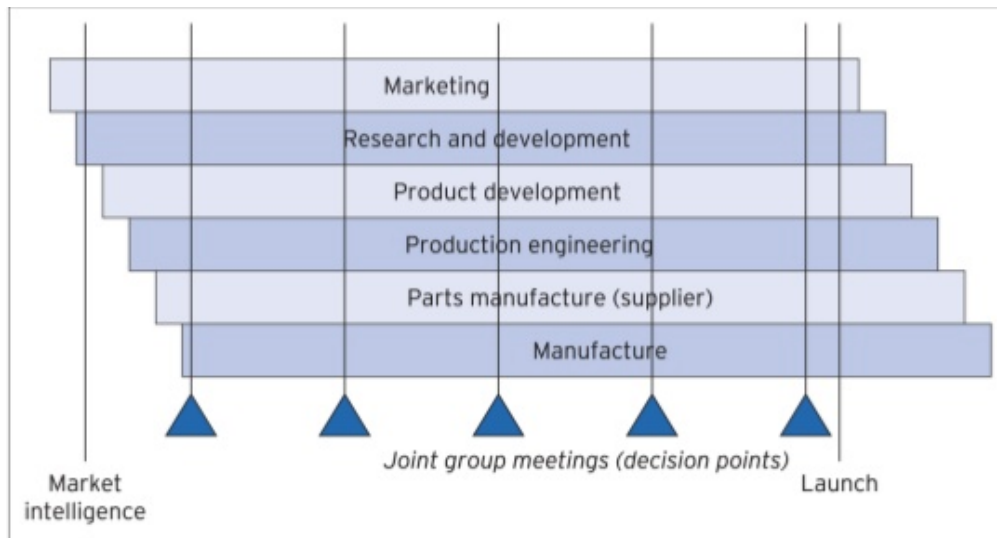


Figure 5: Integrated model

5) Network model

The network model shows the practise of some organisations that they do not rely solely on their own internal resources when it comes to innovation activity. In this model the organisation resort for help in the form of an extended cooperation with other organisations to have access to and also amid its desire use their resources. Therefore a network of external resources is also at the disposal of the entrepreneur. This network could be used for development of major sub-systems and components or in relation to the work conducted in some phases of the innovation process.²² In this model the companies take the role of systems integrator and they manage the integration of the development activities undertaken by the partners. (Smith, 2010)

²¹ My highlight

²² It is worth to note that Smit (2010) uses both the terms "phase" and "process" with regard to the activities that come under innovation.

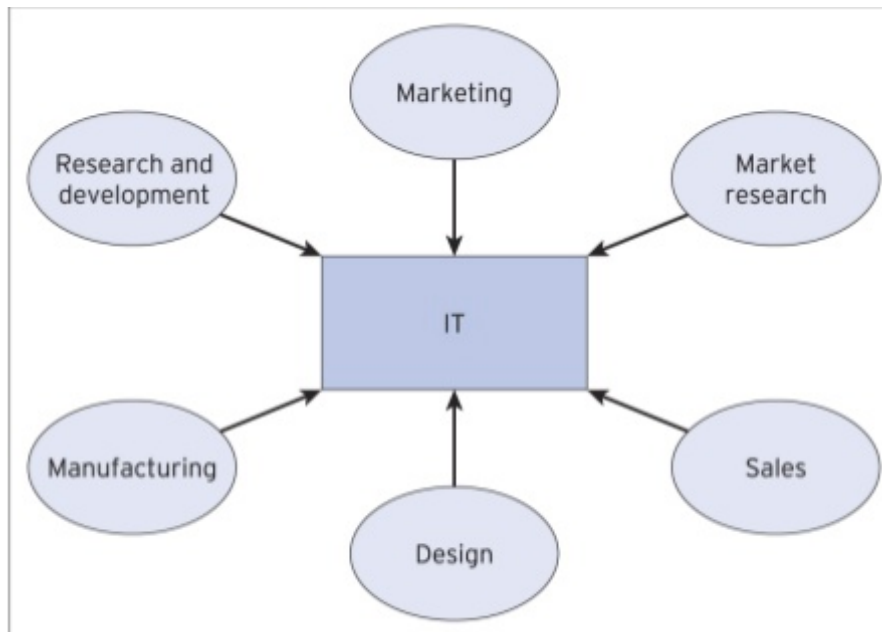


Figure 6: Network model

6) Open innovation model

In the open innovation model, the companies involved in innovation activity rely heavily on external sources for achieving innovation. Here the logic presented in the network model is brought one stage further, where companies use the external resources in two ways:

- 1) Either this happens through a licensing agreement where internally discovered ideas are sent to the markets via a third party in the form of an individual or organization. And it is up to that external party to develop the idea further or turn it into a marketable product or service ready for customers to purchase.
- 2) Or, the company itself acquires the license of a discovery or idea from external organisations for development. In this way subsequent development takes place internally by the firm using its own facilities.

(Smith, 2010)

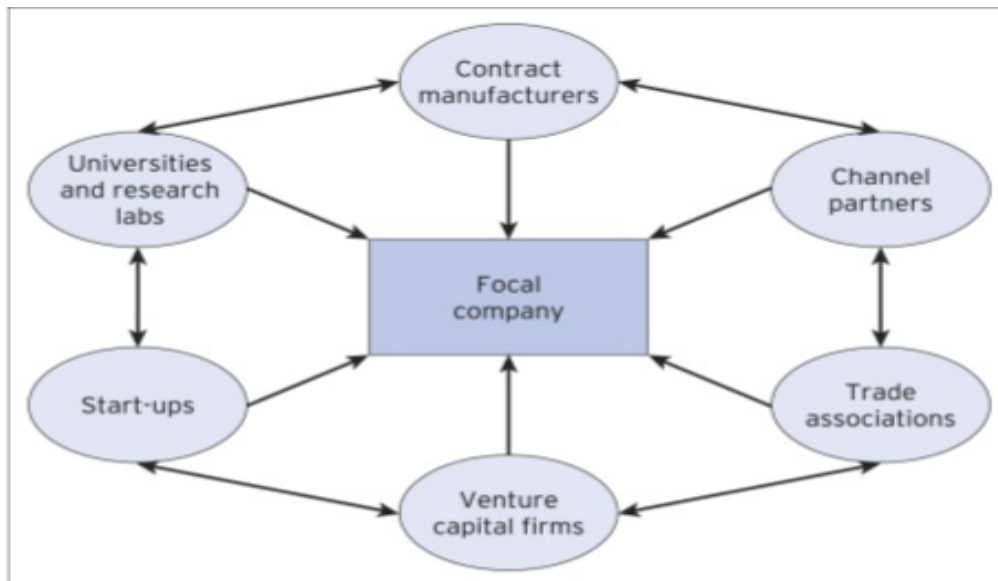


Figure 7: Open Innovation Model

Entrepreneurs; working trait

Byers et al. (2011) argue that *there is no such a thing as a rare **entrepreneurial gene***. Therefore, it is **possible to learn and master entrepreneurship**, which is a systematic, rigorous and organised discipline. One of the ample traits of entrepreneurs is that they identify opportunities and start organisations based on their own **skills, resources and desires**²³. (Byers et al., 2011) Selecting a **good opportunity** is the first important task for entrepreneurs. It becomes even critical when it comes to **differentiating** between **ideas** and **opportunities**²⁴. (Byers et al., 2011) In opposition to common belief, entrepreneurship is not about having a great technological idea. The essence of entrepreneurship lies in creating a new business that provides remedy to an existing **problem**²⁵. (Byers et al., 2011) Amid developing a theory for a new venture, the entrepreneur must be clear and convincing to other parties involved about who are the customers of the product or service developed and what are their **needs**²⁶ and **how will those needs be addressed**²⁷. (Byers et al., 2011)

*Entrepreneurs are considered to be those who identify **problems** and then provide solutions to those **problems**. For them possibilities are to be found where there exists **need** and every*

²³ My highlight

²⁴ My highlight

²⁵ My highlight

²⁶ My highlight

²⁷ My highlight

*challenge presents an opportunity.*²⁸ (Byers et al., 2011) The best determinant factor for considering the chances of an invention's success regarding innovation is the level that it addresses to a need. (Byers et al., 2011) Smith (2010: 12) argues that ***although invention and discoveries could be interesting to the technological community, but they are not releasing value as long as costumers have not started to purchase them.***²⁹

Innovation; divided into first idea development and then product development and launch

Roland Bel (2010) asserts that:

“The process of innovation is commonly viewed as being organised in two key steps: idea generation and conceptualization (the “front end”) and product development and launch (the “back end”). The first *phase*³⁰ is full of uncertainty and requires creativity and vision. The second *phase*³¹ requires discipline and efficiency, and, very often time is of the essence. ***These two steps obviously require different kinds of leadership but are inseparable and complementary in determining the success of the new venture***³².”

Minimum Viable Product (MVP)

Eric Ries (2011) considers the ***early phase of a start-up to be little more than a model on a paper sheet***. As it concerns the business plan of the company it could only include simple projections on the perceived number of customers, expenditure and the expected revenue and profit deemed for the business. This piece of paper is far too elementary than a standardised business plan. However, as noted it is for the early phase of a start-up.

²⁸ My highlight

²⁹ My highlight

³⁰ My highlight

³¹ My highlight

³² My highlight

Ries (2011) introduces the concept of MVP that is an abbreviation for “minimum viable product”. As its name conveys, even the most complex form of it is nothing more than a simple version of the actual product. But it could also be as simple as an advertisement. The purpose for its being is to carry out market research over it. It is a tool enabling the entrepreneur to begin the process of learning, especially learning from the feedback received from potential customers. Ries (2011) considers MVP to take the entrepreneur swiftly through what he calls “Build-Measure-Learn feedback loop” (Ries, 2011: 93). MVP tries to go against the traditional tide where the entrepreneur first finishes developing the product and then starts to check how customers react to it. Or as Ries (2011) brings it up, it is different than the traditional notion of engineering work where its motto is: “build it and they will come” (Ries, 2011: 97)

A problematic issue in relation to MVP is how many features of the actual product it should entail? As a matter of fact it is difficult for entrepreneurs to resist the temptation of overbuilding the product. (Ries, 2011) To clarify his point over MVP, Ries (2011) uses the example of Dropbox. He also acknowledges the difficulties existing in demonstrating the working software in a prototype form. But there would also be a worst-case scenario, namely awakening to the fact that nobody wants the product you developed throughout years. In the case of Dropbox, Drew Houston used a video clip as an MVP to showcase Dropbox.

3.2.5 Discussion of Tom & Mary (interview)

Focusing on the need of the costumer

In the interview with Tom and Mary they reflected on the issue of the initial idea and insight that causes the entrepreneur to produce a product. They assert that if the initial idea is not a good business opportunity then the cornerstone of the product is placed wrong, something that could cause the whole innovation end up as a failure. In order to prevent this they pointed out to the *need of the market*, something that they consider to be the most important factor that an

entrepreneur has to pay attention to prior to the product development. Mary also emphasises that the wrong assessment of the need could pose an equal or sometimes a graver danger to the success of innovation. As I drew on the viewpoint of Byers et al. (2011) they also emphasised that selecting a *good business opportunity* is the first major task of an entrepreneur. Byers et al. (2011) also insist that *the delicacy of the task lies in differentiating between business ideas and business opportunities*. For this reason both Tom and Mary and Byers et al. (2011) suggest that it is safer that the entrepreneur focuses on the *problems* that already exists in the market. *In this way he could be assured that the innovation aims at responding to an existing and viable market need, something that creates a business opportunity.*

Invention and commercialization two separate phases of innovation

Tom and Mary insisted that innovation activity is not divided into different phases and there is no separation between invention and commercialization. According to them invention and commercialization activities for a product happen simultaneously. However, as the quoted segment from their interview in the analysis section shows Tom and Mary insist on the inseparableness of invention and commercialization because they want to avoid the problems that segregating them could create. As a matter of fact they are also aware of the phase distinction between invention and commercialization work, something that Tom acknowledges in the quoted part that I highlighted in the analysis section. However, due to the disastrous consequences that first finalising the invention part of a product and then starting the commercialization work could bear, Tom and Mary insisted that there does not exist any distinction between invention and commercialization and they do not occur in separate phases.

In order to cast light on this issue, I brought up the discussion of the models that are perceived for innovation in the theory section. Smith (2010) and Bel (2010) state that invention and commercialization are different phases of innovation. However, in some models dedicated to innovation, one could argue that invention and commercialization although belonging to separate phases are so intertwined and merged into each other that one may consider them to be one activity. However, integration of the phases into each other does not mean that they

also happen simultaneously at the same time, even if the amount of time passed between them is short.

The business idea comes prior to other parts of the innovation activity

The market is involved in all the models designed for innovation from an *early stage* in the process of innovation. After studying the models of innovation and also Tom and Mary's insistence on the importance of the initial idea, I realized that all models of innovation start with a *business idea*. Even in the technology push model where innovation is triggered by a scientific idea, that idea is sent to the market to be hammered out there. Smith (2010) also defines the invention phase of innovation to be the phase where *ideas*³³ are turned into functioning inventions. Therefore one could infer that the concept of idea comes prior to the invention phase. It is important to pay attention to the existence of a double arrow in Figure one dubbed "Innovation" in the theory part. This arrow is indicating the interchangeability of the position of invention and commercialization activities and even activities in relation to diffusion when it comes to innovation.

No replacement for entrepreneur with a manager, but cooperation

An important question that was left unanswered in Fras' subchapter was the issue of the timing for replacing the technical entrepreneur with a business manager. In the theory subchapter of Fras, we also discussed about the viewpoint of Fagenson (1990), Storey and Greene (2010) that at a time when the scale of production has increased and the initial phase of business establishment has passed, it would be necessary to handover the job to an experienced business manager.

³³ My highlight

As noted in the theory section of Tom and Mary's interview, Bel (2010) divides the process of innovation into two parts where first comes idea generation and conceptualisation and then comes product development and launch. He states that ***these two steps require different kinds of leadership. Bel (2010) emphasizes that despite the fact that these two steps belong to different phases of innovation, but they are complementary for the success of the innovation. Therefore, they should not be separated from each other.***

Smith (2010: 159) argues that it is likely that the entrepreneur or the venture that developed the technology or the product does not possess enough knowledge regarding commercialization. His argument is that ***those involved in technology and product development are generally scientists and technologists who do not have the needed knowledge and expertise in relation to manufacturing, marketing and distribution of the product.*** He thinks that this would not constitute a big problem for large firms that are present in the industrial scale. Smith (2010) asserts that the scientists involved in the R&D sections of large firms do not have proper knowledge concerning commercialization work and that does not pose any especial threat to the organisation since there are other divisions for carrying out these activities. However, this becomes a different storey when the firm involved is a small one in size. Since usually at the small enterprises, individuals undertake different duties and quite often the entrepreneur is the same person who has started the venture. (Smith, 2010: 90)

There are scientists who work in the R&D sections of large firms that according to Smith (2010) they do not necessarily possess especial knowledge regarding marketing and commercialization. These firms have their own marketing sections and entrepreneurs and business managers cooperate with one another. ***I thought that since this cooperation exists in large firms then something similar could also be performed for small businesses.*** Storey and Greene (2010) discuss intrapreneurship to be the mimicking of stylised behaviour of the small firms by the large ones. It also happens when the staffs of a large organisation act entrepreneurially. Ries (2011) asserts that sometimes entrepreneurs that work in an established business are given the name "intrapreneurs". This title is given to them due to the especial conditions and circumstances that follow the building of a start-up within large firms. I thought that if a sort of cooperation exists between business managers who are engaged in commercialisation and market research sections of large organisations and entrepreneurs who work in the R&D sections of these large organisations, then it would be useful to mimic their

stylised behaviour and apply it for small enterprises. This could be called “*inverse intrapreneurship*”. However, due to the downside effects that I have reviewed in Fras’ subchapter, perhaps the cooperation could be done in the form of consultancy and assignment of certain tasks. With other words, it is possible that instead of replacing the entrepreneur with a manager, they start cooperating from an early point of the project development i.e. from the time the entrepreneur comes to the idea of producing, further developing a product or offering a service. This could be carried out in the way that the entrepreneur seeks for business and marketing consultancy from a business manager. Ries (2011) suggests the application of MVP in relation to carrying out of market experiments on a primitive version of the prototype. *They could even focus on the bare idea itself* as Ries (2011) used the example of a video clip as the MVP for Dropbox.

Application of MVP for patentable products

However, I am not sure whether MVP could have been used for Fras or the degree that Fras could have applied an MVP for carrying out market research. As Ries (2011) himself draws on the risks involved for using an MVP for start-ups that rely on patent protection. The threat comes from the way current patent law reinforces its protection. Based on the current law the filing for patent could begin as early as the time when the product is released to the public. Therefore, seeking legal counsel is highly recommended. But when I look at the case for DynaSamp that its patent expired without the product being fully commercialised and diffused in the market. And as far as Fras knows, no other producer has copied DynaSamp since 2010 that its patent expired. I also compare this with the remarks made by Ries (2011) that the deficiency of MVP could be that it presents the product to potential rivals. Ries’ (2011) other comment in this regard is that it is very hard for a start up to make its product be noticed in the market. In a sense there exists a trade off between risking the shortening the duration of the patent protection and using an MVP for market research practices. I personally would go for the latter and conduct tests on MVP.

Application of MVP to curb the emotional attachment of entrepreneur to his product

In the Theory section of the subchapter of Frasier's Case, I discussed the zealous attitude some entrepreneurs develop towards their product because they start considering the product as their baby (Storey and Greene, 2010), (Schilling, 2010). I came up with the correlation of the situation an entrepreneur faces regarding his product to the situation of a pregnant woman. In medicine it is possible these days to provide an assessment over the health condition of the embryo at an early stage into its development. This provides the option that in case the embryo is having a critical and fatal health problem, then it would be suggested to the parents to abort the embryo. Although accepting abortion may seem to be a difficult decision, something that the parents might be reluctant to take, but because the embryo has not been born yet and it is at an early stage to its development, maybe it would be easier for the parents to cope with its loss. Now if the same could be performed on the MVP of an entrepreneur where at an early stage into the development of the product, based on the viewpoint of market experts the entrepreneur could be informed that the idea or product he is developing has a slim chance for survival in the market, then it could be easier for the entrepreneur to deal with the loss of his baby too.

3.2.6 Conclusion for Tom and Mary (interview)

Thus far it has become evident the necessity that the entrepreneur should distinguish sheer business ideas from business opportunities. However, as Bel (2010) reiterated this move is a critical factor for the future success of innovation and it also needs a different type of leadership. Also as it was brought up by Smith (2010) and Ries (2011) the market should not be excluded from the process of product development. For this reason I came up with the idea that if the entrepreneur and a business manager could cooperate with each other from the beginning whereby the business manager would help the entrepreneur to screen business opportunities from business ideas then the chances for the innovation to succeed increase. This cooperation could be performed in the form of consultancy and market research on the new idea.

Based on the point I discussed about inverse intrapreneurship as a remedy to increase the chances for innovations to succeed, I decided to pick up someone who is familiar with entrepreneurs, intrapreneurs and business managers as my next interviewee. Torve Indahl, a business consultant who also performed as the head of the jury at Engineer House of Norway for the nomination of the winner of the intrapreneur prize seemed to be a proper candidate.

3.3.1 Interview Summary; Torve Indahl

Torve Indahl, who is currently partner at Iterate Company and was also *the head of the Jury for nominating the interapreneurial prize at the House of Engineers in Norway* which was held for the first time. *He has started up many companies* in the past that some of them currently exist and some of them no longer exist. *He studied economy and specialized in strategy, organisation and leadership. Most of the companies he started were technology-based companies. In a way Torve is a technical entrepreneur himself although he has not studied engineering or technic related subjects nor has he the background of working as a technician before starting his companies. He is also providing consultancy service to companies and individuals, who have started a business, are considering starting a business or are currently running a business.*

Trove considers two types of problems to be popular among entrepreneurs. The first is that *they usually do not follow the advice they receive*. Many reasons could be associated with this sort of behaviour, but the *entrepreneur's pride* could be blamed as the prime reason for it. Or *the entrepreneur simply chains himself to the idea* and does not want to break off. For most of the failure cases even the entrepreneur himself feels that there seems something to be wrong, but he insists on continuing to remain on the path he is walking in. Another reason could also be the fact that he has already gone a long distance and feels that it is not worth to return. Many times they receive loans from investors and then it becomes difficult to abort the project. The other problem is the environment surrounding the entrepreneur, an environment that does not want to change course although the entrepreneur is trying to convince them that the likelihood of failure is high for this project.

The following passages are a brief summary of Torve's remarks on the subjects discussed:

- ***Innovation*** is driven by two factors; either there ***exists a problem*** or somebody ***demand***s a new thing.
- It is important from who the entrepreneur receives advice. Family or close friends mainly due to the fact that they do not want to hurt the feelings of the entrepreneur or not having the required knowledge and expertise usually do not provide the best type of advice. ***Strangers are better in the sense that the advice could be considered to be more objective.***
- There are two types of business advisors; Those belonging to the old school and those who have a modern approach to the issue of entrepreneurship and innovation. I consider myself belonging to the second group. I have assisted many entrepreneurs, especially technical entrepreneurs and whenever I receive a case the most important goal I place for myself is to ***present the idea as fast as possible for a customer.*** The least one could get out of this is the ***feedback from the customer about the idea.*** In this way I could ***determine whether the idea represents a business opportunity*** or not. However ***there are few entrepreneurs that reach out for consultancy advice.*** This could also be blamed on the fear they have that maybe ***their idea would be turned down by the counsellor.*** ***They have invested emotions, money and time on the idea and now suddenly they find that it has not been a good idea all along the way.*** Fear of losing their idea in a way that somebody may ***steal*** it from them is also a fear existing among entrepreneurs.
- ***Some of the entrepreneurs also create such a close relationship to their idea that if somebody criticises their idea, it is as if the person has torn apart their character.***
- On the other hand, I believe that ***those entrepreneurs who dare to come out of the closet early on in the process of innovation; they have a better chance of success.***
- It is important to see the ***business idea just as a starting point.*** The person has observed a need, decided to address the need by idea A. If idea A is not working, one could ***learn from the feedback*** he receives and then could move to plan B, because the fact that idea A is rejected that in itself does not eradicate the problem. If it is a real problem, then one could try to take a different approach and try plan B.
- It is quite essential to ask for ***signing confidentiality agreements*** with whomever one is disclosing his idea or secrets to. This will even help entrepreneurs to trust the business counsellors.
- One of the problems of entrepreneurs in reaching out to business advisors for help could be that although ***they have accepted it from a logical standpoint, but they are still not emotionally ready for that.***
- ***In relation to technical entrepreneurs, sometimes the pride of engineers stands between them and business advisors. They may not like it that somebody tells them that commercialisation is not your speciality and let me be in charge of this. At least this is what I have personally experienced many times. Here there also exists the distinction between old school entrepreneurs and the modern ones. The majority of the old school entrepreneurs would not have a good feeling to handover responsibility of their project to others. But modern entrepreneurs by simply studying some entrepreneurial cases of for example Silicon Valley, they know that usually there are many people involved in the success of a case.***

- Nowadays exist many **modern methods**, which did not exist some few years ago. For instance Lean start up of Eric Ries. I also have developed my own method that I call it: “from idea to cash concept”.
- I consider the **application of new methods as tools for determining the demand in the market**. This will not be achieved unless by **testing and experimenting and communicating with the customers**.
- For the entrepreneurs the method I apply starts usually with a fairly long and detailed **discussion around the idea**, then we proceed to asking questions one has to respond to in a **business plan**. Questions such as who is the **customer**? Who is the **supplier**? Which **market** you thought to offer your product at? And similar questions. But the **most important question of them all would be finding the problem that the product is offering a solution for**.
- The reason I developed this method of asking questions and receiving answers, that in a way is like a business plan **in the form of conversation** is because I realised that **many entrepreneurs prefer talking to writing**. It is a type of customised service.
- **I personally do not like business plans due to their comprehensiveness and detailed account. It is not easy to constantly change a twenty-page document. And they are undergoing change all the time.**
- **To much method is also not recommended. Because it could create a gap between you and your customer.**
- All sort of entrepreneurs especially technical entrepreneurs approach me and discuss about their problems.
- I have gathered a team around myself consisting of: **project managers, business developers and business advisors**.
- The company I currently work for, Iterate is a **consultancy company** and is involved in developing lean software systems.
- I believe in having an experimental approach towards the business ideas, in a sense using the same principles that were used in the technology world and apply them to evaluate the business ideas.
- **“The biggest challenge to me is dealing with environment I am working at and also dealing with people who are not willing to accept advice and change. It is difficult to find people who are willing to accept criticism.”**

3.3.2 Coding of Torve Indahl (interview)

Torve Indahl (interview)	
Major problems hindering successful innovation	1- Entrepreneurs source of advice 2- Entrepreneurs fearful and reluctant to receive advice 3- The existence of modern methods concerning innovation

3.3.3 Analysis of Torve Indahl (interview)

Entrepreneurs source of advice

As Torve asserts there are many sources where the entrepreneur could reach out for advice. Family and friends although they are usually the first people the entrepreneur would discuss his idea with, but they are usually not a reliable source. They do not want to hurt the feelings of the entrepreneur or they do not have the necessary knowledge and expertise for this purpose. Therefore, Torve recommends the advice of strangers over the one coming from family and friends.

When it comes to professional advisors that one could reach out to for counselling on the issue of innovation, they are divided in two groups. In the first group one could find those traditional thinking advisors who have a more old-school approach to the issue of innovation. The second group consists of more modern counsellors. Torve categorises himself under the modern advisors. His strategy is based on *connecting the entrepreneur with a customer as fast as possible* because the minimum outcome of it would be *feedback of customer about the product or idea. This feedback determines whether the idea constitutes a business opportunity or not.*

Entrepreneur fearful and reluctance to receive advice

According to Torve *most entrepreneurs do not reach out for consultancy advice.* Torve believes that entrepreneur's reluctance and fearfulness to receive advice could be blamed on many factors. *The central reason to their fear is that the counsellor might turn down the idea that they have spent so much capital, time, effort and emotions on it.* The last thing an entrepreneur wants to hear from an expert is that he has been wrong all along the way. But there are also other reasons for instance the fear that their *idea could be stolen from them.* To remove this fear and also in order to boost the trust between counsellor and entrepreneur and whom ever the idea is disclosed to, signing of confidentiality agreements is highly recommended.

The entrepreneur may have accepted from a logical standpoint to receive professional help from a counsellor, but he may not be emotionally ready for it. In a sense the entrepreneur creates such a close relationship with the idea and his attachment to the idea becomes so strong that it is not simple for him to be detached from it anytime soon. In this situation *the entrepreneur takes any criticism on the idea as a personal and subjective matter*. Torve is on the opinion that *for most of the failure cases the entrepreneur knows that the project would lead to nowhere and it is not so that he needs a counsellor to inform him about it, but he has already gone far enough that makes his return costly and therefore he simply decides to continue hoping that the outcome would be different than what he considers it to be*. Many times the entrepreneur has received huge sums of capital from investors and therefore it is difficult to just simply abort the project. And also it is not just the entrepreneur that has to be convinced when it comes to aborting a project, there are many others also involved who have a say on this issue. Usually it is even not easy to convince those involved parties about minor changes in the structure of the project let alone aborting it or changing course.

Torve gives the entrepreneurs who dare to come out of closet as he puts it and receive professional advice have a higher chance for accomplishing a successful innovation. He emphasises that the business idea is to be perceived not equal to the end product, but it is just the starting point. Torve also explains the reasoning behind his claim for the higher success chance of entrepreneurs who receive professional help on commercialisation. He argues the entrepreneur who receives advice starts with a need in the market that has usually the form of a problem. Then he tries to offer solutions for that problem. If the market accepts his solution then he could move to the next level, if not then the entrepreneur could search for another remedy to tackle the problem. Because the fact that the market did not accept the first solution offered by the entrepreneur, that in itself does not eradicate the problem. The problem will continue its existence until it gets resolved.

The issue of personal pride also plays an important role in blocking the way of an entrepreneur to a business advisor. This pride could take the shape of engineering pride especially among technical entrepreneurs who dislike the notion that they should step back and let somebody else be in charge over their project and their idea. Torve divides the entrepreneurs also to the old school entrepreneurs and those who have a modern approach to

the issue. The majority of entrepreneurs who belong to the old school of thought are reluctant to handover the responsibility of their idea, product or project to someone else. But the modern entrepreneurs who have learned about the way entrepreneurship and innovation is being carried out at a place like the Silicon Valley, they not only are receptive to this gesture, but initiate it.

The existence of modern methods concerning innovation

Torve reflects on the development of new methods in relation to innovation. He himself admires the Lean Startup method developed by Eric Ries. However, this has not stopped him from developing his own method that he has given the name of “from idea to cash” to it. Torve believes that these methods provide a good tool for carrying out market research on the level of demand existing in the market for a special product through the feedback and communication with potential customers. He gave me a taste of his method nicknamed from idea to cash method. First Torve enters a deep discussion with the entrepreneur revolving around the idea that the project is built upon. The questions that he would ask later from the entrepreneur are similar to the questions existing in a business plan. However, they are simplified and to a large extent have even become user-friendly. But *the basic question Torve would ask entrepreneurs would be about the **problem** that the idea is based upon and the **solution** the product offers customers.* Torve’s conversational business plan was developed to address the preference some entrepreneurs have for talking instead of writing. ***Torve personally dislikes business plans, as they are in his view containing too much detailed information that is constantly subject to change.*** The following passage extracted from Torve’s remark as he describes the biggest challenges he faces in his work.

“The biggest challenge to me is dealing with environment I am working at and also dealing with people who are not willing to accept advice and change. It is difficult to find people who are willing to accept criticism.”

3.3.4 Discussion for Torve Indahl (interview):

After the interview I conducted with Tom and Mary who were holding workshops throughout the world and the issues we discussed, I concluded that the entrepreneur should test its idea in a market before he engages himself with the fully developing it. For this reason and the reason I mentioned in the previous sections, I came to Torve Indahl. But he claimed that entrepreneurs are not willing to receive advice and consultation. Torve mentioned several reasons for this.

An important issue concerning the working traits of entrepreneurs, as I showed in theory of Fras, entrepreneurs' work has more the form of ad-hoc however, managerial jobs have more the form of routine. If we consider conducting market research on a new product or an idea, this could constitute quite of a challenge for an entrepreneur as he may never have ventured into the territory of marketing before. But the same challenge could be a routine and known work for a business manager with years of experience in this field. Now the question that I have to find an answer for is how could entrepreneurs be motivated to receive consultation prior to them ending up with a fully developed product that there exists no market for?

3.3.5 Conclusion Torve indahl (interview)

In this interview I discussed the scenario where the entrepreneur seeks professional consultation regarding his idea. We also reviewed the importance and the focal role the idea plays in the future success of an innovation. The existence of modern methods that are applicable for understanding the market view on a product or idea was also one of the subjects brought up during the interview.

After this interview, I wanted to experience things first hand and see how entrepreneurs behave in reality. After I interviewed Torve Indahl, I participated at a conference dubbed "Iran's business opportunities". The conference was held and also organised by Oslo Handelskammer (i.e. Oslo Chamber of Commerce). In that conference I met many Norwegian entrepreneurs who were eager to conduct business with Iran. I also met Lars-Kåre Legernes

the Managing Director of OHK. He held a presentation at that conference regarding the different business opportunities existing for Norwegian and Iranian firms and the vast market available in both countries to be explored. I decided to ask him for an interview.

3.4.1 Interview Summary; Lars-Kåre Legernes

He has been the Managing Director of Oslo's Chamber of Commerce (OHK) since 2002. He has experience in a wide variety of managerial jobs in his career including working seven years in different divisions of Coca Cola Company, also working for Loreal; and also working for Oracle Company and at some other places. He has worked for about 20 years prior to becoming the Managing Director of OHK. He has a bachelor in Business Administration and a Bachelor in French Language.

Here follows a brief summary of the remarks made by Lars-Kåre Legernes:

- For some years ago we started to offer group discussions at OHK. The intention was to provide a place for new start up firms to come together and discuss about different issues of choice. *We thought that when companies recently start their activities, they are in need to have people to talk to about their problems. However, there was not that many start up firms who joined. Nowadays our members at the group discussions are firms who have been in the business for quite some years now* and they are ready for internationalisation. We gather about eight times a year for half of a day at OHK. The meetings consist of a variety of programs depending on the demand of the members. If they ask for a lecture in a subject such as for instance new tax regulations, then we could invite a professor from BI to give them a lecture on this. Or they could decide on discussing different issues among themselves. We are also ready to assist them in whatever way we could.
- We sign confidentiality agreements at our meetings.
- Each year we *invite some ten-investment firms* where entrepreneurs who are generally at an early stage of product development will come and try to receive financial assistance. We are also trying to bring the European Cleantech Conference here to Norway for 2016.
- OHK (i.e. Oslo Handelskammer) tries to facilitate the work of different companies towards growth and prosperity. We are recently trying to help a company called "Deep River". We helped them to connect with some of our business partners in Lithuania and they have recently had their first trial order there. OHK is also trying to connect them with firms in Canada, Sri Lanka and South Africa. NMBU was also involved in developing their technology.

- **Usually entrepreneurs are after financial and investment assistance.** They also ask for help concerning **internationalisation of their business.**
- ***The best way to reduce the element of chance in entrepreneurial work is by receiving advice from people with expertise in different areas. However, what we see is that entrepreneurs usually go their own way without paying attention to the advice of skilful people. It is also due to their stubbornness that they do not take on the advice that is offered to them.***
- *It is difficult to educate some of them about the difficulties that are associated with **international business.** Our advice has usually been focusing on the markets that exist in Norway. But **Norway's market is not such a big market** and when a company wants **to test its product at bigger markets,** then we advice to bring the product to Sweden.*
- There are many organisations in Norway that **offer assistance to entrepreneurs.** For instance **Innovation Norway, Connect Norway, The House of Entrepreneurs, Mash** and etc.
- **Entrepreneurs are usually after both financial support and business advice.**
- Entrepreneurs need three things to succeed commercially: 1) *A unique product that there is market demand for* 2) *Knowledge about the country that they want to approach* 3) *Business connections*
- *It is in the benefit of entrepreneurs to contact us and receive help. It is usually the small firms that require the highest amount of help in the form of **assessment of their business idea and also market research.** We could also connect them with the embassies of different countries.*
- *We are in close cooperation with other chambers of commerce around the world. This provides us with a **big network and connections** that are needed by small firms. We offer match-making services to bring international firms to Norway or take Norwegian firms to international markets and match them with firms there.*
- There are also international entrepreneurs who contact us and ask us about the market in Norway or even other international markets.
- For instance some days ago we hosted a conference about business opportunities in Iran and the day after a company contacted us and wanted to study Iran's market closer. Now what we do is to contact the Iranian embassy and ask them to issue a visa for this company.
- ***The goal of our discussion group that consists of fifteen companies that are not competing against one another is to learn from one another.***
- Another possible investor in small business and ideas that is a member to our organisation is the Swedish IKEA. They offer investment capital to innovative and environment friendly technologies that could be sold at IKEA.
- ***I always recommend the entrepreneurs that **even if you do not have a prototype of your product, then at least have a business plan.** It is important to **be able to present something at the meetings** or other types of discussion and advice sessions.***
- I also advice entrepreneurs who need investment or want to evaluate their business ideas to do their **homework.** And by homework I mean to find answers to questions such as: *Is there any market for my product? Where is that market? Is it here in Norway or should move to overseas? How big is the market? And also listen to the advice of the people who have experience in this regard. Oftentimes business ideas fail due to the fact that the entrepreneur has not properly done his homework.*
- ***Not doing the homework is the cause for many entrepreneurial failures.*** For instance many Norwegians apps fail because people see that many apps from Norway

have succeeded in the international markets, then they take it for granted that Norwegian apps succeed. They do not consider that the success of an app from Norway does not mean that your app is also going to succeed.

- Entrepreneurs generally need to be more **reality oriented**. They dream about fast money and huge success and they do not consider that **although there are people who succeed, but I would say that the majority also fail**.
- *I advise the entrepreneurs in Norway to first sit and write a business plan for their idea and then visit **Connect Norway** as the first step in their innovation activity and then if Connect Norway approved the idea, the entrepreneur could visit **Innovation Norway** for acquiring financial support.*
- Even after signing confidentiality agreements, the business ideas could be stolen. However, by signing a confidentiality agreement, one reduces the risk substantially.
- There are big differences between us OHK and Connect Norway. **Connect Norway is often used as the first step for knowing the basics about the business idea and for receiving help in writing a business plan and also learning about ways to presenting it.** We at OHK offer discussion group regularly. Connect Norway does not offer any regular discussion group. There the discussion session happens only once. The members at our discussion group are established businesses that are aiming to grow either in Norway or go international. *Connect Norway is a good place for entrepreneurs to receive business advice.* We at OHK have a long list of investors available to us that we could join entrepreneurs with them. But before we could join the entrepreneur with let us say these 15-20 investor groups, we have to have faith in your idea and case.
- **There are many entrepreneurs who have not a clear picture of the difficulties that are associated with innovation. They usually have an idea and believe that the idea is extremely good and the whole world should purchase it from them.** *But when you confront them with the question that who are your target group? Who should buy this from you? What is the price range? And questions of this sort, then one realises that the entrepreneur has not yet considered these questions thoroughly. I could give an estimate that for the majority of the cases I have worked with, the problem of underestimating the difficulty of the task ahead was present.* The lucky entrepreneurs are those who have a wife or a rich uncle that could support them financially during the long process of innovation. This is also due to the fact that most of the Norwegian investors go for projects that are done and are ready for take-off. Early stage funding is not so popular among the Norwegian investors. There are very few business angels in Norway.
- **The best way to raise the public awareness about assistance they could get concerning starting entrepreneurship and also a wide range of issues that are associated with entrepreneurship is through the education system.** It is there that organisations such as Connect Norway, Innovation Norway, OHK and other players could present themselves and the type of services they offer. This does not mean that for instance Connect Norway is not known to entrepreneurs, but perhaps the range of services and facilities they provide to entrepreneurs could not be known fully. I am often invited to University of Oslo and Norwegian School of Marketing for giving lectures about globalisation and the importance of network. But we have to move beyond this and **engage not only universities but also high schools, even primary schools should learn about entrepreneurship and the different organisations offering help to entrepreneurs and the cause of innovation.**

There is an organisation called *Young Entrepreneurship*. I am sitting as a judge sometimes there and assess the business ideas and choose the business opportunities from them. For instance this autumn (i.e. autumn 2013), I was working as a judge and there were couple of hundred groups that had worked on their cases for about a year and were presenting their ideas. *Their engagement to the idea of entrepreneurship starts pretty early. They begin thinking about the process and the type of questions they are supposed to have answers for* with regard for example how do you want to proceed with your project. We had pupils there from 8, 9, 10th grade of school. *Organisations like Young Entrepreneurship are educating Norwegians on how to start a business.*

- *I believe that it is necessary for entrepreneurs to test their ideas with business experts and through different networks. It is important to know the view of people who have walked this path and have experienced and advice they could offer.* For instance Deep Rivers Company had good supporters along the way. They did not give up. The entrepreneurs of the company are in their fifties. They have shown perseverance and patience for achieving their goal. Their business idea has also withstood tests. But most important than all there were people who believed in them and they received advice on how to move forward.

3.4.2 Coding of Lars- Kåre Legernes (interview)

Lars-Kåre Legernes (interview)	
<i>Major problems hindering successful innovation</i>	<ol style="list-style-type: none"> 1- Established firms are more eager to use our assistance 2- Norway's market is not big enough specially for born global companies 3- Entrepreneur not having done his homework 4- Entrepreneurs not having a clear picture of the difficulties associated with innovation 5- The education system

3.4.3 Analysis Lars-Kåre Legernes

Established firms are more eager to use OHK's assistance

OHK started to offer group discussion to start-up firms. However, the move was not welcomed by many start-ups. Nowadays the group discussion at OHK consists solely of members who are representing established businesses. Most of the member companies at the group discussion are aiming for internationalisation. At the discussion groups, it is the members who determine the topic for discussion, which ranges between different subjects for instance they may be interested to learn about the new tax regulations and ask us to invite a professor lecturing them on this issue. They could also discuss issues of their own choice among themselves. In order to boost the trust level at the discussion sessions, *confidentiality agreements* are being signed. Lars reflects on the discussion group they have and says that the group consists of fifteen companies that are not rivals. They gather with the sole purpose of *learning from one another.*

OHK invites annually around ten *investment firms* in order to pave the way of entrepreneurs to financial capital. Most of the entrepreneurs who show up at the event are at an early phase in their product development. Lars believes that most entrepreneurs who visit OHK are after financial investment. However, he admits that there are also entrepreneurs who look for internationalisation of their business and product.

Lars is on the opinion that the best possible remedy for curbing the role of luck in the success of an entrepreneurial project, happens when the entrepreneur receives professional help from expertise, especially regarding commercialization. But he proclaims that most entrepreneurs simply decide to give a cold shoulder to the advice opportunity offered to and go their own way. Lars blames this on the stubbornness attitude of entrepreneurs. But he also reiterates that entrepreneurs are after both financial support and advice. However, the majority of them are after financial support. According to Lars small businesses need more help concerning assessment of their idea and market research.

Norway's market is not big enough specially for born global companies

Lars considers Norway's market not to be a big market especially for enterprises that would like to conquer international markets. He asserts that there are entrepreneurs who would like to test and conduct market research on their product or idea at bigger markets. The market usually offered in this regard is Sweden due to the cultural similarities existing between them and Norwegians. Sweden is also not geographically away from Norway and is easily at reach.

OHK is also in contact with many *other chambers of commerce throughout the world*. This provides them with a *huge network and connections*. For instance, OHK could connect entrepreneurs to different embassies around the world and facilitate obtaining visas. The match-making service that is offered by OHK brings international firms to Norway and also takes Norwegian firms to international markets and tries to establish connections between them.

Entrepreneur not having done his homework

Lars believes that it is essential for the *entrepreneur to be able to present his product. This does not necessarily mean that a prototype of the final prototype, but at least a business plan where the entrepreneur could present it at the counselling sessions or other type of meetings*. Lars defines a type of *preparatory work* for entrepreneurs. To him this work is essential and therefore he chooses to call it “**entrepreneur's homework**”. The homework consists of finding answers to basic questions that are found at the business plans. Questions such as: “*Is there any market for my product? Where is that market? Is it here in Norway or should move to overseas? How big is the market?*” *Following the advice of experts in this regard is also part of the homework*. Lars is on the opinion that most of the time business failure is caused due to the entrepreneur not having done his homework properly. Therefore, the better one conducts his homework, the higher are chances for success. Lars advises entrepreneurs to first arrange a business plan. Then visit Connect Norway, only if they approved the idea, it is time to visit Innovation Norway for acquiring financial investment. Lars points to the good opportunity Connect Norway provides in learning about business plan writing and its presentation and therefore suggests Connect Norway to be the first place the entrepreneur contacts.

Entrepreneurs not having a clear picture of the difficulties associated with innovation

Lars asserts that in the majority of the cases he worked with them, the entrepreneur did not have a clear picture of the difficult task he has ahead for accomplishing the innovation activity. The homework as described by Lars could also have a *reality orienting effect* on the entrepreneur too in the sense that although there are people who succeed with their innovation, but the majority of innovation activities end up as failure. He says that entrepreneurs usually have an idea or product and consider their idea is so good that it will capture all the markets in the world. But when the entrepreneur is confronted with basic questions regarding the market the product is going to be offered to, or who are the potential customers for the product, or what the price range for the finished made product would be and questions of this sort, one realises that the entrepreneur has usually not considered these issues thoroughly.

Most entrepreneurs also are not aware of the length of the process and how are they supposed to survive during this period financially. There exist also problems in relation to early stage funding of the projects, since most investors show an appetite for projects that are at the brink of finalisation.

The education system

According to Lars, *the education system plays a dominant pivotal role when it comes to raising awareness of the public about different issues related to entrepreneurship and innovation including the difficulties associated with it.* As Lars pointed out one of the biggest hurdles on the path for successful innovation is the lack of entrepreneurs' knowledge about the difficulty of the task ahead and as a result not following the advice of experts in this regard. *But if the education system raises the public awareness about the major popular problems that entrepreneurs face and the help and assistance that is available to them, then the number of successful innovation increases.* The education system has the possibility to introduce the type of services and help that organisations such as Connect Norway, OHK, Innovation Norway and etc. offer. Lars talked about the necessity of not only increasing the

engagement of the education system of universities, but also engaging more and more the education system of high schools or even start this education as early as the primary schools. Lars talks about an organisation called “Young Entrepreneurship” that is promoting entrepreneurship among youngsters. One of the functions that Lars associates with Young Entrepreneurship is to engage the minds and thoughts of these young people with the processes and questions they are supposed to have answers for in relation to entrepreneurship and innovation.

3.4.4 Theory Lars-Kåre Legenes interview

Objective assessment

Acquiring an objective assessment of the resources and capabilities of the firm is a constant problem. There is largely this tendency among the companies to fall victim to their past glories, or the high hopes they have for the future. (Grant, 2010) Therefore, it would be fruitful to receive the assessment of external parties to the organisation too. With other words, contacting external firms, personnel or experts could be advantageous as this facilitates the liaison between the firm and the outside world.

One of the hurdles that entrepreneurs face concerning the establishment of new start-ups is benchmarking. For the first, if they are *technical entrepreneurs without managerial background*³⁴ in that industry, it would be difficult near to impossible to identify, understand and later on adopt outstanding practices of other firms. For the second, if the innovative product/service is considered as a breakthrough technology constituting a radical innovation, then the firm acts as a first-mover. In either case, the firm will be deprived from one of the

³⁴ My highlight

quintessential systematic frameworks and methodological tools to improving the performance of the enterprise.

3.4.5 Discussion Lars-Kåre Legenes (interview)

During this interview what caught my interest was that the group discussion that is being offered by OHK and now all the members belong to established businesses, was initially designed for start-ups. As Lars pointed out the start-ups have many issues they want to share with one another in the beginning of their work. However due to the fact that start-ups did not show interest in such meetings, in the group discussions of OHK are now sitting members with years of experience and accumulated knowledge. The reason that they show up at these meetings and even pay for their membership is because they have benefited from participating and as Lars emphasises *their participation is with the goal of learning from one another*. Torve Indahl, the head of the Jury for Intrapreneur prize also mentioned the fact that it is difficult to convince entrepreneurs that they need advice.

Lars pointed out that most entrepreneurs do not do their homework! I have elaborated on this issue that what the homework of an entrepreneur consists of in the eyes of Lars. He also considered entrepreneurs generally not being aware of the difficulties that exist in innovation. To Lars the remedy to these issues lies in the schools and education system. He proclaims that it is the duty of the education system to familiarise the youngsters with entrepreneurship and innovation. He even suggests that the education can begin as early as the primary school. Lars blames the fact that entrepreneurs of our generation may not know about all the services that Innovation Norway or Connect Norway provide is due to the fact that they never learned about these things during their school time. In fact most of these organisations are fairly new in terms of their lifetime. And it is not more than a decade that they have been established. But Lars' suggestion is to include subjects about the different services and assistance that is available to the entrepreneurs in the curricula of schools and universities.

3.5.1 Interview Summary; Erik B. Wiken

He is Special Adviser, Project Manager, and also runs the Business MatchMaking program at Innovation Norway. He has more than 30 years of experience in international business. His main focus has been Middle East, Africa and Asia. Prior to working for Innovation Norway, he worked many years for Eksportrådet. In the 90s where Internet was not available, **Erik wrote a book in the form of a Compendium on the Iranian market. He has travelled extensively to Middle East, Turkey and Iran.** His prime work is in the field of finance, internationalisation, establishment of companies abroad and market analysis. Erik Wiken has also been actively involved in **organising business delegations and trade fairs globally.**

Here follows a brief summary of the remarks of Erik Wiken on different topics discussed during the interview:

- The reason for writing that compendium or manual on the market opportunities in Iran was that we needed to update our knowledge about the existing markets in Iran. This was the age before Internet was available. I gathered the required information through a number of trips to Iran. In 1991 a big delegation headed by the Acting Minister in Trade and Commerce travelled to Iran. There had been many delegations before, but this was the first delegation headed by a Government official to Iran after the 1979 Revolution.
- I had an office in the Norwegian Embassy in Tehran. Throughout that time I undertook many market research tasks for the Norwegian companies in Iran. Technologies related to Aquaculture, telecommunications, airport technology and oil & gas related technologies were highly demanded by the Iranian side.
- I consider ***financing and investment*** to be the biggest problem of the Norwegian entrepreneurs. ***The biggest hindering factor for investors to invest in new projects is the risk that is attached to the projects. They do not know to what extent the business idea is promising.*** The investors receive way to many applications and they have to choose the ones with the minimum amount of risk and maximum profit attached to.
- Cooperation with others has also been one of the challenging issues for the Norwegian entrepreneurs.
- ***Another big problem for the Norwegian entrepreneurs is that they have produced products without considering the need of the market and their potential customers. There are also few entrepreneurs who have the capacity to conduct a thorough market research before they develop their product.***

- Sometimes they **overestimate the technology level that is demanded in the market** and also from time to time they **underestimate the level of technology that the market needs**. For instance one could not sell the same products and technology to Iran that he could sell to developing countries, especially when it comes to the oil and gas technology where Iran's market is highly sophisticated. When it applies to Iran and Turkey's market many Norwegian entrepreneurs do not have proper understanding of these markets therefore they come up with products that the markets in these countries reject. For instance **the culture** among the Arab states of the Persian Gulf like Emirates, Saudi Arabia, and others is totally different than the culture in Iran. They usually **prefer to import** all their goods and products but in Iran the focus is more on technology transfer.
- **I think that Iranian entrepreneurs are no different than entrepreneurs in other places of the world.** The technology level is high in Iran and also the number of people with higher education is also very high. However **they too have problems in identifying what the market needs and they too do not conduct the necessary market research activities prior to developing a product. Usually like other places in the world they also first produce the product, and then try to sell it.** Prior to the development of a product there needs to be conducted sufficient market research and identify the needs in the market. Therefore the existence of **a network of entrepreneurs becomes essential where they could held meetings and talk about their experiences and problems.** Several of these networks exist now in Norway. By receiving assistance from these networks the entrepreneurs could gather enough information at an early stage about their business idea that they could avoid ending up in the so-called valley of death.
- Innovation Norway has 19 offices throughout Norway and in each office there are 15-30 employees working. In these offices people are present that especially work with entrepreneurship. Therefore entrepreneurs could visit them and ask for advice and consultation sessions.
- We offer entrepreneurs **a full package of different assisting tools.** The package contains: advice in designing the product; investment capital; different types of financial assistance the entrepreneurs could be entitled to receive; they could be connected to other networks; Vi have **innovation camps** that are arranged for **youngsters between 19-25 years old** annually and is free of charge; and other types of assistance. Vi offer help in connecting entrepreneurs to the environments in which they envisage that it might be useful for their growth.
- If the entrepreneur progresses further with the development of his idea, then we could also **offer market research.** However, this is conditioned upon tangible progress in the commercialization and development of the product or service they are engaged with. For instance in the programme that I am working on, the companies who desire to and apply for receiving our support to move to abroad, they should have a turnover of at least NOK 10 million and should have existed for minimum of three years and a positive equity and surplus.
- With regard to **market research**, we spend for instance one or two days on **market scanning** to find out whether a market exists for the product or not. This activity is free of charge. However, if the entrepreneur wants us to proceed into a more thorough analysis of the market, then he has to pay for 50% of the charges.
- We also sponsor and **support R&D programmes financially.** There exists a **tax-fund** that the **Forskningsrådet** is responsible for. The entrepreneurs who could indicate their **investment in R&D programmes are being subject to tax-cuts.** Also if for instance a Norwegian company wants to develop let us say a special drilling

technology with a leading Iranian company like NIOC (i.e. National Iranian Oil Company), then we could finance up to 30% of the development expenses.

- At Business MatchMaking program that I am in charge of it; we also work with many companies that are in the start up phase. We could help them to develop a pilot project or advice them on design and IPRs (i.e. Intellectual Property Right)
- One important issue is that *many of our advanced services are offered solely to those who are a registered company and not to individuals*. If you do not have a company registered, then we could recommend you places and organisations such as Oslo-Akershus Community. They have a special economic department there where you could obtain help. The reason for not offering advanced consultancy help to individuals without registered companies is because there must be possible for us to render our services in an organised form. However, *individuals also receive extensive help from us, but in an indirect way*. For instance we work closely with Forskningsrådet, Nærings og Fiskeridepartementet, SIVA and we held for instance entrepreneur camps.
- *One of the problems that entrepreneurs in Norway have is that they do not want to loosen their grip over their companies. They do not want to **lose control** over their firms. Many entrepreneurs do not possess enough knowledge about commercialisation. They spend all their financial resources on developing the product. Then they are not ready to compromise a bit on their control over their company. Many of them have great entrepreneurial ideas, but they do not possess a commercially directed mindset.*
- *Another not constructive attribute of some of the entrepreneurs is that they want to receive everything for free. They do not like to pay for the services they receive from us for instance.*

3.5.2 Coding of Erik B. Wiken (interview)

Erik B. Wiken (interview)	
<i>Major problems hindering successful innovation</i>	1- Lack of investment due to uncertainty about competency of the business idea 2- Producing products without considering the need of the market 3- Entrepreneurs not willing to lose control over the company 4- Entrepreneurs not having enough knowledge about commercialization

3.5.3 Analysis of Erik B. Wiken

Lack of investment due to uncertainty about competency of the business idea

Erik believes that the biggest challenge entrepreneurs face is due to the lack of investment. That is also caused because of the investors' lack of confidence in the competency of the business idea. Many ideas are being proposed to investors and they have to pick up the ones, which entail the minimum amount of risk. And as a result many entrepreneurs lack sufficient funding for their projects.

Producing products without considering the need of the market

Another major problem of entrepreneurs in the eyes of Erik is that they produce products without considering *the need in the market*. *The production and product development has happened without a thorough market research*. However, Erik asserts that there are few entrepreneurs who have the possibility in terms of the required resources regarding conducting a thorough market research prior to their engagement with product development. The problem does not end with the production of products. Entrepreneurs sometimes do not have enough knowledge about the technological requirement of the market they are entering. For instance as it applies to Iranian market, the demand is for high technology and Iranians are after technology transfer rather than purchasing the finished made product. But the demand in the markets of the neighbouring countries of Iran is different and they prefer to import the finished made product. The picture is also the same in relation to the different industries of different countries. Therefore, knowledge about the market need plays an important role.

However, *the Iranian entrepreneurs are no different than entrepreneurs in other places around the world in terms of their needs and problems*. Eric asserts that: *“they (Iranian entrepreneurs) too have problems in identifying what the market needs and they too do not conduct the necessary market research activities prior to developing a product. Usually like other places in the world they also first produce the product, and then try to sell it.”*

Entrepreneurs not willing to lose control over the company

Eric is of the opinion that many entrepreneurs are not ready to lose any amount of control over their company. Due to not having proper knowledge with regard to commercialization, *many entrepreneurs spend all their capital on fully developing the market does not need. And then again due to their lack of knowledge concerning commercialization, they are not ready to compromise over the control of the company in return for financial assistance.* Eric concludes that *many entrepreneurs have great entrepreneurial ideas, but they lack a commercially directed mindset.*

Entrepreneurs not having enough knowledge about commercialization

As innovation and entrepreneurship are difficult tasks to successfully perform. Eric suggests that it is vital for entrepreneurs to have the possibility to gather and exchange their views and experiences with one another. Therefore, the existence of a *network of entrepreneurs* seems to be necessary. Nowadays several of these networks exist in Norway. They help entrepreneurs to gather enough information about the process of entrepreneurship and innovation.

Innovation Norway for instance offers entrepreneurs a *full package of different sorts of assistance* required for performing successful innovation. The package contains elements such as: *business advice, investment capital, and other types of financial assistance and also offer of connecting them with other networks.* Innovation Norway also offers *innovation camps* for young people between the ages of 19-25. We at Innovation Norway also *offer market research*. In the way that we spend one or two days scanning the market and if it was promising then we perform a thorough market analysis and the entrepreneur is only charged for 50% of the expenses. **Innovation Norway also supports R&D activities financially, where these types of activities are subject to tax cuts. Forskningsrådet's tax fund is responsible in this regard. However, the entrepreneur needs to prove he has invested in R&D in order to be entitled to tax-cuts.**

Another issue that indicates lack of knowledge from entrepreneurs' side is that *they are not ready to pay* for the services they receive for instance from Innovation Norway. *They want to receive everything for free.*

3.5.4 Discussion of Erik B. Wiken (interview)

Erik said that Innovation Norway supports R&D activity by subjecting it to tax cuts. He identified Forskningsrådet's tax fund to be responsible in this concern. I named Forskningsrådet to be responsible for the DEMO2000 prize that Fras won NOK 16 Million. The companies that are sponsoring these NOK 16 million were also subject to tax cuts as I mentioned in Fras' case. Now one could conclude that Innovation Norway has also not approved DynaView to be a product that would capture markets and diffuse. Part of the reason that DynaView became entitled to the prize was due to the heavy involvement of R&D activity in its development.

Erik believes that: "Many entrepreneurs have great entrepreneurial ideas, but they lack a commercially directed mindset." This assertion indicates that just seeking consultation and conducting market research on the idea would not serve the purpose of successful innovation. **The entrepreneur also needs to have a commercially directed mindset.** This assertion is in line with one of the hindering factors that I mentioned for Fras case, being that technical entrepreneurs are generally not interested in commercial issues.

As Erik pointed out based on his encounters and years of experience with Iranian entrepreneurs, they are no different from other entrepreneurs when it comes to neglecting the need in the market by not conducting proper market research prior to their engagement with entrepreneurial activities. Erik pointed out that this situation is similar in other places of the world too and the barriers he mentioned for successful innovation did not just apply to Norwegian entrepreneurs. Based on this and also the fact that my first audio-recorded interview was with Tom and Mary who were Americans, I decided to bring into perspective the situation of the Iranian entrepreneurs too.

Because I sensed that the interviews I am holding are gathering around the same subjects and the responses also overlap sometimes, I decided to change the interview guide and also engage the case of Fras Company in the discussions. I also presented the interviewees with the example of ill embryo that I had orchestrated to clarify my point regarding conducting market research on an idea. Therefore a different email was sent to Giert Von Der Lippe and Finn Kristian Aamodt (the next interviewee) where the Case of Fras Company and my ill embryo example were briefly explained to them.

3.6.1 Interview Summary; Giert Von Der Lippe

Giert Von Der Lippe started his job at Connect Norway in 2007 and became the CEO of Connect Norway East-region in 2008. He also became the Secretary General of Connect Norway in 2012. Currently he holds both of these positions. He claims that during the years that he has been the CEO of Connect Norway, i.e. 2008 until 2014, he has increased the turnover of Connect Norway from NOK 2,7 millions to NOK 5 millions. He believes that the increase in turnover means that now he could hire more employees and this would result in increasing their activities for entrepreneurs. ***Connect Norway is free of charges for entrepreneurs.***

He explains that the main sponsors of Connect Norway are Innovation Norway, Den Norske Veritas, Statoil and Nor-Shipping. *Sponsoring Connect Norway is also beneficial for the sponsors as they could monitor the events that are taking place in entrepreneurship arena of Norway and also what new technologies have been developed.* According to Von Der Lippe, Innovation Norway and Forskningsrådet use Connect Norway to find new mentors for new start-up firms.

The following passages are a brief summary of the comments made by Giert Von Der Lippe to different questions I asked.

- Because Connect Norway provides free of charge services to entrepreneurs, we receive many applications. *Due to our limited capacity we could **only process 20%** of*

*them. These entrepreneurs would be chosen among the best cases we have received. Approximately we work with 40-45 companies annually. The rest of the applicants are disqualified because we considered them to be not good enough. **The 20% that we work with receive professional help from us with regard to their business plans, and their presentation and also about the reasoning and logic of their business plan. These 20% will then present themselves in front of a panel of our members. Afterwards the panel members will discuss the business plan.***

- We send the rest of the applicants i.e. those 80% either to other organisations that help entrepreneurs or we just inform them that we could not help you.
- *The criteria on which the applicants will be judged upon are as follows: 1) They have to be scalable 2) Their idea should possess a degree of innovation 3) They must consist of a team that are willing and ready to devote themselves to the idea.*
- By scalable, I mean for instance computer programmes are highly scalable one could make many copies of one programme and send it to many others. Consultation sessions are the least scalable. Because each hour of work would remain the same and not multipliable. The idea should also have a degree of innovativeness in it.
- *If the entrepreneurs have international ambitions, like born global companies, then we would help them to come in contact with **our international network.***
- *Most entrepreneurs who come to us might have ambitions to **get investment**, but many of them also come to us **to know our view on their business plan.** The springboard program we are offering is a thorough analysis of the business plan of the entrepreneur. The panel consists of 6-10 experts with different kinds of expertise, but all related to entrepreneurship. The backgrounds range from lawyers, investors, entrepreneurs and etc.*
- *We also offer NOK 50,000 in consultancy hours or as we call it **mentor grant** for entrepreneurs. The money is sponsored by Innovation Norway, but we are in charge to find a proper mentor for that company or entrepreneur.*
- ***My guess is that 60% of entrepreneurs come to us initially with the purpose of receiving investment capital and the rest want to have a strategic analysis of their business plan.***
- *Those 40% that approach us with the intention of analysing their business plan, they are usually at the **market introduction phase** with their product or service, with other words commercialization phase. **They have developed a product that they want to sell it and distribute it and are trying to find partners in this regard. Usually they have made a prototype of their product. They have tested it in the market and are now wondering which path to take for a successful commercialization of their product. I think they are after a network that could bring them to the market.***
- *There are different kinds of feedback that entrepreneurs may receive at the panel. **When the panel dislikes the idea normally they tell the entrepreneur that although this may be super product, but we think that it would not succeed commercially.***
- *The normal feedback that those 80% who Connect Norway rejected their applications may receive is that **we could not help you, because either we do not have the network or the expertise concerning this product or service. Or if we know that the product already exists in the market, we would inform the entrepreneur.***
- *The springboard activity will only happen once, however we could introduce the company to our international network.*
- *The experts who are sitting at the panel discussion have studied the business plan of the entrepreneur beforehand.*

- Form the time a company is approved by us to be in the preparatory process for the springboard program to the day it actually happens, takes normally 3 months time. During this time, ***the company receives homework from us that we expect them to follow our demands carefully.***
- After the panel discussions it would be normal that ***the panel expertise show interest in cooperating with the company or entrepreneur who presented the idea.***
- ***Often the companies that contact us are after investment and capital, but what they really need is customers. They think that they need money to further develop their product, but what they really need is a customer. We think that the outcome would be much better if the product is developed together with customer. It would be even better if the customer could finance the project. And the best way of financing would be in the form of prepayments for ordering the product.***
- ***Connect Norway does not have any money to invest or offer any amount of capital. We only could recommend the company to our partners like Statoil Technology Invest. But our approval will strengthen the case of the company both in terms of the logic behind their idea and also our positive view on the project. We should not neglect about the fact that the investors are accepting a huge risk by investing in these types of enterprises, as there are many other investment alternatives available to them where the investment would not bear such a huge risk.***
- ***Connect Norway possesses the best network in Norway, in relation to innovation and commercialization. We have gathered the best of bests concerning innovation. The 6-10 panel members are handpicked from our 2000-member base at Connect Norway.***
- ***Connect Norway is not known well among the entrepreneurs. We do not have enough resources to promote Connect Norway.***

3.6.2 Coding for Giert Von Der Lippe (interview)

Giert Von Der Lippe (interview)	
<i>Major problems hindering successful innovation</i>	1- Entrepreneur thinks he needs financial capital to further develop his product, but he needs costumers 2- Connect Norway is not well known among the entrepreneurs

3.6.3 Analysis of Giert Von Der Lippe (interview)

Entrepreneur thinks he needs financial capital to further develop his product, but what he really needs is costumers

Giert estimates that around 60 per cent of entrepreneurs approach Connect Norway with the hope of getting financial investment. There are also entrepreneurs who come to us for receiving advice and a thorough analysis of their business plan and the logic and reasoning behind it. We also help entrepreneurs to enhance their ability of presenting their business case. Those who approach us with the hope of receiving advice and consultation they usually have developed a prototype of their product. They have also tested their product in the market and now would like to know how to ensure the commercial success of their product. Giert assumes that they are after a *network* that would bring them to the market.

On the other hand Giert talks about the companies that come to Connect Norway and ask for financial assistance. Giert asserts that out of experience I could say that the majority of these companies amid receiving investment, they use it on further developing of their product. We believe that if we could provide the company who is out looking for investment with a costumer, so that even if it wants to further develop their product, they could do it together with a costumer it would be more beneficial for the company. The costumer could also finance the development of the project. It is even possible in a good case scenario that the financing takes place as prepayments for ordering the finished made product.

Connect Norway is not well known among the entrepreneurs

Giert sadly asserts that although Connect Norway possesses the best network with regard to entrepreneurship, innovation and commercialization. We are also offering the best team of 6 to 10 experts that were handpicked from about 2000 experts for analysing the business plans at the springboard sessions. And there are also all the other assistance that we are offering entrepreneurs and companies, but we are suffering from not being well known among the entrepreneurs and companies. I myself decided to as Giert Von Der Lippe for an interview due to all the good remarks that Lars-Kåre Legernes made about Connect Norway.

3.64 Discussion of Giert Von Der Lippe (interview)

In this interview Giert pointed out to the fact that despite most of entrepreneurs approach us to receive financial capital, but what they really need is a customer. Giert suggested that if the product is developed together with a customer, then the minimum benefit of it would be receiving feedback of the customer. In a lucky situation the customer could also place an order for the product.

No matter Connect Norway manages to find a customer or not, it will try to respond to this call by the entrepreneur using its huge network that also consists of investor groups. Lars from OHK also raised this issue that entrepreneurs need costumers more than capital. He also said that OHK tries to connect the entrepreneurs to a customer using its global network.

Another issue that caught my attention was that Giert complained that Connect Norway is not well known among entrepreneurs. Torve Indahl, the head of the Jury for Intrapreneur Prize also considered that Entrepreneurs are not willing to receive consultation.

3.7.1 Interview Summary; Finn Kristian Aamodt

Finn Kristian Aamodt has been now the Acting President of Innovation Norway for the past 6 months. He has been at Innovation Norway from the time the organisation was inaugurated in 2004. Before this He was Chief Financial Officer for Accenture Company in Norway. He has worked for McDonalds Norway and also at Eksportrådet. He has an MBA from University of Minnesota.

Here follows a brief summary of the remarks made by Finn Kristian Aamodt during our interview.

- *We at Innovation Norway have three main goals to achieve. 1) To increase the number of successful entrepreneurs 2) To establish more growing businesses 3) Improve the quality of business environments*
- *Oftentimes the entrepreneurs have an idea, without having thoroughly considered the usage of the idea for their potential customers.*
- *One of the best things we contribute entrepreneurs besides capital is advice and the question that: What problem are you going to solve in the market?*

- *The most important thing an entrepreneur could do is to **test his product in the market** and see how the market accepts it. And then it will be time to challenge the product and business idea of the entrepreneur and **see what problem are you trying to address and also solve.***
- *The idea has to be innovative, directed towards **solving a problem.***
- *We believe that the entrepreneur should **constantly learn from the feedback he receives from the market tests he conducts and also apply them to his product.** If you could not convince us that your product solves a problem in the market, **although there is a chance that we might be wrong** but at the same time it also means that we could not help you further with your idea.*
- *There are two important factors involved in whether an entrepreneur succeeds with his idea or not. One is the **idea** he has, **in the form of the problem** he is trying to solve and the other is **the entrepreneur himself** who should show **perseverance** and **steadfastness** for achieving his goal. *The entrepreneur should not give up due to facing hurdles and obstacles along the way.**
- *The goal of the entrepreneur and his focus should be centred around **selling** his product or service.*
- *We also try to challenge the entrepreneur with questions such as: **Which market do you want to enter? Who do you want to cooperate with? Which segments of the market have you considered to approach to?***
- *We would run the **Alexander Osterwalder “business model canvas”** for the entrepreneur.*
- *Generally an entrepreneur is not entitled to succeed with his innovation just for the sake that he is an entrepreneur. *If you have spent a huge sum of money on your prototype and the market does not want your product, then it will probably not work.* Then you should work on something else if you still desire to do so. However, *the sooner you approach us and ask for help, the higher are the chances to succeed.**
- ***I would be very cautious to say to an entrepreneur that his idea is not a business opportunity. Because judging something of that sort would be extremely difficult.***
- ***I do not think that your comparison of a business idea with an embryo is correct. If a business idea was something that existed from before, then you could say that. Then it would have been possible to find out about it. Because then this was not something new. And it would have been an old invention. But our argument with regard to a new product is that you have to test it to find out whether the market would accept the product or not. Therefore, you have to reach out to the market first to find out whether the product is good or not.*** For this reason *our suggestion is to make a simple prototype as fast as possible and then reach out to the market you assume that it would be interested in your product. Then check whether they accept it or not. Listen carefully to their **feedback** and then comeback and apply the feedback into your product and then **go back to the market and test it again.** And it is also possible to receive the “no” answers early on. Therefore we recommended **making a simple prototype as soon as possible. But all along the way it is you who make the decisions, not us!***
- ***The product could be good, but the entrepreneur is not capable to sell it. Then the question that occurs is that whether we could convince the entrepreneur to come to a***

partnership with someone who could sell his product. Because that what is evident is that he is not able to do it.

- And no matter where in the process you are, there is never late to come to us and ask for help. It could be possible to take parts of the product that you have produced and proceed with them. However, *if you have spent all the money, time and energy you had, and then it would be perhaps difficult.*
- **Innovation Norway could conduct some market research activity too.** *But then the product must have been sold at a market and the question would be whether it would sell in for instance market X as well. Then we are ready to help to find out the answer.*
- **There are two reasons involved as far as a product does not sell at the market. One being that the market does not need the product. And the second reason is that the market does not understand that it needs the product. These two reasons stem from the fact that the entrepreneur was so busily involved with the technical aspects of the product that he neglected the usability of the product for the customers.**
- **It is important to note that our job is not to take decisions on behalf of the entrepreneur.** *We could only provoke him to take the important factors into consideration. We could inform him about the different markets that may exist for his product. But it is he himself who should take the decisions. We could even suggest the entrepreneur organisations, companies and individuals who could assist him in the new market he has chosen to bring his product to especially about the markets overseas. But we will never take responsibility for commercializing the product on behalf of the entrepreneur or the company. We solely finance and provide advice to the entrepreneur.*
- **Way too often the companies and entrepreneurs when they approach us think that what they need is capital. However, after a conversation with us, they realize that they also need advice.** *We have confirmed data from SSB (i.e. Statistisk Sentralbyrå) about this claim that the companies prior to receiving assistance from Innovation Norway have a survivability chance of about 70%. But those who we help, their survivability chance increases to 80%. This makes it 10% difference between these two groups of companies.*
- **The majority of technical enterprises underestimate the difficulties involved with commercialization work. It is difficult to be an entrepreneur. It is difficult to carry out innovations. But the most important thing is to be able to sell and present your product.**

3.7.2 Coding of Finn Kristian Aamodt (interview)

Finn Kristian Aamodt (interview)	
<i>Major problems</i>	1- Entrepreneur's idea not matching costumers' needs 2- Entrepreneur's perseverance along the innovation process 3- The goal should be selling the product

<i>hindering successful innovation</i>	<ul style="list-style-type: none"> 4- Costumers do not understand that they need the product 5- Entrepreneurs need business consultancy as much as they need financial capital
--	--

3.7.3 Analysis of Finn Kristian Aamodt (interview)

Entrepreneur’s idea not matching costumers’ needs

Fin addresses that often times the entrepreneur has developed a product without considering the need in the market. Prior to production of a product the entrepreneur should pay attention to the usage of the product for the costumer. At Innovation Norway we try to enlighten the entrepreneur on the importance of focusing on the problem the product is supposed to solve in the market. The best probe in this regard would be testing the product in the market. The outcome of this, which would be in the form of feedback, should be used for further development of the product.

Entrepreneur’s perseverance along the innovation process

Beside the role that the idea plays in the success or failure of the innovation, the entrepreneur also plays an important role in this regard. An entrepreneur should be ready to face many hurdles and obstacles along the way, but should show perseverance and strength. A person who is easily demotivated by the problems he encounters could not be a good entrepreneur. This is due to the fact that we at Innovation Norway who are assessing the product, or the idea of the entrepreneur and eventually decide to accept it or turn it down *might be wrong*. Finn said that: *“I would be very cautious to say to an entrepreneur that his idea is not a business opportunity. Because judging something of that sort would be extremely difficult.”* The explanation Finn provides in this regard is that the idea or the product is innovative, meaning that it has not existed before. Therefore, based on what reasoning could we determine whether the idea is 100 per cent bad and reject the idea? It is the market that decides over this issue. Therefore, the entrepreneur should also be aware of this that our verdict does not mean that

there is no chance for the idea. It just means that we do not have much to offer it. *The decision always lies with the entrepreneur himself.*

The goal should be selling the product

The entrepreneur's goal should be directed towards selling the product. Entrepreneur's could easily be derailed from the direction of selling the product to further developing it. But the entrepreneur should consider the selling proposition always as the main destiny perceived for the product. In order to make sure about this we at Innovation Norway take the product, the idea through the business model canvas developed by Alexander Osterwalder. We ask the entrepreneur questions such as: "Which market do you want to enter?", "Which segment of **the market** have you considered to approach to?" or "Who do you want to cooperate with?". Finn also mentions the possibility in which the product is good, but the entrepreneur is not capable to sell it. In this situations Innovation Norway tries to convince the entrepreneur to enter into a partnership with someone who is skilled in selling.

Customers do not understand that they need the product

According to Finn a product does not sell at a market due to two reasons. Either the market does not need the product. Or it could be that the market does not know that it needs the product. In either case Finn believes that the entrepreneur was so busy with developing the product that he did not devoted enough time to the market. In the first scenario, the entrepreneur has not conducted enough market research to be aware of the needs of the market. In the second scenario he did not create a market for the product by raising the markets' awareness about their need for the product.

Entrepreneurs need business consultancy as much as they need financial capital

Based on his experience Finn believe that many times the initial motive of the companies for visiting us is to receive financial capital, however after they talk with us they realise that they need business advice as much as they need investment. Finn proclaims that the data from SSB

(i.e. Statistisk Sentralbyrå) shows that the companies survivability chance has increased by 10 per cent after they received assistance from Innovation Norway. He argues that the difficulty and the demanding job of commercialisation is usually underestimated by technical entrepreneurs. He continues addressing the challenges involved in selling and presenting of the products for entrepreneurs.

3.7.4 Theory for Finn Kristian Aamodt (interview)

The importance of inventions to be purchased

Smith (2010) argues that also invention and discoveries could be interesting to the technological community, but they are not releasing value as long as costumers have not started to purchase them.

Alexander Osterwalder “business model canvas”

<p>KEY PARTNERS</p> <p>Who are our key partners? Who are our key suppliers? Which key resources are we acquiring from our partners? Which key activities do partners perform?</p>	<p>KEY ACTIVITIES</p> <p>What key activities do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?</p>	<p>VALUE PROPOSITIONS</p> <p>What value do we deliver to the customer? Which one of our customers' problems are we helping to solve? What bundles of products and services are we offering to each segment? Which customer needs are we satisfying? What is the minimum viable product?</p>	<p>CUSTOMER RELATIONSHIPS</p> <p>How do we get, keep, and grow customers? Which customer relationships have we established? How are they integrated with the rest of our business model? How costly are they?</p>	<p>CUSTOMER SEGMENTS</p> <p>For whom are we creating value? Who are our most important customers? What are the customer archetypes?</p>
	<p>KEY RESOURCES</p> <p>What key resources do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?</p>		<p>CHANNELS</p> <p>Through which channels do our customer segments want to be reached? How do other companies reach them now? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p>	
<p>COST STRUCTURE</p> <p>What are the most important costs inherent to our business model? Which key resources are most expensive? Which key activities are most expensive?</p>		<p>REVENUE STREAMS</p> <p>For what value are our customers really willing to pay? For what do they currently pay? What is the revenue model? What are the pricing tactics?</p>		

Figure12: Business Model Canvas; Source: Osterwalder, 2013

3.7.5 Discussion for Finn Kristian Aamodt (interview)

One of the hindering factors that Finn suggested was that the Costumers do not understand that they need the product. Tom, the American retired professor who held workshops also suggested that perhaps the market does not know that it needs the products of Fras. Tom suggested this in response to the claim that 80% of machine breakage is cause due to infected lubricant. Finn believes that even if this is the case and the market really needs the product, but is simply not aware of this need, it is entrepreneur who is responsible, as he has not conducted enough market research to realise this. The entrepreneur could have also worked to create the need in the market or make it aware of the need.

Finn also drew on the point that was raised by Smith (2010) in the theory section of Finn's interview about inventions not releasing value as long as they have not been sold. Finn considers inventions to be void as long s they have not been purchased by costumers. Therefore, it is important to consider the selling prospect for products before engaging in production.

Torve Indahl, the head of the Jury for Intrapreneur Prize said in his interview that recently new methods have been introduced for checking the idea of entrepreneur. He talked about his own method, but also said that his method is similar to Eric Ries' method and the "Business Canvas" that is being applied by the Innovation Norway is also in line with the above-mentioned methods. In fact as Torve Indahl suggested these methods have the form of a mini-business plan. They are handier as they do not contain 20 pages of detailed data like a business plan.

Finn also rejected the ill-embryo example I had based on the argument that although my example resembles to a degree the pain and suffering that entrepreneurs are enduring after they find out that their product is not accepted at the market, but there is a fundamental problem with regard to my example. I did not pay enough attention to the fact that the entrepreneur's product is supposed to be an innovative one, meaning that it has not existed before. As a consequence for this novelty, the market reaction towards it has also not been

studied before. Therefore, it could not be compared to the health of an embryo since physicians have studied many of them before and can reach a decision based on previous similar cases.

Finn also emphasised on a similar point raised by Erik Wiken, his deputy at Innovation Norway. Their points were similar about the fact that the entrepreneur needs to be familiar with commercialisation since at the end of the day, it is the entrepreneur and not the counsellor or Innovation Norway or anybody else who should take the final decisions.

Now I start with the interviews I carried out with Iranians. I would like to emphasise that I decided not to discuss the entrepreneurial hurdles that affect solely Iran and include the ones into the discussion that could also put Norway into perspective.

3.8.1 Interview Summary; Mohammad Nahavandian

Nahavandian is a Ph.D. graduate from George Washington University in the United States. He has been a university professor and has had various different administrative jobs in different Governments in Iran. For instance he has been Acting Minister at the Ministry of Commerce and Trade, Senior Advisor to President of Iran, President of National Centre for Globalization and various other positions. He was elected by Iranian businessmen and entrepreneurs for six consecutive years to be the Chairman of Iran's Chamber of Commerce. In 2013 he resigned from that position to join the Government and became Iran's President Chief of Staff.

I will provide a brief summary of Mohammad Nahavandian's remarks during our interviews.

- *The main problems of entrepreneurs in Iran could be summarized into the following points. 1) Rent seeking behaviour 2) Absence of a modern service infrastructure 3) Capital market 4) **Producing products before having conducted required market***

research 5) *The natural and logical economic cycle being affected by government policies* 6) *The legal environment of the economy*

- Due to rent seeking behaviour in Iran's economy, innovation driven entrepreneurship activity is not necessarily the most profitable business activity. And as a result of this, the economic activists decide instead of entering a race of entrepreneurship and innovation to revolve their attention around finding connections that could pave their way towards acquiring rent.
- The absence of a modern service infrastructure is also problematic for Iranian entrepreneurs. The presence of the required facilities plays an important role in the success of an entrepreneur. As their absence causes delay.
- In places where venture capital is readily available the only factor that an entrepreneur needs to be engaged with is **a good business idea**. One of the biggest challenges of Iranian entrepreneurs is the **access to financial capital**. In Iran the path between entrepreneurs and the market capital is not a smooth and short path.
- I believe that it is not even possible in Iran to find out about the international market value of a business idea by simply offering the idea to the Iranian market. This is due to the fact that the Iranian market is not a competitive one in my eyes, where the bids offered by customers would determine the price of a business idea.
- Another problem that is associated with some of the entrepreneurs in Iran is a defective strategy. ***When they are engaged and working to produce a product, they are so jubilant and busy that they do not pay much attention to the market side. They produce the product and only then start thinking to which market they should offer it and who are the customers. The most important element to be considered by SMEs prior to production of the commodity is considering the market where the product would be sold there. This is not necessarily the situation for big companies where they could even create markets. Selling is an important factor for entrepreneurs to take it into consideration since the interest rate for bank loans is fairly high in Iran.***
- Another important element that has a negative effect on constructive entrepreneurship activity in Iran is caused by some of the government policies. This happens when due to a change in government policy an activity besides production or offering a service becomes a source of income for entrepreneurial work. Such policies result in entrepreneurs' deviation from the natural and logical path of technology development towards acquiring that incentive. Offering financial incentives for those who create new jobs could be considered as an example in this regard, whereby an increase in the number of employees and production is not met with an increase in selling. Or with other words by doing so the government would divert the attention of entrepreneurs from **selling to production**.
- The legal environment where the economic activity takes place in it and the laws concerning the economic activities play also an important role addressing the lawsuits and quarrels. Thanks to the efforts of Iran's Chamber of Commerce the Parliament ratified the law of "Constant improving the business environment". This was a huge step for improving the laws surrounding economic activity in Iran.
- ***Before a product is being produced, it is important to conduct proper market research and an inclusive feasibility study for that product.*** In this way the rate of the ***demand in the market*** for the product will be understood. Also other factors such as ***entry barrier in the market*** and ***the availability of scarce resources*** and an ***analysis of the suppliers*** and other issues that come under the industrial organization subject would be considered. A full market research should be promoted by the banks to be part of the criteria demanded by the banks from entrepreneurs seeking loans. This

move by the banks and other organizations that are offering financial assistance to the entrepreneurs would reduce the price of failed entrepreneurship.

- In the past twenty years, many graduates in different fields of business and economic studies have graduated in Iran and they offer good amount of help concerning market research and feasibility studies to the entrepreneurs.
- ***Entrepreneurs could receive advice concerning new business ideas. And although the business ideas are new, but the level of novelty in them is usually not that high. Therefore by studying those similar goods and products to the produced product one could gain an understanding of the market for that product.***
- *These days, banks are also conducting feasibility studies and market research on their customers due to the high amounts of loans they are offering them.*
- Iran’s Chamber of Commerce has 50,000 members and they are spread out across whole Iran. As in total we have 34 Chamber’s of Commerce throughout Iran. Each of these 34 chambers ***provides consultancy sessions to their members individually or in-group sessions.*** And representatives of these 34 chambers also held regular meetings, at least once a month.

3.8.2 Coding of Mohammad Nahavandian (interview)

Mohammad Nahavandian (interview)	
<i>Major problems hindering successful innovation</i>	1- Access to financial capital 2- Producing products before having conducted required market research

3.8.3 Analysis of Mohammad Nahavandian (interview)

Access to financial capital

Nahavandian insists on the importance of the existence of modern capital market where the venture capital is readily available to entrepreneurs. He claims that it is difficult to obtain financial capital in Iran. The interest rate charged for the loans are also fairly high in Iran.

Producing products before having conducted required market research

Nahavandian is on the opinion that most entrepreneurs in Iran amid their engagement with the production of a good are so busily and happily occupied with the production that they neglect to address the market side. First they produce the product and then start wondering about the market and costumers they should offer their product to. He believes that SME's who do not have the capability to create markets for their products have to pay especial attention to the existence of market for their product by carrying out *market research* and *feasibility studies*. Considering *market demand* should happen prior to the production of the good.

The entrepreneur needs to put into consideration *the selling* of the finished made product prior to its production. Nahavandian mentions several benefits that conducting market research prior to the production of the product provides. As a result of this study *demand rate of the market for the product* and *entry barrier in the market* could be measured. The availability of *scarce resources* is another factor that could be revealed.

Nahavandian emphasises on the importance of consultation of entrepreneurs and business experts. He claims that all the 34 Chambers of Commerce that exists in Iran provide consultancy sessions individually or in group sessions for their members. When I asked him about entrepreneurs receiving advice concerning new innovative ideas he said that *although the idea could be totally new, but usually the level of novelty applied in the idea is not that radical that there does not exist any similar product to it. In this way by studying the similar products that are available in the market, one could come to an assessment about the new idea.*

3.8.4 Theory for Mohammad Nahavandian (interview)

Business incubators

Science parks usually have institutions that are created and designed for the sole purpose of developing new businesses that are suffering from lack of funding and technical advice. They are especially designed for providing assistance to overcome market failure for new technologies that although their direct return does not seem to be promising, but it could have a huge positive impact on the society. They are called incubators. (Schilling, 2010: 30)

3.8.5 Discussion of Mohammad Nahavandian (interview)

Nahavandian accepted my ill-embryo example based on the logic that the occurrence of a radical idea, something that we have never encountered similar cases of it before, would not be likely. Therefore, although you could never be sure, but the market research on the idea is still highly recommendable. I would like to assert that Finn Kristan Aamodt, the Acting President of Innovation Norway also suggested consultation and market research on the idea and he just rejected my example on the grounds that seemed also reasonable to me.

3.9.1 Interview Summary; Asadollah Asgar-Oladi

He is one of Iran's wealthiest men with a wealth estimated to be around USD 4 billion. He is also a top entrepreneur and the Chairman of Iran and China Chamber of Commerce. Exactly 60 years ago he graduated from University of Tehran with a Bachelor degree in Business Administration. After graduating from the university he started to work in the field of export. Until now he has not deviated from that and is still active in export. *According to him he owes his success to **knowing Iran's economy** well and also knowing more or less about the international economy.* What follows is a brief summary of his remarks during the interview.

- I believe the biggest problem of entrepreneurs in Iran is that Governments do not trust them.

- All the 11 Governments that we have had after the Revolution (i.e. the Revolution in 1979) except the current Government that came to power some months ago and has made many promises during the election campaigns to improve the situation of the private sector and entrepreneurs which we have yet to wait and see, others have extended their grip over Iran's economy. They have all followed the policy of monopolization of the economy in favour of their own Government. And last but not least, they followed a type of guardianship role for Iranian economy. All these three policies have had a negative effect on Iranian economy.
- As a result of the lack of trust that the Governments have had, they do not provide enough capital in the form of bank loan for entrepreneurs. This act prepares the fertile ground for rent seeking activities.
- As a result of the efforts made by Dr. Nahavandian, entrepreneurs and other economic activists that are under the umbrella of Iran's Chamber of Commerce and the three branches of the Governing body of the country, namely the Government, the Parliament and the Judiciary came closer together and established the Council of Dialogue. The Council consists of 10 members of the Parliament, 5 Cabinet Ministers and representatives from the Judiciary. The main objective of the Council is to identify, understand and then try to solve the problems of entrepreneurs in Iran.
- One of the problems that entrepreneurs in Iran have and that too is due to the lack of trust towards them by the Government is that the private sector in Iran is not authorised to issue industrial and commercial savings bonds. If the private sector is authorised to issue these bonds, then this move would compensate the loss of money that the banks suffered from due to the interest rate increase by the Government. Because now banks are reluctant to give loans to entrepreneurs.
- The Government wanted to bring the inflation under its control and therefore increased the interest rate. What happened was that due to the inflation the price of the goods and property increased. The Government has also raised the interest rate. Therefore, those who received loans with low interest rates in the past benefited huge sums by this act of the Government. And the law also forbids the increase in the interest rate for those who received loans with low interest. Because in their contract the amount of the interest rate for their loan has been stated. For this reason the Government thinks that entrepreneurs are only after their own benefits and cannot be trusted.
- Iran's industry is also suffering from high interest rates. The interest rate for the industrial loan is currently at 22%. At the industry they are not making that much profit to be able to pay back their loans with 22% interest rate.
- ***The situation for new entrepreneurs, i.e. those who want to start fresh is very difficult because they cannot acquire the needed capital to invest in their business.*** And there are also other resources that they do not have access to, such as *trust among the different sections of the market. They also lack experience. Experience must be built gradually. They must be under the tutorship of a professional entrepreneur for some years before they could start their own venture.*
- I have tried to live by three principles of Rockefeller that I read some 50 years ago. These are 1) ***I learned about new things before others did*** 2) I reached decisions before others did 3) And when I decided on doing something I did not hesitate. ***It is important in the business to be informed and be informed before your competitors.*** In this way one could organise his efforts. It is also important to be decisive, take decisions and implement them.
- ***To learn about new things before others do, does contain in it learning about business opportunities before others. It is about learning your product, your market,***

your suppliers, your strengths, your weaknesses, your competitors and etc. This principle in itself carries market research and learning about the business opportunities. Be informed for instance about the scarce resource.

3.9.2 Coding of Asadollah Asgar-Oladi

Asadollah Asgar-Oladi (interview)	
<i>Major problems hindering successful innovation</i>	1- New entrepreneurs do not have the needed capital in terms of financial, experience wise, market trust and etc. 2- Entrepreneur not having enough information about his product and the market

3.9.3 Analysis of Asadollah Asgar-Oladi (interview)

New entrepreneurs do not have the needed capital in terms of financial, experience wise, market trust and etc.

Asgar perceives the situation for new entrepreneurs in the sense that those who have never been engaged in entrepreneurial work to be extremely difficult. He points to difficulties in obtaining financial capital for these entrepreneurs. The other element he mentions is lack of trust among different sections of the market towards the entrepreneur influenced by absence of his reputation. Another capital that is acquired only by the passage of time is experience. The new entrepreneur must be put under the tutorship of a professional entrepreneur for couple of years.

Entrepreneur not having enough information about the his product and the market

Asgar identifies the three codes he has lived by the past fifty years. The first one is “To learn about new things before others do”. He unravels it that “*it is important to be informed in the business*”. It is essential in today’s business world to learn about things such as *business opportunities* before your rivals. To learn about: your *product*, your *market*, your *suppliers*, *your strengths*, *your weaknesses*, *your competitors* and etc. before others. According to Asgar, this principle contains also the different aspects of *market research* and *business opportunities* necessary for successful innovation to take place.

3.9.4 Discussion of Asadollah Asgar-Oladi (interview)

In the interview Asgaroladi raised the point of gradual accumulation of the resources and especially experience of the entrepreneur. We also saw that in the case of Lars, the head of OHK, he was complaining over the issue that he initially organised group discussions for start-ups, which was not welcomed by them. The companies that eagerly participate at the group discussions of OHK are established companies. The point of Asgaroladi could provide an explain to this.

3.10.1 Interview Summary; Yahya Ale Eshagh

Yahya Ale Eshagh is currently Chairman of Tehran’s Chamber of Commerce. He is a former Iranian Commerce and Trade Minister and he has also been Acting Minister in the Ministry of Industry and Mining of Iran and Also Acting Minister of Ministry of Commerce and Trade. But he has also experienced working as the Head of the Procurement and Logistics department at the Defence Ministry. He has Ph.D. in Strategic Management.

The following text is a brief summary of his remarks made during the interview I had with him.

- There is no doubt that entrepreneurs must be supported if we have set the goal for ourselves to develop our country. Supporting entrepreneurs comes under the development of human resources of the country. For the reason that entrepreneurship is quite young and a new branch of study under the business and management studies, therefore it could be argued that *entrepreneurs are also the new generation of managers and businessmen*.
- *By supporting R&D one would also directly contribute to prolonging the life cycle of products and businesses. In line with this argument, by supporting entrepreneurs*

one is not only supporting the new generation of business, managerial and economic studies, but also would pave the way for development of new technologies.

- *Entrepreneurship and entrepreneurs are surrounded with a fundamental problem. Generally those who are engaged in invention and discovery activities do not have the substance required for becoming engaged in commercialization activities. It is as if they view the matters through a different prism than those who have a sense and understanding for commercialization and business activities. These two groups have problems to communicate with one another and to a large extent they are not even interested to make an effort in bridging the gap. Their nature is so different that as if one comes from planet Mars and the other is from Venus.*
- *Commercialization is in itself a specialized work that requires expertise.*
- *If a new technology could not have a commercial application in the way that it responds to a need, then the technology is useless.*
- *Innovation is a bird using both the inventors and those involved in the commercial aspect of the job as her wings. The inventors that are specialized and master the technology and those who know the market and are able to find out about the need existing in the market, identify the suppliers, customers and etc., these two groups should join forces to give the bird the ability to fly. These two groups should find a way to communicate with each other. This is a difficult task as they are strangers to the language each group uses. A middleman in the form of an interpreter should be present and overtake the task of communication between the two groups.*
- *When an entrepreneur wants to develop a technological idea into a product where a new technology is applied in it in the form of an invention activity, the person should be aware that he could not achieve this alone and needs to receive help. This is due to the fact that mastering the technological aspect of the innovation activity is good but not enough. The entrepreneur might be a skilful technician but that alone does not necessarily lead to the success of the innovation. The entrepreneur should realize that commercialization is a science in itself and requires expertise. So two groups of people should come together. But these two groups usually do not know each other well enough. They may have a shallow understanding of each other, but without an interpreter who knows both of the groups well, successful communication could not take place.*
- *I consider the middleman in the form of an institution. And by that I mean a big institution not something of the sort of consultancy firms that exist these days. The institution should possess enough wealth (i.e. financial capital), resources (i.e. both human and other type of resources) and knowledge in terms of both the technical aspects and commercial aspects of the job that it could **administrate** both of the groups.*
- *There is not much chance for the inventor alone to bring together all the needed parts and accomplish the innovation. It would also not function the other way around that for instance a wealthy investor searches the existing technologies and products and then successfully picks up the right technology and product concept. **A person with both the market knowledge and the technical expertise to conduct the invention and discovery part could be rarely found.***
- *Business counsellors are useful when it comes to providing business advice, but the advice they provide about for instance a business idea, that advice has a basic form and **they could not provide a conclusive answer on whether the business idea resembles also a business opportunity or not.** They do not have the needed expertise or the resources required for such an undertaking. Instead of*

wondering whether a business idea is a business opportunity or not, one could turn the table and check in what ways one could answer to an already existing **problem**. An entrepreneur should always have the **need of the customers** in mind and try to respond to it, **knowing whether a product does that or not is a complicated issue**. But the market and the industry often make announcements about their **needs** and one could try to respond to them instead of going the hard and uncertain path.

- **Considering the market need and product development should take place simultaneously.**
- When it comes to comparing and contrasting the personalities of these two groups, it is important to know that the inventor stereotype entrepreneur is different than the business manager type of people who are good in **presenting** and **selling** commodities in the market. (In the example Yahya Ale Eshagh used about the conversation he had with that chief engineer, he said that) It seemed to me that the question of **how much is this component worth in the market does not make any sense to the technician**. At the same time I also did not share his astonishment about the abilities of that CNC machine which is capable of cutting metal in special ways. **The distinctive feature of these groups is that each comprehends a different meaning from the question that “How much is this worth?”**
- **Determining at an early stage whether a business idea is a business opportunity worth developing it or not, like the embryo example you use requires a knowledge base that is not available yet in the world. It would be better to focus on the idea of a middleman who could comprehend the languages of the two parties involved.**
- The problem we face concerning entrepreneurship in Iran is a two partite problem. One being **educating the entrepreneurs about the difficult task ahead** for accomplishing a successful innovation. And the other challenge is **informing them about all the help available to them**.

3.10.2 Coding of Yahya Ale-Eshagh (interview)

Yahya Ale-Eshagh (interview)	
Major problems hindering successful	<ol style="list-style-type: none"> 1- Those engaged in invention are of a different nature than those engaged in commercialization 2- The technology that does not respond to a market need is void 3- Communication problem between entrepreneurs and business managers 4- Entrepreneurs cannot undertake innovation work without the assistance of a business manager 5- Difficult to assess whether an idea constitutes a business

<i>innovation</i>	<p>opportunity or not</p> <p>6- Entrepreneurs and business managers extract different meanings from “How much is this worth?”</p> <p>7- Educating entrepreneurs about the difficult task ahead</p> <p>8- Informing entrepreneurs about all the help that is available to them</p>
-------------------	---

3.10.3 Analysis of Yahya Ale-Eshagh (interview)

Those engaged in invention are of a different nature than those engaged in commercialization

Yahya claims that the biggest factor hindering successful innovation is the difference that exists between *those who are engaged in invention activities* compared to *those involved with commercialization*. **Inventors do not have the substance that is required for becoming involved in commercialization.** Their viewpoint is totally different from those who are engaged in commercialization. As a result of these differences these two groups have problems for communicating with each other. They are also unwilling to bridge the gap. Yahya considers their differences to be so vast as he says that it is one of them is from Mars and the other from Venus.

The technology that does not respond to a market need is void

The technology that does not fulfil the task of *responding to a market need* is a sheer useless technology. There is no commercial application perceived for this technology.

Communication problem between entrepreneurs and business managers

Yahya uses the example of the two wings of a bird to describe inventors and the people involved in commercialization activity of innovation. The inventors are skilled in the technological aspects of the invention. Those who are specialized in commercial matters are also responsible for identifying the need that exists in the market, the potential customers, suppliers and etc. Until these two groups would not join forces as the two wings of the bird aiming for the bird to fly, the bird could not fly. The missing loop between these two groups is communication, as each is stranger to the language of the other party. Therefore they need an interpreter who could translate the exchanged messages.

Entrepreneurs cannot undertake innovation work without the assistance of a business manager

According to Yahya, entrepreneurs cannot develop their inventions into innovations without the help of business experts. The entrepreneur should come to the understanding that commercialization is a science in itself and therefore only experts in this field are capable of performing it. Now the question that is still left unanswered is who is qualified to function as the interpreter? One of the criteria for the interpreter is to know both of the groups well enough as they have only a poor understanding of each other.

The interpreter could be a large institution with huge financial, human based, scientific based resources. This institution should possess in depth knowledge concerning the technological aspect of the invention and also the commercial side of the work. It is important to note that although we call this institution as an interpreter, but in a way it would take the duty of *administering* both parties.

On the other hand Yahya admits that it is difficult to organise such an institution that take such a huge undertaking. However, when looking at the other side of the issue where there is no middleman in the form of institution or interpreter involved, then chances are slim for an inventor to accomplish the job of invention as well as commercialisation alone, knowing that invention and commercialisation also walk hand in hand. At the same time the probability for success in the case of a wealthy investor to go and search among the existing technologies and pick the right one for developing it into an innovation is also extremely low. Yahya asserts that *in the ideal situation a person with both the market knowledge and the*

technical expertise conducting the invention and discovery part. In this scenario the person would be aware of the issues that he has to take into consideration with regard to his invention. Yahya insists that: “*Considering the market need and product development should take place simultaneously*”.

Difficult to assess whether an idea constitutes a business opportunity or not

When it comes to counselling and seeking the advice of business experts on the initial idea, Yahya is not so optimistic that these counsellors could conduct a watertight research on the idea and give a final verdict as it constitutes *a business opportunity* or not. *He believes that beside some questions and a shallow market research, there is not much that the counsellor could do at that point.* Therefore, it would be safer for the entrepreneur to go for *the problems that already exist in the market. He firmly believes that it is fairly complicated and near to impossible to cast a verdict on an idea and acknowledge whether it is a business opportunity or not.* Based on this, he rejects my idea of the ill embryo example. Yahya said: “*Determining at an early stage whether a business idea is a business opportunity worth developing it or not, like the embryo example you use requires a knowledge base that is not available yet in the world. It would be better to focus on the idea of a middleman who could comprehend the languages of the two parties involved.*”

Entrepreneurs and business managers extract different meanings from “How much is this worth?”

From the personality comparison between technical entrepreneurs and people involved in commercialization, one could clearly see the vast differences that exist between them. For instance Yahya uses the example of *business managers* for representing the people involved in commercialisation and he considers them to be people *skilful in presenting commodities and selling them.* They are aware of the market prize of different goods. However, these

business managers generally are incapable to place themselves in the angle of view of technicians and evaluate the value of a product and come to the same conclusion as the technician. Perhaps as an exchange for having the expertise in extracting the market value of commodities they lost the ability to evaluate the price of products from the technician's angle of view. In the example Yahya used to describe his encounter with that chief engineer Yahya said that: "It seemed to me that the question of *how much is this component worth in the market* does not make any sense to the technician. At the same time I also did not share his astonishment about the abilities of that CNC machine which is capable of cutting metal in special ways. *This is the difference between these two groups of people. Each group extracts different meaning from the phrase "how much is it worth". Group one does not have a clear understanding of the market, of purchasing and selling. That chief engineer was somehow worshipping the CNC machine. He did not understand that why I do not share the same sentiment. I also did not understand him.*"

Educating entrepreneurs about the difficult task ahead

According to Yahya Iran is facing a two partite problem concerning entrepreneurship and Innovation. We have to educate entrepreneurs about the difficult and challenging task they have ahead of themselves when it comes to carrying out of innovation activity.

Informing entrepreneurs about all the help that is available to them

After entrepreneurs were informed about the demanding task of innovation. We have to inform them about all the assistance and support that is at their disposal in this regard.

3.10.4 Theory for Yahya Ale-Eshagh (interview)

Schilling (2010) distinguishes between the managerial abilities and personal traits of technical

inventors compared to entrepreneurs performing technology innovation. The analyses that are conducted over the personality traits of inventors indicate that they are individuals who are more interested in theoretical and abstract thinking. They are eagerly looking for problem solving. It is highly probable that they spend their whole life developing a large number of creative and new devices or processes, but they may only seek to patent or commercialize few of them. Schilling believes that the qualities that make people inventive do not make entrepreneurs out of them. Therefore, she defines basic research as an effort that is directed with the purpose of enhancing the understanding of a topic or field without any specific and immediate commercial application planned for. (Schilling, 2010)

Robert Grant (2010: 52) gives the same phenomenon a more scientific sense: “Entrepreneurs are generally driven less by the promise of riches as by the desire to create”. The above noted remarks suggest that technical inventors may consider commercialization work as *degrading* to their scientific position and also in a sense materialistic. Therefore they are reluctant in engaging in this activity.

3.10.5 Discussion of Yahya Ale-Eshagh (interview)

Yahya believes that the ideal situation would occur when one person could be able to think and act both as the people who are engaged in invention activities and as people who are engaged in commercialization activity. But Schilling (2010) also supports Yahya’s view that this does not happen and in fact these two groups of people are of different nature. As a result of this, they do not understand one another and have problems to work together.

On the other hand, Yahya is aware that the innovation will only succeed when these two groups join forces. He is looking for a middleman who could bridge their differences. However, despite the fact that he uses the term “middleman”, he consider a huge organisation with richness in different resources is capable to function as an interpreter between these two groups.

Although Yahya also like Finn Kristian Aamodt of Innovation Norway rejects my example of ill embryo, but he also confirms that people involved in commercial issues think differently

than those who are involved in invention. Under my example the inventor would not have needed to understand commercial issues, he would just hold a discussion with a business counsellor and ask someone to conduct a market research and if the answer was negative, then the person would go and engage in a different project. Finn Kristian Aamodt asserted that the person should take the final decision himself and should also be persistent enough on his idea and tolerate a lot of no responses. Erik Wiken from Innovation Norway also believed that the entrepreneur should have commercial understanding. Now *how could it be that as Schilling (2010), Grant (2010), and Yahya believe that these people are different, but at the same time there is no other way perceived than the inventor becoming a skilful commercial agent?*

3.10.6 Conclusion of Yahya Ale-Eshagh (interview)

As Yahya pointed out the existence of a middleman is necessary for interpreting the languages of technical entrepreneurs to people involved in commercialization. I tried to search among the academic subjects to see whether I can find a subject that entails the both worlds. I came up with “Industrial Engineering”. The students of this subject study both about all the different branches of engineering field and also have subjects such as management, economy, accounting, and business administration in their curricula. I also wanted the person to have experienced entrepreneurship and innovation. I came up to Amir Tabrizi for my next interview. He is graduated as an Industrial Engineer from Iran’s top-ranked technical university (i.e. Sharif University) and has also worked as an entrepreneur for most of his life and is considered as a serial entrepreneur.

3.11.1 Interview Summary; Amir Tabrizi

Amir Tabrizi is a graduate in industrial engineering subject from Sharif University in Tehran, which is the highest-ranking technical university in the whole country. He is sixty years of age and is considered as a serial entrepreneur. Throughout his career Amir has accumulated experience from different projects in the field of entrepreneurship. What follows is a brief summary of his remarks during the interview.

- After graduation from university I started working at car designing section of the Gostareh Organisation. Then I worked for six months for Iran-Kaveh Industrial Group, which was manufacturing the Swedish Volvo trucks in Iran. Then I worked for six months at Rokhsar Company that was a subcontractor for Iran's Defence Industry Organisation.
- The longest period I spent at a job was working for five years at the Research Centre of the Defence Industry. There I became heavily involved with the materials science and launched manufacturing processes concerning composite, polymer and metallurgy.
- We at the Research Centre were normally not producing any new armament. Our job was mostly defined in terms of reverse engineering.
- The main work of an industrial engineer is *“considering ways to implement quality control, evaluate efficiency, and how to increase the production rate all in relation to the materials science engineering. An industrial engineer's work consists of planning the production, quality control and generally controlling the production. This was due to the fact that industrial engineering is an amalgam of different engineering sciences plus management studies”*.
- ***In my view the best industrial manager is someone who has a shallow knowledge base about the technical aspects of the sub branch under his control. He should not possess detailed information about the technical aspects of the job his technicians are performing so that he misses to behold the larger perspective. I think it is also recommendable to have knowledge about the managerial and economical aspects of the organisation under his command.***
- The most popular engineering branch in Japan in terms of the number of students studying the subject is industrial engineering. This is due to having several types of industrial engineering subjects where most of the engineering branches have their own industrial engineers.
- ***Industrial engineers function as interpreters between different branches of engineering subject. Industrial engineering is popular because different branches of engineering do not understand the language of one another. There must be someone who could comprehend and grasp the meaning of the messages each of these engineering branches are trying to convey. Since industrial engineers also study about economics, business and management studies, they function well as top managers in different industries. At the time they study at university, they pass 3,4,5 and sometimes 6 credits from different faculties at the technical universities.***

- At the Research Centre my job was managing and coordinating the different segments and units involved in projects.
- The research path in terms of the methodology is a *routine and known* road at the universities and this is despite the fact that each project contains an element of novelty in it and is different from other projects. The role of the university supervisors is also to manage the students as well as the project itself. I had a similar duty to a supervisor at the Research Centre.
- ***At the Research Centre the projects and tasks were given to us. We did not choose the projects.***
- ***Most of our projects at the Research Centre ended as a failure.*** However, we learned valuable lessons there. Me and many other engineers who worked there learned about research method and how to apply it on different tasks. These engineers are now spread throughout our industry and each have become the source of inspiration for many other technicians and engineers. The Centre turned us into people who would have enough self-confidence to take a component and no matter how complicated the device would be, we would analyse it.
- ***There were two types of engineers at that time in Iran. One those who worked for the Defence Industry and the other group those who worked in the civilian industry. I would say that engineers who worked for the civil industry were generally not skilful engineers. But as a result of the nature of the work they had, which was in the civilian industry, they learned about the ways to conduct business. They learned about market and survivability methods in the market. They did not perform any innovative activity since somehow everything they worked with was imported from abroad. But they learned business management, profitability, customer concept, competition, advertisement, and engineering work not from technical point of view, but from an economical and business point of view.***
- ***We at our Centre were strangers to market value of products, since our customer, investor, projects and somehow all the peripheral aspects of our job were provided to us. We devoted all our energy to engineering efforts. When the War ended, we were like skilful engineers that are capable of building whatever is demanded, however, without a shepherd. At the Defence Industry the last thing that crossed our minds was profitability of the project we are undertaking. This was also because of the nature of defence organisations in Iran that they belong to the government sector.***
- ***At our Centre whenever we produced something, that was immediately accepted from us. Therefore, we did not learn about the market functions. Most of us after the War ended undertook heavy engineering projects that were not especially profitable. Because profitability has to do with repeatable actions. When your product is accepted at the market, you just improve it slightly and send it to the market again and repeat this as long as it was possible.***
- ***So we ended with two types of engineers in Iran; those who know about engineering without much knowledge about the market; and engineers who know about the market but are not skilful engineers.***
- ***From the time I started to be an entrepreneur, I often experienced difficulty in selling my products. And I blame it on no other factor than myself who was not a capable salesperson. I was not mentally and emotionally prepared to work in a business-dominated environment. And the times that I would leave office, the companies I was working for experienced growth in their business activities especially quantity of the products sold. On the other hand the innovativeness level of the future products almost dropped to zero after I had left the company.***

- *I realized very late that advertisement and similar activities are all an essential part of the business. Advertisement expenses at some companies exceed sometimes to 25% of their income. This figure could be compared with the production cost that rarely reaches 25% of the income of the companies. **This shows that working and improving the quality alone does not serve the purpose of the business, you must also work equally hard or even more to remind the customers that they need your product. This stems from the fact that if a product is used worldwide it would be enough to consider that there exists demand for the product. But it does not necessarily mean that the product is an essential product to have.** People affected by advertisement are brought to the point where they consider the product to be essential to have. However, I who was a stranger to the concept of advertisement thought that **I could spend all the money on improving the quality of my product and therefore eliminate the need to create false feeling of need among the customers. The feeling of need would be genuine.***
- ***Rivalry and competition** were also the other concepts that I was not familiar with.*
- *Whenever I sensed that there exists a market for a product that I could possibly produce it, I organised all my efforts revolving around the production of that article. I constantly had **problems with identifying good business opportunities.** But I also admit that I changed course way too often times and jumped from producing a range of different products.*
- *I have always had an extreme optimistic view on the way situations are going to develop in the future. On the other hand I could not envisage any other possibility for myself. For instance when somebody was suggesting to me that after producing article X, I will ink a contract with you, then that was something that I would go for it wholeheartedly and was even thankful to the person who was kind enough to provide me with this opportunity. **This was due to my disability regarding recognizing the market.** However, I must admit that in relation to the product offered to me to produce, I had a precondition that was supposed to be met by the product and that was that it had to **represent a technical challenge to me. I just did not want to do something that everybody else is also capable to do.** I guess this attitude stems from my **Iranian pride** or **engineering pride** that has haunted me throughout my whole life.*
- *The pivotal technical problem I experienced during my career as a technical entrepreneur was that many times the quality of the products that I produced were not a 100% match for its imported counterpart. Some of the times the organisations I wanted to sell my products to had special requirements such as especial internationally recognised certificates that could become challenging for me due to the hefty price tags attached to them.*
- *Without exaggeration on the figure, I transferred the knowhow of 10-15 advanced technologies to Iran that each was worth at least USD 1-2 million. **Usually I accomplished 90-95% of the work and then due to the lack of support from the market, I had to abandon the project and move to a new project. In the meantime I observed the success of other companies that brought them a glamorous and luxurious lifestyle. Their activity was centred on trade and not production. They signed all those lucrative deals. They had options to choose to whom they were going to sell their products. But I could not act like them. I usually had only one customer who had given me nothing but empty promises.***

- *I also believe that money and wealth have never been number one priority to me. Companies who were engaged in easy not challenging projects did never earn my respect. In the course of years I realised that somehow this is a common trait for all those who were working together with me at the Defence Industry. I mean a common trait among skilful engineers. They also did not generate a huge wealth as far as I know. Not that they did not desire to become rich, but my guess is that they too did not prefer to chose money over technology at the decision taking moments.*
- *An important lesson I learned was that **the business cycle should be considered as a package, where either the whole of it would be considered as a success or whole of it would end up as a failure. One should not divide the business cycle into separate chunks and play favourites between the chunks.***
- *I committed many mistakes during my career, but the ample ones were delving deeper than it was necessary into too many different technologies, and thereby diverting my attention away from customers to technology development. While we were deepening ourselves into those technologies we missed the important point that how useful would this technology be for potential customers. I never had a long-term vision for my enterprises as well as for my products. As a result of these shortcomings, I was always bankrupt. I generated wealth in actions that I played the least amount of decision taking role in them.*
- *I would define an entrepreneur as someone who is not devoting all his efforts around the production of a commodity, but one who is aware about the focal game-changing role commercialization plays in this regard. An entrepreneur must have the ability to administrate a business agency, someone who is a talented presenter and has business growth as his objective to achieve.*
- *The reason that I changed course multiple times in my career was some of the times based on the poor decisions I took. When my factory was up and running with the production of a commodity and my product also did not face any significant challenge, I thought that it is time to go and search for a plan B in the form of a completely new product with new technological challenges. In a way “I emotionally divorced my product”.*
- *“I was only specializing in the field of polymer”, therefore I missed on following the developments happening on the complementary components of this product and the industry and technological world. As a result, I did not notice that the wireless technology is replacing the copper-cable technology. That brought to me a period of economic hardship since I had received USD 180,000 loan from the Centre of Expansion of Entrepreneurial Work.*
- *I also did not pay enough attention to the specific legal issues that were noted in my contract. We were so happy that we have a contract and we are selling overcapacity and our production could not cope with the level of demand.*
- *The desire I had for constantly starting new projects had two reasons: One was simply **being captive of the lust for new projects.** And the second was the fear that the current project might not be able to generate me enough wealth.*
- *As far as it concerns successful entrepreneurs in Iran, much of their knowledge is not technical. They know the market for their product. They know the suppliers for their products, the potential customers, the law concerning the export and import tariffs. They are aware of the different aspects of their business. And last but not*

least, they are aware of their limitations as human beings and therefore do not have huge expectations from themselves.

- *We also never really conducted proper market research or any feasibility studies prior to starting to develop new products. And even the market research we did was based on speculations and assumptions, not on hard data. I did not follow a good business strategy for my businesses. “I do not have a reliable business mindset”*
- We never considered *seeking help from business advisors* because of two reasons. For the first I always had business partners that I had to convince them too before spending money on these things. And for the second, *I did not see the reason for such a session, since I thought that I know everything*. So there was no need on my side felt about such a thing. *For me as long as I could overcome the technological hurdles associated with the production of new products, then the job was done. Commercialization had no place in my equations. For us who worked at the Defence Industry, the necessity of having a successful company did not come from achieving economic success. We thought the secret to a successful company lies in having a successful R&D section. We always prioritised R&D over all the other aspects of the firm’s activity. “Throughout whole my career, I used to believe that once you overcome the technological challenges, then the rest of the road would turn into a cakewalk. I thought that once you represent a high technology then you could easily conquer the market. I did not imagine the market to be such a horrible monster and in fact the real battle takes place there. In a way the market pulls the strings and controls everything. It is the economical factors that determine the business model and draw the roadmap for the way forward. With other words the economy runs the technological development.”*
- **The initial consideration about developing a business idea should be based on selling.** *The successful entrepreneurs I know about, they all started as salesperson and then moved to production.* Throughout years of accumulating my knowledge concerning entrepreneurship, I came to believe that the successful entrepreneurs *gradually gain knowledge* about the market, competitors, suppliers, supplementary products and distributors and etc. This type of knowledge could not be gathered over the night. *And get involved in selling a product first and then evaluate producing it.*
- *The entrepreneur should prioritize improving his ability in selling before working on any other competency.* This is due to the simple fact that *the ultimate goal envisaged by the entrepreneur for all the products should be selling.*
- *I am also seriously considering on shifting track and become involved in selling.* My new project resembles selling to a large extent. I cannot disclose it, but I could simply say that *it has nothing to do with production.*

3.11.2 Coding of Amir Tabrizi (interview)

Amir Tabrizi (interview)	
<i>Major problems hindering successful innovation</i>	<ol style="list-style-type: none"> 1- Entrepreneur not knowing enough how to conduct business, market, costumer concept, competition in the market, engineering work not from technical angle of view, but from an economical point of view 2- Not mentally or emotionally prepared to work in a business-dominated environment 3- Solely improving the quality of the product would not guaranty product's success in the market 4- Identifying good business opportunities 5- The technical pride of the entrepreneur 6- The activities being centred on production and not trade 7- Not having a long term vision for the product and enterprise 8- Entrepreneur's credence that they know everything about innovation

3.11.3 Analysis of Amir Tabrizi (interview)

Entrepreneur not knowing enough about: how to conduct business, the market concept, costumer concept, competition in the market, engineering work not from technical angle of view but from an economical point of view

Amir Tabrizi defined industrial engineering as: “an amalgam of different engineering sciences plus management studies”. Industrial engineers should try to behold the larger perspective and not delve into the technicality details of the sub branch under his control. He should also have knowledge about the business managerial and economic aspects of his work.

Amir in his own words described Industrial Engineering: ***“Industrial engineers function as interpreters between different branches of engineering subject. Industrial engineering is popular because different branches of engineering do not understand the language of one another. There must be someone who could comprehend and grasp the meaning of the messages each of these engineering branches are trying to convey. Since industrial engineers also study about economics, business and management studies, they function well as top managers in different industries. At the time they study at university, they pass 3,4,5 and sometimes 6 credits from different faculties at the technical universities.”***

Amir describes the job he had at the Research Centre for the Defence Ministry as the projects were given to them and they did not choose the projects. He drew back on the 80s where there were two types of engineers existing in Iran, those engaged in the civilian industry and those engaged in the military. Amir proclaims that engineers who worked for the civilian industry were generally not skilful engineers. However, due to the nature of the private sector and the civilian job market, they learned about the way for conducting business. They accumulated knowledge on how the market functions and gained an understanding about concepts such as: ***“business management, profitability, customer concept, competition, advertisement, and engineering work not from technical point of view, but from an economical and business point of view”.***

On the other hand engineers like us who worked at the military industry although we became skilful engineers from a technical perspective, but did not learn about the business and commercial issues. Amir asserts: ***“We at our Centre were strangers to market value of products, since our customer, investor, projects and somehow all the peripheral aspects of our job were provided to us. We devoted all our energy to engineering efforts... At the Defence Industry the last thing that crossed our minds was profitability of the project we***

are undertaking. This was also because of the nature of defence organisations in Iran that they belong to the government sector. At our Centre whenever we produced something, that was immediately accepted from us.”

For this reason, *although Amir had the education of both worlds i.e. engineering and business and economic aspects*, but soon after graduating from university he was drawn into the technology world and detached from the business aspects that are involved in projects.

Not mentally or emotionally prepared to work in a business-dominated environment

After the War ended in 1988, Amir and many other engineers entered the civilian market and looked for new projects to undertake. However, they were strangers to the elements that run the civilian market of engineering. He says that in the civilian market profitability is related to *repeatable actions*. “*When your product is accepted at the market, you just improve it slightly and send it to the market again and repeat this as long as it was possible.*”

Solely improving the quality of the product would not guaranty product’s success in the market

Amir asserted that he has constantly faced difficulties in *selling* his products. He considers himself not to be a *talented salesperson*. He claims that it took him a long time before he realized the importance of other factors involved in the business cycle. For instance the significant role advertisement plays that sometimes the budget for advertisement even exceeds production cost. However, as it concerned him, he did not have faith in advertisement. He thought that by improving the quality of his products, he could exempt advertisement. As a result of this type of mindset, whenever Amir left the companies he worked for or even grounded, they experienced business growth. Although after his departure, the innovativeness of the future products according to Amir dropped to zero. He blames this on *not being mentally or emotionally prepared to work in a business setting where*

profitability rules over all the other aspects of the job. He especially criticizes the creation of **false need** among people through *advertisement. He thought that by improving the quality of his products not only he can save the money for advertisement, but he could also create a genuine and authentic need for his products.* Amir also tried to win over his *rivals* by solely improving the quality of his product. For him the only *competition* that existed was the one based on the quality of the product.

Identifying good business opportunities

Amir highlights another problem he constantly faced from the beginning of his career as a private entrepreneur. He asserts that whenever he sensed that there is a market for a product, he organised all his efforts to be at that market and produce that item. However, he constantly encountered setbacks when it came to *identifying good business opportunities.*

The technical pride of the entrepreneur

Although Amir was after new projects and according to him whenever somebody suggested him to produce an item and then they would sign a contract with him, he would become extremely thankful and would go for producing the item wholeheartedly, but he had also a precondition. If the suggested item would fulfil that precondition then Amir would organize his efforts around producing that article. He did not want to get involved in a project that does not constitute any technical challenge to him. A task where there are many others who also could do the job would not be interesting to Amir. He thinks that *it stems from his Iranian pride or engineering pride that he always looks for achieving difficult milestones in projects.*

Amir asserts that money and wealth have never been his number one priority. For instance companies that generated huge sums of money without engaging in challenging projects have also never earned Amir's respect. He considers this attitude to be a common trait among those who worked with him at the Defence Industry. For instance, he uses the term "skilful engineers" to describe them.

The activities being centred on production and not trade

Amir talks about the way events have unfolded in his life as a technical entrepreneur. He claims to have transferred 10-15 advanced technologies to Iran, each being worth of USD 1-2 million. But due to *lack of support from market*, he could not extract the latent value out of them. He also provides an account on the way that *engineers predominantly with the background in the civilian industry succeeded in their businesses. As opposed to my situation, they had multiple customers that they could choose the one they preferred to have business with. Their contracts were usually lucrative and earned them big sums of money and many other differences that existed between us. The hallmark of their activities and the difference between my activities and theirs was that their projects were centred on trade and not production.*

Not having a long term vision for the product and enterprise

Amir personally admits of having committed many mistakes as far as entrepreneurship is concerned. One of them was delving deeper than it was necessary into the technological aspects of the products and thereby neglecting to address the issue of customers and technological development. He says that deepening in to the technologies resulted in missing the degree that these technologies are useful for the customers. He blames this on *not having a long-term vision for the business he was running.*

Entrepreneur's credence that they know everything about innovation

Amir describes his understanding of entrepreneurship as one that does not devote all his efforts to production and mastering of the technological aspects, but one who is paying attention to *the game-changing element of commercialization* too. He says: *“An entrepreneur must have the ability to administrate a business agency, someone who is a talented presenter and has business growth as his objective to achieve.”* Much of the knowledge of

entrepreneurs (at least in Iran) is not technical. They are aware of the market existing for their product. They know about their potential customers, the legal issues in relation to their product and etc.

According to Amir, it took him a long time to realise that he does not have a reliable **business mindset**. He says that they did not conduct proper feasibility studies and market research before engaging in the development of the product. Despite this unreliable business mindset, Amir says that he never sought help from business advisors predominantly because he thought he knows everything. Commercialization did not cause him headache, as he never considered it to be important enough to pay attention to. Based on his own assertions, as far as he could overcome the technical challenges with the production of the product, he considered the job done and having accomplished success. According to him, he did not correlate successful company with achieving economic success. For instance we always prioritised R&D to other works. Some of the important remarks made by Amir in relation to successful entrepreneurship are as follows:

“Throughout whole my career, I used to believe that once you overcome the technological challenges, then the rest of the road would turn into a cakewalk. I thought that once you represent a high technology then you could easily conquer the market. I did not imagine the market to be such a horrible monster and in fact the real battle takes place there. In a way the market pulls the strings and controls everything. It is the economical factors that determine the business model and draw the roadmap for the way forward. With other words the economy runs the technological development.”

To Amir the base of the initial idea for developing a product should be centred on **selling**. According to Amir something that took him years to realize was that most successful entrepreneurs started as salesperson and then moved to production. I also understood that **entrepreneurial knowledge concerning the market, competitors, distribution channels, suppliers and etc. is accumulated gradually** and not over the night. But the most important thing I learned was the importance of **selling** in relation to the business strategy one portrays for his entrepreneurial activity. I never imagined that selling plays such an important role. For the time being I believe that the ultimate goal of the entrepreneurs in relation to innovative products should be focused around selling the ultimate product.

3.11.4 Theory for Amir Tabrizi (interview)

A successful innovation entails all these needs to be responded to, i.e. the need for self actualization and the need of esteem. Therefore, it is wise to pay enough attention to both parts of innovation process, i.e. invention and commercialization.

Cognitive Development Theory by Jean Piaget

The theory of Cognitive Development of Piaget deals with *the way human intelligence develops*. However, it places the emphasis on the childhood of a person and considers the childhood of people as a critical age in relation to *the development of human intelligence*. *Piaget believes that knowledge in children is developed through the differences in the knowledge they have about the issues and the new things they discover*. The Theory of Cognitive Development provides explanations for the differences existing in the answers of children belonging to different ages. Piaget is on the view that the distinguishing factor between human beings and animals is their “abstract symbolic thinking”. According to him *“environmental pressure plays an essential role in the development of intelligence”* (Piaget, 1952: 359)

Sociocultural Theory by Lev Vygotsky

A year earlier before Piaget developed his Cognitive Development theory, a slightly different theory was developed by Lev Vygotsky dubbed Sociocultural Theory. In this theory he describes the focal *role that social interaction plays when it comes to cognitive development*. According to him: “Every function in the child’s cultural development appears twice: first, on the social level, and later, on the individual level; first, between people (interpsychological) and then inside the child (intrapsychological). This applies equally to voluntary attention, to logical memory, and to *the formation of concepts*³⁵. *All the higher functions originate as actual relationships between individuals*³⁶.” (Vygotsky, 1978: 57)

³⁵ My highlight

³⁶ My highlight

The zone of Proximal Development

Vygotsky believes that every person has a limited potential for learning and development of his cognitive abilities. However, through the assistance of for example education, the person's abilities increase to a certain amount. Vygotsky calls the difference between these zones as "the zone of proximal development". This theory is about instruction and development. With other words *through the interactions on a task between a less competent person (e.g. pupil) and a more competent person (e.g. teacher), the less competent person becomes more proficient in the task.* (Kozulin et al. 2003)

Storey & Greene (2010) acknowledge that having *prior managerial experience* is one of the elements that increases the chance for business growth. In addition to prior experience mentioned by Storey & Greene, Smith (2010) believes that entrepreneurs during doing the commercialization work could also *learn valuable lessons as part of their learning curve.*

On the other hand, the entrepreneur is also not forced to perform the commercialization job himself as there are a multiple choices available to him such as creating a spin-off, licensing the business idea or the technology or product to others and etc. However, this thesis revolves around the situation where the entrepreneur or the business manager is doing the commercialization of the product by using the internal resources available to him. This does not mean that I will not elaborate on the other options in this thesis.

Maslow's hierarchy of need

In the Maslow's hierarchy of needs, "Esteem" as the second highest need human beings have is labeled with: "self esteem", "confidence", "achievement", "respect of others", "respect by others". Considering *"achievement"*, and *"respect of others"* ... *Innovation is not achieved unless success is achieved in both the invention and the commercialization part. The need for achievement comes parallel with the need for gaining the respect from other people and the person having respect for himself/herself.*

The highest need that human beings have according to Maslow is the need for “*self actualization*” that is hallmarked with: “*creativity*”, “*problem solving*”, “*authenticity*” and “*spontaneity*”. These needs come under the category of “*self actualization*”. According to Maslow this level is about: “*the desire to accomplish everything that one can, to become the most that one can be*”. (Maslow, 1954: 58)

The hero

Blank and Dorf (2012: xxi) come up with the following suggestion:

“A legendary hero is usually the founder of something - The founder of a new age, the founder of a new religion, the founder of a new city, the founder of a new way of life. In order to found something new, one has to leave the old and go on a quest of the seed idea, a germinal idea that will have the potential of bringing forth that new thing.

Joseph Campbell, **The Hero with a Thousand Faces**³⁷

In this short passage a legendary hero is considered to have the attribute of venturing into new horizons, a person who would dare to break the old and move forward. This person could take many faces, in fact the name of the book is a hero with thousand faces.

3.11.5 Discussion for Amir Tabrizi (interview)

Amir Tabrizi studied at the university a subject that entailed both technical and engineering subjects as well as economic and business management subjects. However, after he graduated from university, he was dragged into an environment where he was surrounded by pure engineering work, with close to zero commercial aspect. After he entered into the civilian market he found out that he is a stranger to all the business and commercial concepts. However, according to Piaget (1952) environmental pressure play an important role in relation to the development of the person’s intelligence. Amir had to learn the commercialization side of the entrepreneurship through the hard way.

³⁷ My highlight

Through many years of hardship Amir accumulated knowledge in relation to commercialization. In a way a person with pure technological mindset was turned into someone who not only understands the people who are engaged in commercialisation, but is also planning to become one of them, since the new job he has undertaken involves no production but selling. Now, that Amir proved that one person could perform the role of the bird used in the example of Yahya, I want to know what has caused Amir to change.

Amir Tabrizi, the serial entrepreneur asserted in his interview that the most important factor that he pays attention to in relation to picking new projects is the level of technological achievement that the product represents. He talked about his *engineering pride*. By considering the Maslow’s hierarchy of needs and also the short passage presented from Joseph Campbell in the book of Blank and Dorf (2012), it becomes clear that by mastering the commercialization features and work of innovation, Amir would respond to his feeling of self actualisation, achievement and respect of others as it was described in the Maslow’s hierarchy of needs.

3.12.1 Interview Summary; Hossein Noghrehkar Shirazi

My father told me once or twice about the *advice* on the importance of business administration subject one of his professors gave him the first year he started his academic education about 45 years ago. The advice was about *tackling the feeling of inferiority, which my father had unconsciously become a prisoner of it*. The professor had envisaged *a bright future in terms of the occupations and positions awaiting the graduates of the business administration subject* from the Business School of Tehran. That short conversation motivated my father to continue his studies in the field of business administration.

3.12.2 Coding of Hossein Noghrehkar Shirazi (interview)

Hossein Noghrehkar Shirazi (interview)	
<i>Major problems hindering successful innovation</i>	1- Associating an inferior status to business related subjects compared to technical issues

3.12.3 Analysis of Hossein Noghrehkar Shirazi (interview)

Associating an inferior status to business related subjects compared to technical issues

In the life story my father recalled about the time he had just started his education, the most notable factor was the existence of an inferiority perception in relation to business subjects compared to technical or medical fields of study. The general perception for somebody who wants to learn about business was to start working in the bazar or a company. The public did not consider that one need to study business at university. In their view only the technical subjects and medicine required academic education.

This perception created a feeling of inferiority in my father's mind about the subject he is studying. However, his professor managed to change that feeling with a totally different perception about the job opportunities that are waiting the alumni of this subject. The career of my father is a proof for the validity of the assertion that professor made 45 years ago.

3.12.4 Theory for Hossein Noghrehkar Shirazi (interview)

Smith (2010: 6) argues that the invention process of innovation activity is for some people more glamorous and heroic.

“Hence innovation embraces both a technological and a creative dimension, that we normally refer to as invention, together with a commercial dimension that involves the exploitation of the invention to turn it from a model or prototype into something that is available in the market for consumers to purchase. ***This later aspect is much less heroic and less glamorous than invention, but it is crucial***³⁸

³⁸ My highlight

3.12.5 Discussion for Hossein Noghrehkar Shirazi (interview)

When I compare the life story of Hossein with the quotation by Smith (2010) that I brought in the theory section of Hossein's interview, I realize that business related issues are generally in the eyes of public being considered to be inferior to technical matters. However, by looking at the story of Hossein and the claim made by Smith (2010) in that quotation where he proclaims commercialization to be an essential part of the process, I realize that perhaps this could be response to my research question. But I still have to test it. It is important to note that Max Weber, the German sociologist considers that ***“ideological values lead directly to entrepreneurial behaviour”*** (Jennings, 1994: 123) ***Therefore having the ideology that commercialization work is inferior to invention, then this would affect the entrepreneurial behaviour of the entrepreneur.*** It could be that after Amir Tabrizi saw the fortune and ***glamorous life style*** of those who he called them engineers who became involved in trade, his opinion started to sway.

4.1.1 Discussion

4.1.2 Entrepreneur has to master commercialization

Storey & Greene have the view that for the stage models, business' development and growth takes place in clear-cut stages. And the transition between stages is marked by the existence of crisis. This could be in the form of a leadership problem, or problems concerning autonomy and control. What is evident is that by handling these problems, ***the entrepreneur*** could proceed to the next stage. (Storey and Greene, 2010) This shows that at least Storey and Greene (2010) consider the entrepreneur to be capable to handle both the commercialization and innovation side of innovation. In the theory part for Tom and Mary I drew on the assertion made by Bel (2010) where although he suggested that innovation is divided in two phases that each phase demands a different kind of leadership, but he also asserted that these two phases are inseparable.

Storey and Greene (2010) explain the evolutionary approach to business growth as one that starts with the birth of the business followed by growth, maturity and ending with the death of the business. Their view regarding the stage model business development that together with the population ecology makes the other type of evolutionary approach is that business growth takes place in clear-cut stages. And the transition between stages is marked by the existence of crisis. These could be in the form of a *leadership crisis*, or other type of problems concerning autonomy and control. What is evident is that by successfully handling these obstacles, *the entrepreneur* could proceed to the next stage. Storey and Greene (2010) use an example to clarify the leadership crisis. They say that entrepreneurs create new products and introduce new markets to the products, but as the business continues to grow a crisis of leadership occurs. This crisis results in a turning point where *the already existing informal communication between the entrepreneur and the staff changes and entrepreneur takes a more formal leadership role*. (Storey and Greene, 2010: 223) It is worth noting that Storey and Greene *do not demand the replacement of the entrepreneur for example with a manager, but they talk about an attitudinal change that would suit the new state of the firm*.

By not considering commercialization part of the innovation to be as glamorous and as heroic as the invention part, the entrepreneur would not test his idea from a commercial point of view in the market prior to engaging the invention work. He would also not manage and organise his financial resources properly and as a consequence would not devote enough of the share of the resources he has at his disposal to commercialization. This mismanagement could result in entrepreneurs generally complaining about the lack of financial resources available regarding innovation.

Another possible consequence that could stem from this conception is establishing a strong bond and connection towards the product where the product becomes as entrepreneur's child and he would not be ready to let it go at any cost. Although DynaView has received recognition and prominence by winning the Demo 2000 prize, but the grand oil companies of Eni, Statoil and Royal Dutch Shell have also not stepped forward and placed any order for the product. It is worth mentioning the fact that the NOK 4 million each of these companies are contributing to the Demo 2000 prize will be subject to tax return for their companies. It is also

good for the image of these companies to support innovation and to show their commitment to environmental causes. Therefore it could be argued that if Fras faces difficulties in relation to selling DynaView, then the act of further development of DynaSamp was a fatal mistake.

I draw on Byers et al. (2011) view in the theory section of the interview of Tom And Mary that entrepreneurship is not an inherent trait and *there exist no such a thing as an entrepreneurial gene*. They also asserted that *entrepreneurship is a skill that could be learned and mastered*. In the article written by Cooper (2005) about the history of entrepreneurship as an academic subject he also shows the increase in this teaching indicating that entrepreneurship could be learned and mastered.

According to Byers et al. (2011):

“Technology entrepreneurship is a style of business leadership³⁹ that involves identifying high-potential, technology-intensive commercial opportunities⁴⁰, gathering resources such as talent and capital, and managing rapid growth and significant risks using principled decision-making skills.” (Byers et al., 2011: XV)

Here, Byers is even defining technological entrepreneurship as a style of business leadership that is able to identify technology-intensive commercial opportunities. Storey & Greene (2010) also consider that “Turning an “invention” into an “innovation” requires, amongst other things, an understanding of the market, resources to produce the product/process and *managerial capability*. (Storey and Greene, 2010)

Now I would like to view the issue from a different perspective.

4.1.3 Entrepreneur in leading positions of the firm

The section “Entrepreneur better for the leadership position” in the theory subchapter of Fras argued in supporting the view that the entrepreneur is better fitted with the leading role since the roadmap exists in his mind and is not bound to formal written strategies. I assume that in

³⁹ My highlight

⁴⁰ My highlight

such an environment, it would be challenging for a manager to come from outside of the enterprise and take the leading position, even though he may be a skilful manager and even master the technical aspect of the product/service. With other words, sometimes it is difficult to convey the spirit of the business plan to an external fellow as it may have been embodied in the mind of the entrepreneur in the form of tacit knowledge.

The main focus of this thesis is on commercialization processes, whether a manager or the entrepreneur of the company, or the entrepreneur who functions as a manager is conducting it. If the company resorts to outsourcing and brings a manager from outside of the company for commercialization purpose, then the possibility for arising of an “organization fit” (Johnson et al. 2011) crisis is high. Oftentimes this is blamed on the manager who comes from outside and is not familiar with the culture of the firm, the technical aspect of the invention, the necessity and need that was felt prior to the invention of this particular product or service and etc. As asserted before, many entrepreneurs do not have a business plan and therefore rely on their foresight when it comes to decision-making. Some of this knowledge even belongs to the tacit knowledge that the entrepreneur possesses, something that would be difficult nearly impossible to share with an imported manager.

Another obstacle regarding the imported manager from outside of the company is to share the trade secrets or business secrets with, in other words the trust-worthiness of the manager. In today’s business world, trade secrets play a major role. How much of the strategic foresight of the company could be shared with someone from outside the company? And even if the trust is gained and other required measures are in place, how much of the goals for the future of the company or product/service is understood and shared by the imported manager? Another possible problem that could arise between the entrepreneur of the firm and the imported business manager is about authority. Because the entrepreneurs are usually major stakeholders at the companies, their detachment from the daily environment of their company could result in conflicts between the leadership and the shareholder(s) and eventually affecting the decision-making policies of the manager and the company as a whole.

4.1.4 Entrepreneur or manager as the leaders of firms that once were innovative

Begley (1995: 251) argues that:

“The field of entrepreneurship has few longer standing controversies than the one surrounding the question of what distinguishes entrepreneurs from non-entrepreneurial *managers*⁴¹. In trying to separate entrepreneurs from managers of smaller businesses in particular, questions exist concerning the key defining differences. Definitions of entrepreneurship have utilized founder versus non-founder status, company age, and company growth rates as distinguishing elements. Entrepreneurs have been defined by one or more of the following elements: being a company founder, running a young company, and running or desiring to run a high growth company.”

Hartman (1959: 434) also talks about the future perspective of the entrepreneurs and business managers' jobs. He asserts:

“The rationalization of industrial management has limited the role of innovation and encouraged the substitution of the concept of manager for that of entrepreneur... Schumpeter himself anticipated a gradual substitution of management for entrepreneurship, and his foreboding has in large measure come true. Cases in point are the professionalization of business administration, the mechanization particularly of research and development, and the bureaucratization of the industrial organization.”

This assertion is advocating Schumpeter's Mark II and indicates to an extent the viewpoint of scholars at that time. More recently, David Smith (2010) reiterated Schumpeter's position on the source of innovation that in the popular media the focus is on the individual who toils in his loneliness and creates an invention and then that invention is turned into an innovation. Therefore, the public considers the inventor as the prime source of innovation. However, even Schumpeter himself realised towards the end of his life that large business (i.e. run by business managers) are the chief source of innovation.

Storey & Greene (2010) highlighted the change in view that has occurred in the recent years concerning whether entrepreneurs are better fitted for the job or business managers in their following remark:

⁴¹ My highlight

“Central to innovation and economic development is the entrepreneur and their ability to radically and disruptively transform, undo and then remake *routines*⁴²... However, since 1980s *the world’s developed economics have shifted from a “managed” to an “entrepreneurial” economy. In other words, Schumpeter Mark I has become a better explanation for innovation activity.*⁴³” (Storey & Greene, 2010: 94)

Grant (2010: 98) draws on the way Joseph Schumpeter viewed competition in the industries, namely as a “perennial gale of creative destruction”, where it is essential for new and established firms to deploy constantly innovatory strategies and products; with other words beholding competition as a dynamic process among the industries. He (Grant, 2010) identifies two types of strategies: one being the designed strategy and the other being the emergence one. For him the emergence strategy is the intended strategy, which has been adapted to changing external circumstances. *Grant views the ideal strategy as the one that allows adaptation and learning, where the strategy can be adjusted and revised based on the experience and conditions. This is mainly due to the turbulent and unpredictable business environments that the companies find themselves in where strategy takes more the form of guidelines instead of being rigid and watertight decisions*⁴⁴.

But Storey & Greene have sensed a major shift in attitude, one that is away from competition to be supreme in favour for learning from each other.

“One of the most pronounced changes in the activities of large businesses⁴⁵ over the last 30 years is that they have tried to mimic the “stylised” behavioural advantages of the small businesses. This is commonly called intrapreneurship. Intrapreneurship is said to occur when employees in a large organisation are able to act “entrepreneurially”. (Storey et al. 2010: 95)

Schumpeter also despite the positions he took about clarifying who is suited best for the leadership position, but he has also made the following remark on entrepreneurship to be: “decision making of strategic importance” (Hartman, 1959). Carland et al. (1984) in his

⁴² My highlight

⁴³ My highlight

⁴⁴ My highlight

⁴⁵ *Usually driven by business managers*

article took entrepreneurship to a whole new level and considered entrepreneur the individual that *“employs strategic management practices in the business.”*⁴⁶

As drew on Schumpeter’s view reflected in Hartman (1959) article, entrepreneurship compared to management was that management has more the form of known and routine work. However Grant (2010: 133) emphasises that: Routinization is the transformative step with regard to turning directions and operating practices into capabilities. Evolutionary economists believe that firms develop through the *adaptation and replication of routines*⁴⁷. On the other hand organizational routines also develops through learning by doing. (Grant; 2010: 133) *In a way what is now routine and known for business managers is what entrepreneurs successfully performed in the past and at the time it was not known and routine work.*

4.1.5 Entrepreneurship is management

Eric Ries (2011) is on the belief that since a startup is an institution and not just a product, therefore it requires to be managed. Managing a startup is in fact a critical endeavor due to its uncertain future. Ries (2011: 265) asserts that: “Once the market for the new product is well established, procedures become more *routine*⁴⁸. To combat the inevitable commoditization of the product in its market, line extensions, incremental upgrades, and new forms of marketing are essential.”

I believe that still it is the entrepreneur who could continue as the manager, because of his skills and knowledge about the product and the culture of the firm he established. He knows the overall vision for his products and therefore is a qualified candidate for incremental upgrades or other technical or managerial aspects of the work. According to Ries (2011: 24) *“Entrepreneurship is management”*⁴⁹.

⁴⁶ My highlight

⁴⁷ My highlight

⁴⁸ My highlight

⁴⁹ My highlight

5.1.1 Conclusion

- The source of innovation is a technical oriented entrepreneur who considers commercialization aspect of innovation activity to be as heroic and glamorous as the invention work.
- In this thesis it became clear to me that it is not possible to test business ideas with high accuracy to check weather they resemble a business opportunity or not.
- Many entrepreneurs do not know prior to their engagement with innovation activity, the level of challenge that commercialization aspect of it could represent.
- The processes and activities that are ad hoc for an entrepreneur such as market research could be routine and known work for business managers.
- It is important that the entrepreneurial idea would be based and test by the need existing by the need in the market.
- It is useful that entrepreneurs consider that their product generates value after costumers purchase it and before it could only represent a technological achievement.
- I have developed the hypothesis that entrepreneurs not considering commercialization aspect of innovation activity to be as heroic and glamorous as the invention work constitute the biggest hindering factor regarding successful innovation.
- Entrepreneurs and business managers, although they may seem to be different in nature, but the hypothesis of this thesis suggests that entrepreneurs could be skilful managers if they consider the commercialisation aspect of innovation activity with the same glory and heroism that they perceive the invention part.
- However, no matter what the outcome of this hypothesis would be, it is recommended to educate children in a way that they do not segregate between the importance of invention activity and commercialization work. This could be achieved by bringing innovation to schools, the way it was suggested by Lars-Kåre Legernes from OHK.

5.1.2 Further research

As I reiterated multiple times, this thesis just scratched the surface level of the issue of entrepreneurship and business management. There are huge possibilities regarding further research in this field.

Consultancy Gazelles in six districts.

For instance I collected the list of gazelle business in six districts of Norway. Analysing the data indicates that:

Oslo	Akershus	Telemark	Rogaland	Vestfold	Buskerud	
28	8	4	34	6	13	Consultancy Company
480	287	64	271	124	156	Total Gazelle co.

One could possibly conduct research about the different aspects of these consultancy companies. These figures could be compared to the figures of the previous years to find out whether Norwegians have recognized the value of advice or whether the figures in different communities have dropped. The Consultancy companies, as far as I checked consists of companies that are both providing technical advice as well as business advice, or purely technical advice or solely business advice. And many other type of research.

For some of the aspects that I touched upon in this thesis, one needs to conduct long term research and study the data throughout the time.

DNB Startup book

DNB Bank has published the second edition of its Start-up Book. The book is being distributed free of charges to those who are interested in launching their own start-up. I have provided some pictures of some of the pages of the book. One of the interesting features that the book applies is the cover of the book that is in the form of a chair with rocket engines, imitating the lift-off of rockets. The content page of the book is also designed in a

way that implies one has to check many items before the actual lift-off. The page numbers also go in reverse, indicating that launching a start-up is a lengthy process.

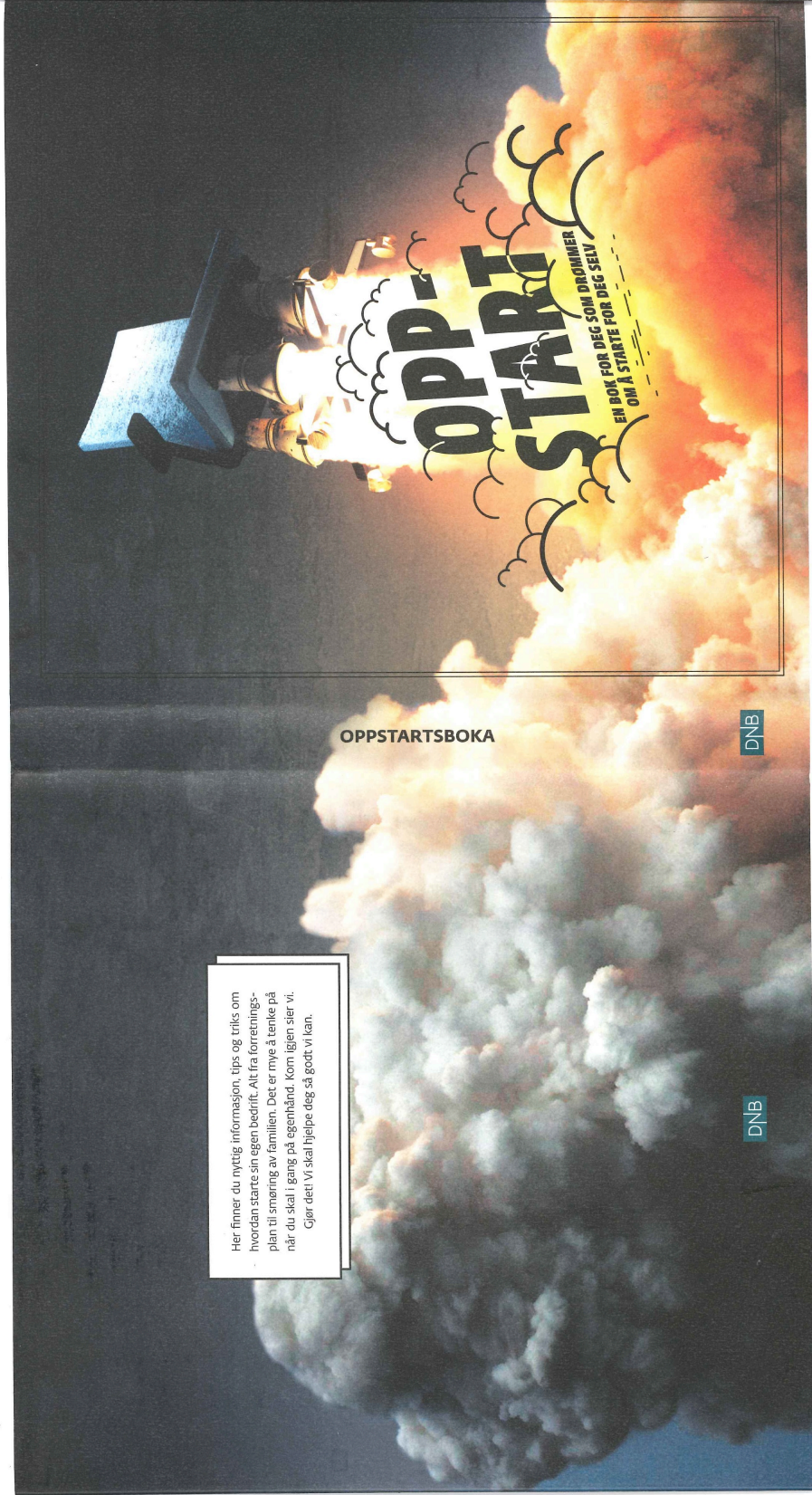
I would like to see the effect of this book on entrepreneurship and innovation. The content of the book especially its prose is written with a reader friendly language. Most of the pages come with illustrations, depicting the meaning that the book aims at conveying to the reader. It is also interesting that a bank is publishing this book. I did not get the possibility to find out about their intentions. But according to what Nahavandian and Asgar-Oladi said during their interviews, banks are also becoming impatient with all the entrepreneurs who received loans and are not able to pay back. But the effect of these strategies could not be measured at a short time. For the time being these are as planted seeds that could result in fruitful trees.

Her finner du nyttig informasjon, tips og triks om hvordan starte sin egen bedrift. Alt fra forretningsplan til smøring av familien. Det er mye å tenke på når du skal i gang på egenhånd. Kom igjen sier vi. Gjør det! Vi skal hjelpe deg så godt vi kan.

OPPSTARTSBOKA

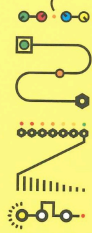
DNB

DNB



OPPT- START

EN BOK FOR DEG SOM DRØMMER
OM Å STARTE FOR DEG SELV



117) DIN IDE

- 115 En god idé
- 113 Hva skal du selge? Til hvem?
- 111 Hva skal det koste?
- 109 Hvem skal produsere den?
- 107 Alt er mulig. Eller?
- 105 Hvem skal være med?
- 103 Skal du ha ansatte?
- 101 Trenger ideen beskyttelse?
- 99 Søk beskyttelse

- 92 Finansiering
- 90 Fremdriftsplan
- 88 Kaffe pause

118) FINANSIERING

- 88 Cash er fortsatt king
- 84 Støtte og tilskudd
- 81 Lån og sikkerhet
- 79 Simple living
- 78 Likviditet

Hukk av for hver side

121) LAG EN FORRETNINGSPLAN

- 99 Skriv din forretningsplan
- 97 Det du absolutt må ha med
- 96 Trusler
- 94 Bedriftens navn
- 93 Visjon
- 91 Forretningsidé
- 89 Marked
- 87 Konkurrenter
- 85 Økonomi

125) SETT OPP ET BUDSJETT

- 73 Tilbake til pluss og minus
- 72 Kostnader
- 69 Periodisering
- 67 Avskrivninger
- 66 Inntekter
- 63 Penger i kassa
- 62 Timepriser
- 59 Resultater



127) KONTAKT OSS DA VEL

- 55 Vi kan hjelpe deg
- 53 Alt på ett sted
- 51 Betalingskort
- 49 Mobilbank
- 47 Nettbank
- 46 Forsikring
- 43 Pensjon
- 18 Firmabil og lokaler
- 16 System og orden
- 15 Ditt eller datt
- 14 Visuell profil
- 12 Markedsføring
- 10 Husk familien

129) KLEKT Å VITE

- 6 Tips og triks
- 3 Super gode boller
- 2 Notater

141) TUSE Å TENKE PÅ, GITT

- 39 Alt det praktiske
- 37 Brønnøysundregistrene
- 36 Allmektige Altinn
- 33 Mva
- 31 Hvilken selskapsform?
- 28 Starte AS
- 26 A-ordningen
- 24 Skattespøkelset
- 23 Forskuddsskatt
- 21 Kontrakter
- 19 NAV

143) LIFT OFF!

- Gratulerer



DIN IDÉ

HVA ER
DIN IDÉ?

EN GOD IDÉ

Det finnes fire typer ideer. Hvis vi skulle rangert dem fra buing til applaus, ville det sett omtrent slik ut: dårlige ideer, nøkspjett-ideer, fikke ideer og gode ideer. I denne boken konsentrerer vi oss om den gode ideen. Har du kommet på en idé som er god nok til at det lønner seg å satse? Husk at ideen sannsynligvis vil kreve mye av deg og omgivelsene dine i tiden som kommer. Et brennende engasjement og en glødede tro er en forutsetning, men det er dessverre ikke nok. På et eller annet tidspunkt må du være knallhard realist og tenke gjennom en del kritiske spørsmål. Du må rett og si sett vurdere om det er liv laga, eller om du må gjøre noen justeringer før du går videre.

Aller først bør du formulere
forretningsideen din.

Den bør kunne forklares enkelt og tydelig.
En slags syretest er om den er lett å forstå for andre.
Prøv å formulere ideen med maks. tre setninger.

Hva skal du selge?

Det er lurt å spørre deg selv hvilket behov du skal dekke i markedet. Er det noe folk trenger og er villig til å betale for? Her bør svaret være et rungende ja! Hvis det er mulig, bør du også teste produktet på en faktisk kunde. Lytt nøye på tilbakemeldingene, og gjør eventuelle justeringer. Tenk gjennom hvorfor akkurat ditt produkt eller din tjeneste får folk til å åpne lommeboken på vidt gap.



Til hvem?

Hvem er egentlig målgruppen for det du selger eller tilbyr? Hvor stor er den? Noen ganger er det mulig å gjøre målgruppen større bare ved å foreta enkle justeringer av produktet eller konseptet. Flere kunder betyr mer penger, som igjen betyr færre bekymringer. Husk at Apple opprinnelig solgte datamaskiner nesten utelukkende til folk i grafisk bransje.

Eller kanskje målgruppen bør gjøres mindre? Av og til gaper man over for mye og mangler en tydelig profil. Har du spesialkompetanse som bør rendyrkes? Det kan hende mange vil betale ekstra for å være kunde hos nettopp deg.

85



DM IDE

Bibliography:

- Aakvaag, Gunnar C. (2008) *Moderne sosiologisk teori*. Abstarct forlag.
- Aase Tore. (2013) "Innovation in buyer-supplier relationships: International study of the wood industry" UMB. Ås
- Asterbo, Thomas. (1998) "Basic Statistics on the Success Rate and Profits for Independent Inventors." *Entrepreneurship Theory and Practice*. Winter: 41-48
- Begley, Thomas M (1995) "Using founder status, age of firm, and company growth rate as the basis for distinguishing entrepreneurs from managers of smaller businesses". Northeastern University and Nanyang University.
- Bel, Roland (2010) "Leadership and Innovation: Learning from the Best. Global Business and Organisation Excellence. Wiley Periodicals Inc. pp. 47-60
- Blank, Steve. Dorf, Bob. (2012) *The Startup Owner's Manual*. K&S Ranch.
- Byers, Thomas H., Dorf, Richard C., Nelson, Andrew J. (2011) *Technology Ventures: From Idea to Enterprise*. Mc Graw Hill.
- Carland James W., Hoy Frank, Boulton William R., Carland Jo Ann C. (1984) "Differentiating entrepreneurs from small business owners: A conceptualization. *Acad Manage Rev.*: 354-359
- Chen Chao C., Greene Patricia Gene, Crick Ann. (1998) "Does Entrepreneurial Self-Efficacy Distinguish Entrepreneurs from Managers?". Rutgers University
- Cooper Arnold; (2005) "Entrepreneurship: The Past, the Present, the Future". Purdue University. Pp.1-34
- Covin, J.G. and Slevin, D.P. (1989) "Strategic Management of Small Firms in Hostile and Benign Environments", *Strategic Management Journal*, 75-87.
- Cressy, R. and Hall, T. (2006) "When Should a Venture Capitalist Replace an Owner-Manager?: Theory and Empirics". London: Cass Business School.
- DNB. *Oppstart: En bok for deg som drømmer om å starte for deg selv*. Second Edition.
- Fagenson, Ellen A. (1990) *Personal value systems of men and women entrepreneurs versus managers*. Elsevier
- Grant, Robert M. (2010) *Contemporary Strategy Analysis*. John Wiley & Sons.
- Hatman Heinz. (1959) "Managers and Entrepreneurs: A Useful Distinction?"

- Honig B. and Karlsson T. (2004) “Institutional Forces and the Written Business Plan”, *Journal of Management*, 29-48.
- Jennings F. D. (1994) “Multiple Perspectives of Entrepreneurship”, *South-Western Publishing Co.* Cincinnati, Ohio.
- Johannessen Asbjørn, Christoffersen Line and Tufte Per Arne. (2011) *Forskningsmetode for Økonomisk-Administrative Fag*. Abstrakt Forlag A.S.
- Johnson G., Whittington R. and Scholes K. (2011) *Exploring Strategy*. Financial Times, Prentice Hall.
- Kozulin A., Gindis B., Ageyev V. S., Miller S. M. (2003) *Vygotsky’s Educational Theory in Cultural Context*. Cambridge University Press. pp. 39-65
- Matthew B., Miles A., Huberman M. A. (1994) *Qualitative Data Analysis*. Sage Publication. London, New Delhi.
- Maslow, A. H. (1954) *Motivation and personality*. New York, NY: Harper. pp. 56-62.
- McGinn, Robert E. (1991) *Science, Technology and Society*. Englewood Cliffs, NJ: Prentice Hall.
- Miles, M. B. and Huberman, A. M. (1994) *Qualitative Data Analysis*. Sage Publication. Thousand Oaks London, New Delhi
- Piaget J. (1952) *The origins of Intelligence in Children*. International Universities Press, New York. Pp. 359-369
- Rasmussen, Casper C. and Reinertsen Knut Ø. (2010) “The Innovation Capability in Norwegian High Performing Small and Medium Sized Enterprises”. NMBU.
- Ries, Eric (2011) *The Lean Startup*. Crown Business. New York.
- Schilling, Melissa A. (2010) *Strategic Management of Technological Innovation*. Mc Graw Hill
- Schon, D.A. (1963) “Champions for Radical New Inventions”, *Harvard Business Review*, 77-86.
- Silverman D. (2011) *Interpreting Qualitative Data*. Sage Publication. London New Delhi. pp. 441- 462
- Smith David. (2010) *Exploring Innovation*. Mac Graw-Hill Higher Education
- Storey David J., Greene Francis J. (2010) *Small Business and Entrepreneurship*. Pearson
- Storey, J. and Salaman, G. (2005). *Managers of Innovation: Insight into Making Innovation Happen*. Malden.

- Vygotsky, L.S. (1978). *Mind in society: The development of higher psychological processes*. M. Cole, V. John-Steiner, S. Scribner, & E. Souberman (Eds. & Trans.). Cambridge, MA: Harvard University Press. p.57
- Waaserman, N. (2003) “Founder-CEO Succession and the Paradox of Entrepreneurial Success”, *Organization Science*, 149-72.
- Yin, Robert K. (2009) *Case Study research: Design and Methods*. Sage.

Online sources

- <http://www.bisnode.com/norge/>; last visited 13. Dec. 2014
- <http://www.fras.no/> ; last visited 13. Dec. 2014
- <http://www.fras.no/dynaview-online-condition-monitoring/dynaview-online-condition-monitoring/> ; last visited 13. Dec. 2014
- http://www.fras.no/?attachment_id=99 ; last visited 13. Dec. 2014
- <http://www.machinerylubrication.com/Read/21/hydraulic-system-leakage>; last visited 13. Dec. 2014
- <http://www.slideshare.net/hajramba/types-of-innovation-23615261>; last visited 13. Dec. 2014
- <https://hbr.org/2013/05/a-better-way-to-think-about-yo/> ; last visited 13. Dec.2014

Interview guide

My name is: Ali Noghrehkar Shirazi. I am currently student at NMBU and am pursuing a Master's degree at the Business and Economic Faculty within the field of Entrepreneurship & Innovation at this University. My home country is Iran.

This Master's thesis is the result of the accumulation of projects of several courses I had at NMBU. I decided to conduct a case study on FRAS Technology AS due to the fact that during the past couple of years I have developed some assumptions, which have led to two hypotheses. In this thesis I would like to verify the validity of these hypotheses. By doing so, I hope to shed more light on the commercialization process of the technical driven inventions.

Worldwide many inventions end up with failure. This could be blamed on many reasons. However, after spending three months at Fras Tchnology As on an internship program, I became interested to learn more about factors that hinder successful innovation.

- By this interview you can assist me in gaining a better understanding about factors that hinder successful innovation.
- The interviews will be audio recorded and transferred into written text short time after the interview (maximum three months after the interview). The audio-recorded files will be deleted after they were transferred into written text.
- During the interview at anytime you wanted, the right is preserved for you to interrupt and finish the interview without giving any explanation.

- The interview will also last approximately one hour.

The interview has the form of a semi-structured interview where I starts the interview with a question concerning the biggest hindering factors for innovation. Other question that I will ask depends on the course of interview and the topics that are brought up during the interview. The initial question is also an open-ended question. What interests me is a conversation about the viewpoint of the interviewee regarding "biggest factors that hinder innovation".

Appendix: Interviews

Tom & Mary Poppendieck (Poppendieck LLC)

Holding workshops about entrepreneurship throughout the world

Miniature Interview guide

Ali:

I had briefly introduced myself and informed you about the topic and the context of the interview about four hours ago. The interview will be audio-recorded and then transcribed into text format. Your will not be preserved and will be revealed to the public.

During the interview I will not even nod my head in order to avoid leading you where you should go with your speech. The interview will last for about an hour time. The right is also preserved for you to cancel the interview and end it at anytime you choose without the need to provide any reason for your decision. I am informing you about this since I did not have the possibility to do any preparatory work beforehand and the decision to hold the interview happened just 3 hours ago. Now based on these facts, if I have your consent we can start the interview.

Introduction, career and education background

Ali:

Would you please introduce yourself?

Tom:

I started with a Ph.D. in physics. Taught electronic courses and programming courses and eventually moved to computing than physics. So I switched from being a professor to being an engineer at Honeywell with the division that made the navigating system for commercial airliners. At the time I left, 80% of the market was our system. After being there for a while, there was a downturn in economy and then I was Vice President of a small software developing company. After that I worked for General Electric at a division as an enterprise architect where our large project was installing SAP implementation.

Ali:

What does SAP stand for?

Tom:

It is a German software company. Then I joined a small consulting firm, which was focused on helping companies to get to the latest technology. At the time I joined, they had started working on Java and Object Oriented design. Then they moved to supporting San Francisco from IBM and travelled around the world to help companies. Around 2001 when the whole industry crashed, *I retired and joined Mary (Poppendieck) in what we are doing now. So for the last 12-13 years, we have been doing writing, speaking and teaching all around the world and that has been a great retirement hobby.*

Mary:

My first job was at telephone laboratories working on some computer software that was supposed to control telephone systems. Then I got a Master's degree in mathematics. Then I worked at General Motors for a couple of years doing programming at mini computers that can control automotive vehicles. Then Tom obtained his Ph.D. in physics and I worked for a physics professor doing programming computers that would run experiments. Eventually we ended up in Minnesota. There I started working for 3M Company, doing programming mini computers that control equipment for 20 years.

*I did various things in addition to programming computers. I was IT Manager and I coordinated software for quality system equipment. I worked for the gentleman who invented the overhead projector. His name is Bratcher. I worked with him doing the optical fibre. I think I showed his picture during my speech (at Ingeniørenes Hus). Eventually I retired. Once I retired, I did some work as Project Coordinator. It was a disastrous project and I thought this is silly. This is not the way to run projects and we knew better than that at 3M Company. So I decided to write a book about the right way to do software development. That was our **first book and it was called: "How to Do Software Development"**.*

Having written the book, I started to go around the world holding conferences about it and eventually workshops.

Mary working as product champion

Ali:

As I understood from your speech, at one point you (i.e. Mary) were also a **Product Champion**. Would you tell us about it?

Mary:

That was afterwards when I went back corporate and was working for Rodger Appleton. But I also worked at a division. There *I was product champion for products that took our printers and we did ways to move engineer drawings electronically to printers and print them up.*

These days Mary & Tom are giving lectures and holding workshops in relation to entrepreneurship and innovation

Ali:

I will come back to this. But nowadays you have both been involved in giving lectures and holding workshops.

Mary:

We do that together. Yes that is true.

Ali:

And you have had this occupation for the past 12-13 years?

Mary:

Yes that is true.

What are the biggest problems of entrepreneurs?

Ali:

Now having said that, I would like to move to our main topic of discussion namely *major challenges that technical entrepreneurs face when it comes to commercialization of their product/service(s)*. Would you please elaborate on this issue as what are these challenges?

Who wants to answer?

Mary:

I answer. **I think making sure that their product is something that costumers want.**

Ali:

How can they know this? Can you explain a bit more your viewpoint?

Mary:

If you look at company failures, generally speaking, it is not the product itself. The product works. But the product is not that what the market wants. It is not what people care to buy. The need in the market was not properly understood. They imagined that the market wanted this, but they were wrong. So I really think it is not understanding what kind of product will really interest people. They have an imagination that maybe the world is like them and this is what they want. They imagine that their product will solve some kind of a problem, but it does not quit solve that problem. So I think making sure they understand what need they are filling and making sure whether that need is worth money to people. When that problem is solved and making sure that the product solves that problem better than anybody else.

No difference between technical and other types f entrepreneurship

Tom:

It (technical entrepreneurship) is really not different than any other type of entrepreneurship. The fact that it is technical is accidental. The best way to express what we believe to proceed is the writing of Eric Ries who wrote the book “The Lean Startup”. Essentially he says that it is about learning, having hypothesis, doing an experiment and learning from the results.

Creating a solution that is economically viable

Depending on what you learn, you try another experiment and another one until you find the right product and the right business model to solve the problem. The problem is the hardest part. It is not the solution. Great ideas are cheap. It is easy to come by. Anybody can come up with a million ideas. The hard part is shaping a solution that is commercially viable,

creating a business model. It is not creating the product. It is creating a business model that is economically viable.

Ali:

What do you mean by saying: “a business model that is economically viable”?

Tom:

*That it would support the people who are necessary to operate the model. That it would generate a profit. That it will fulfil a real need better than it's competitors. **The real problem is not the technical part. There are thousands of people who can do the technical part.** If you read Eric Ries you will get an in depth treatment. You will get an insight about what it takes to create a business model that will actually make a difference. **The business model is identifying not only a problem and solution, but what resources will be necessary. What revenues would be available? How the product would be delivered to the market. There is a whole business model canvas with many different aspects.** After they have been considered and balanced and proven through experiments. The experiments are for the purpose of learning things. The learning is about all the details, the little things that you have to know in order to get the product right. The idea is to get them (i.e. products) as cheaply and quickly as possible. So if for example somebody wanted to do business and they looked at Google searches and they discovered that there are a lot of people searching for parrot cages. So they put an advertisement to see how many people would actually click on a link of parrot cages. By spending just a few dollars, they get the data that x-number of people would click on an advertisement for parrot cages. *They continued doing cheap experiments until they discovered what kind of cages people wanted.* What would be the effective ways of marketing, and eventually they found a supplier of cages. The first experiment was just to buy and advertise to find out whether there is a market there or not. **It does not have anything with the technology. It is about how can we access a market to fulfil a need and is that need big enough to support the business.***

Addressing the need in the market is important, not the technology

Ali:

You mean the technology itself and the solution to a problem are not to be considered as the major challenge to overcome?

Tom:

There are many people who can do that part, even big companies can do that part. But the big companies usually have a very hard time doing the experimentation to discover a business model.

Mary's working experience at 3M Company

Ali:

How is the commercialization work viewed by entrepreneurs, and I am refraining from calling them technical entrepreneurs?

Mary:
What do you mean by commercialization work?

Ali:
I mean from the time the entrepreneur gets the idea to produce a product or offer a service, finance a business until he or she actually sells the product in the market.

Mary:
At 3M (Company) we figured that the idea was 1 per cent of the way towards commercialization. 99 per cent of the work remained. Once you have an idea, what it took to get that idea commercialized into market was almost 99 per cent of the work.

Ali:
By the idea, you mean an idea plus a solution to the problem the idea is trying to solve or just the idea itself?

Mary:
I mean a product concept. So what does that mean? There are many aspects of putting together into something that you are actually selling and making money for. Making, stocking, advertising, selling, delivering, supporting, etc. all of these things are all part of it.

Ali:
What types of products or services were you engaged with at 3M?

Mary:
At 3M I was engaged in advertising a type of device that would take the engineering drawings and send them to printers. So it would take a stream of data put it together and send it to printers. Sometimes we did other kinds of software that handled engineering drawing problems. I was also in the division that was digitalizing films.

Ali:
So even concerning these products that you mentioned, you still consider that the product is just 1 per cent of the process and 99 per cent of the task is to commercialize it?

Mary:
So let us say that I have decided that perhaps my customers would like to take a cad-card (i.e. Autocad) and print it. So what I need is a controller is going to take a cad-file and print it on the same printer. The theory was that we could sell a whole lot more of printers, which were printers meant to print microfilm cards (when the capability is added) so that they can also print electronic version. So our team started with that. And that is the idea. It took us 9 months to do all the work required to figure out algorithms we are going to use, software we are going to use, for us to create a box (i.e. case). How fast is it going to be? What rates do we

need the data to come in? How to sell it and put it on to market? We had to prepare a maintenance team for it. The idea was an interesting start, but it was hard in work.

So you have an idea that I should have a box that does this electronically and I sell more of my printers. This is the idea and a good idea, but what does it take to actually do all the work? To implement that box, be ready to sell, be ready to support it and to have the sells personnel understand what it does, the customers being interested in it, considering the competitors and etc. all constitutes a huge amount of work.

Ali:

How did your printer data-converting box, if I may call it by this names develop from the product i.e. first prototype into the market?

Mary:

I do not know what you are asking?

Ali:

I mean for that box which converted the digital data into data used by your printers, you developed the algorithms, the software, the box, and all the other hardware and software parts. And after having developed all these parts how did you sell it in the market?

Mary:

We were already in the market. We were selling these microfilm cards and printers. So we had an entire market to ourselves, which was distribution of engineering drawings. We just realized that we needed to add this capability to our products. Since some of those drawings may not be in microfilms rather on electronic formats, so we had to have an extra box. So as part of the distribution process, another thing to sell to people, in addition to other things was this box that could take cad-files and send them to our printers instead of microfilms.

Ali:

So you modified an already existing product?

Mary:

No, we had a product line and we added an additional box that would go between the computer and our printer. And that box would do the conversion as part of the distribution process.

Ali:

I would like to know more about this 1 and 99 per cent division categories you mentioned with regard to the development of the product.

Mary:

Well I have an idea that I wanted this box. That is 1 per cent of the way to bring it to the market and the rest of the work constitutes the other 99 per cent.

Ali:

So from bringing the idea into the market onwards, which includes the rest of the commercialization and diffusion processes constitute 99 per cent of the work? And does this 99 per cent of the work also include the physical development of the product prior to the making of the first prototype?

Mary:

What is the difference?

Ali:

To me commercialization as said before is the work conducted after the development of the first prototype onwards to the point where the first unit is being sold and continues to the point where the product diffuses in the market(s).

Tom:

The way it does not work is to develop an entire product and then see if there is a market for it. That is disastrous. The reason for the quick, cheap experiments is to find whether there is a market and then what characteristics of the product are needed in order to address that market. You gradually start experimenting to find out. So the separation of commercialization from developing the product is a mistake that used to be made. People would typically go to venture capital to create a product. They burned it all on building the product just perfect and when they were done, they discovered that nobody wants that. So every bit of the lives of dozens and dozens of people for the time that it took to develop it is utterly wasted. Because nobody wants what you produced. That is what happens when you separate the development of the product from the figuring out of how to relate it to the market.

Ali:

When shall this market study or analysing what the market wants start?

Tom:

It shall start from the beginning.

Ali:

Does it imply from the time of getting the idea or earlier or later?

Tom:

Sometimes as early as the time you get the idea. Because whatever idea you have id probably not the idea you are going to end up with. As you do the experiments and get

feedback from these experiments, you will learn things. And that learning will lead you to change your idea, maybe replace it entirely or maybe modify it a little bit. But you will not end up with what you started with, because otherwise you would have not learned anything. And if you have not learned anything, it is unlikely to work.

I suggest instead of starting with an idea, start with rather a problem. Understanding of a problem that the market has and what the right solution is for that problem is what you are trying to discover. If there is no problem, there is no market. If you misunderstand the problem, there is no market. So you start with a need, a shortcoming, something that would make a difference if the problem was solved. Then you figure out what kind of a product is going to address this problem effectively. So start up with market understanding and understanding of a real problem. *Start up by figuring out whether people are willing to pay to solve this problem and make this irritation go away. How many of them are there? Is it just three people that I happen to know personally or is there millions of people and investing in actually developing the product makes sense.*

Ali:

When it comes to developing the prototype and the commercialization phase...

Mary:

I do not know what you mean by commercialization. So, I do not know how to answer questions about commercialization because I do not understand what you mean by commercialization. I do not use that word. Let us go to Google. There were these guys at the university who had this concept of search, right? So they put together some search engine at Stanford University. They started making it more broadly available. They started getting more computers to support it. They started crawling the Web. They became bigger and bigger and one day they became Google. Now where was Commercialization there?

Tom:

It just evolved.

Ali:

In order to shed light on what I mean by “commercialization”, I will use an example. Consider for instance that I developed a pen. First I have an idea about developing a pen. Then I develop my idea into a prototype and bring that prototype to the market. All the activities that I conduct after the production of the first prototype for the purpose of selling that pen I consider as the activities belonging to the commercialization phase. When I sell the first unit of my product, then I consider my product to be commercialized. ***

Mary:

Then everything Google did was commercialization.

Ali:

How come?

Mary: Because their first thing was a little tiny thing inside Stanford University where people could search.

Ali:

So you mean that it was people's need that moved Google forward and assisted it to evolve or was it what its founders thought and planned for it?

Mary:

I do not know what you are asking me?

Ali:

I would like to know that did the students at Stanford University help Google to evolve or...

Mary:

The students at Stanford founded Google and they founded Google because they were doing some stuff, some experiments with how can I find out what information is on the Web and make it available to people. As they were tried some stuff it became so interesting to other people that they decided that this was a company and they made it a company.

Ali:

That was the case for Google and its founders, but what about other people? I mean people who have an idea and they want to develop a product or a service?

Mary:

SO how fast can they do experiments? And it depends on actually what they want to do. If it is a website they can do something in a day.

Ali:

I mean entrepreneurs generally who get an idea, develop it and want to commercialize it or as you prefer calling it: selling their product or service and later on prosper as a company.

Mary:

How do I know is very simple to put up a website, which discovers what people are interested in your idea. To find out whether people click on it. So you do not have to even selling something to be learning whether or not that is a good idea.

Ali:

By applying this method, the problem arises that people who consider the idea interesting could also steal it.

Mary:
Yes it could be.

Ali:
Let me orchestrate my point in this way. As I briefly informed you couple of hours ago, I am writing my dissertation based on a case study about a company that produces oil-sample taking devices. They have many patents, about fourteen of them. And as you know these intellectual property rights are also quite costly to acquire. Some of these patents have already been expired and the clock is ticking for the rest of them. All this happens when the company has not had much success in selling its products and rendering of its services or better-said market capture has not accrued yet. I would like to know how could I help this particular company. What has been their main problem or what went wrong? If possible elaborate on the possible future scenarios.

Mary:
Their patents are expiring. Their patents have been around for some 20 years. They had 20 years time, so now you are asking me what went wrong?

Tom:
They never understood the market apparently. They never really understood the problem. They were trying to solve in the sense that they have not identified something that people were willing to pay more for their solution than how ever else they might address the problem. So I do not know whether there is any way to help that kind of company that were trying for 20 years and has failed to identify the problem for which their technology has solutions.

Ali:
The entrepreneur of this company believes that 80 per cent of breakage in the machinery is due to the harmful bacteria infected the oil.

Mary:
Then why can he not convince the people who have to buy his product?

Ali:
Does this imply that the problem lies in convincing the potential customers to reach out and buy his products and services?

Mary:
I do not know.

Tom:

It is just a belief or does he have data to prove the 80 per cent breakage claim?

Mary:

Here he says there is a problem. I believe this is a problem. I believe this problem is worth this much money. I have a solution to the problem. Then I go to the costumers and they should buy it. Now what happens? He goes to the costumers and they say I do not have this problem, or it is not such a big problem, or it is not worth to me, or I do not believe your device is going to solve it and etc. And why? Because they do not buy it.

Ali:

The 80 per cent breakage figure, which I told you, does not come from him and as far as I learned, it was based on extensive research in this field.

Mary:

And why are the customers not buying it? They obviously do not either see the problem, or do not believe the numbers. They do not think that this is something impacting them economically, so they do not care. He built the wrong product. Just like we told you, most of the problem with technical entrepreneurs is that they built something where they think they are solving a problem, which is worth a lot of money to people. They get out in the market and the people do not think it is a great solution or they think the problem does not need to be solved, or they do not have the problem. They may think it is not worth the money or something like that.

Tom:

There is good chance that the solution does not solve enough of the problem to be viable. You said it was a sampling thing, not a prevention thing, not a filter device that would avoid the problem happening in the first place, so perhaps the sampling is only a tiny part of the solution that is not enough to motivate the customers.

Ali:

They have sold their main product that is DynaSamp to a limited extent I would say. They even proudly announce it on their website that they have sold more than 1500 units of DynaSamp, but it is far away from their expectation which was a global market capture and even setting the standard concerning the oil sample taking devices.

Mary:

I think he ought to sit down with the customers as you are sitting down with us and say here is the data, why are you not buying it Mr. customer?

Ali:

The staff at his company also believes that he is not a skill full marketer.

Mary:
No he is not.

Ali:
Once I asked him that why you do not leave the commercialization or the selling task to others to do it either on behalf of you or to get the license. His response was that by licensing it to others or even by contracting others to do the job, I have to give away a huge sum of my potential earnings. What happens is that they will extract most of the financial benefit from the product I toiled to invent and to produce. I also understood this as I was reading between the lines that he does not trust others to present his products in a proper way. He does not think that they are capable enough to do this job.

Mary:
So now nobody is getting any earnings.

Tom:
Why not just give it away?

Ali:
As I said he believes that the price customers are offering would not be the price he would agree upon.

Tom:
No zero, give it to some manufacturers who would benefit from it. Let them have it for free.

Ali:
But what will he earn from giving it away for free?

Tom:
He would earn the most important thing, which is to understand whether this product would really make any difference for customers. If it is a viable product, there will be thousands and thousands of customers. If he gives it to one of them he can learn that does it make the difference they care about and if he does not know that, all the rest of his efforts are useless.

Mary:
He imagines there is a problem. He imagines customers should care about this thing. The only thing is that they do not. Either he is wrong or he is unable to convince them. But I guess he is probably wrong. He does not understand the whole problem.

Tom:

There is no process answer. No such thing he can do to take an existing product and suddenly they can succeed. There is defect in understanding the market. *There is defect in understanding the product. There is no magic marketing organisation process that can suddenly turn it into something that is great.*

Mary:

There is something he is missing. I just do not know what it is. If he does not figure it out, then he has wasted his time with the product. Could be his whole life.

Ali:

I would like to know your viewpoint on the following question: How are the people who are involved in commercialization, I mean those responsible for selling the first examples of the product/service to the point that it is diffused in the market(s) viewed and considered by technical entrepreneurs in terms of the difficulty and importance of their work? Do technical entrepreneurs consider commercialization process of the innovation works equally important as the invention part?

Mary:

I do not believe that there should be that distinction in commercialization. Not in my world , not in software. It is not a concept. Let us look at Dropbox. Do you Dropbox? Probably you have used Dropbox.

Ali:

Yes I use it.

Mary:

Did somebody sell Dropbox to you? How did it happen you start using it?

Ali:

No, nobody sold it to me. I started using it because I had no other option available to send an email containing many pictures. I learned that Dropbox is offering a simple way for sending pictures online. The hard disk of my computer had also been recently broken into many pieces due to an accidental crash, something that resulted in losing many valuable data. Therefore I looked for a more reliable option to store my data, so I subscribed for Dropbox.

Mary:

Yes, there you go. Dropbox came up on people's cell phones. It was first spread through word of mouth and through bounding with other products. They never had any sales representative, well they tried but their sales representative concept never worked. It is mostly an add on to products like Yahoo or to a phone or as a recommendation from a friend or friends send you pictures and in order to get the pictures, you sign in to Dropbox. That is how it works. So what is commercialization there?

Ali:

Would you elaborate on it a bit more?

Mary:

Well I do not understand the term “in the process”. I just described you what is commercialization.

Ali:

By the process of commercialization, I mean that in theory innovation consists of two parts one being invention and the other is to sell that invention, also referred to as the act of commercialization.

Mary:

Well and that is the problem. You described it as *two separate things*.

Tom:

This is a theory that causes failure, probably a guaranteed way to fail. This theory came probably from some academics that have never done the job in reality, particularly not in the world of modern product development. It sounds like one of those harmful theories, much like the shareholder value theory that has produced nothing but loss and destruction.

Mary:

Even at 3M we had a concept called: “make a little, sell a little”. Deem during the making selling, until you figure out what the product wants to be. Eventually the product becomes what you want. This is how most good software works. Try some. Try it with few people. Improve it. Try it with some more people. Improve it. Look for example at Spotify. They started in Sweden with some sort of music streaming system. Years ago they became bigger and bigger and they are still growing. They are moving to new countries. They are adding different kinds of ways to think about streaming music.

But it started out in 2007 or 2008 with just a little tiny streaming and few people in Sweden and it just grow afterwards. They do not sell it. It is available and they see how it is used. They are also constantly improving it. So if a team at Spotify wants to try something new, they put the new thing in and they run what is called A/B test. Here is a new idea. This is the way it works now. I take this new idea and I distribute it to 2-3% of my customers and I see how they respond. They respond in various ways. They want more music. They convert more plain customers. Then it means that this is better than what I have now. If they do not, then it means that it was not a good idea. They will try something else.

There is no phase called commercialization or selling. Let us run an experiment. Let us see how it goes. That is how most software works. It grows from an idea. It generates some money and it becomes better and better and generates more wealth. We do not have this phase called commercialization. We have constantly evolving products. This is exactly how Google happened. It is how Facebook works. That is how Dropbox works. They all started out as a small idea that people tried and as they tried they earned a little money and they added some

more stuff. In this way they attracted more customers and they tried different things. They found that this is the right path to go down and they went down that path.

Tom:

Only in the big and old companies that they do not know any better they follow this path. I mean companies that started before 1980. Young companies do not do that. *The term commercialization has no meaning for modern companies* for example for modern software companies. By software companies include companies like Amazon which most of their business is selling things on the Web. Another example is eBay. All these started after 1990 by people who were savvy in technology and they knew from the very beginning that there is no such a thing as commercialization phase.

Mary:

Telenor for example released a vide phone service recently and what is commercialization. Make it available and it spreads through especially word of mouth and modify it as you learn. We are struggling with the term “commercialization”. You are pushing commercialization down on us and we do not know what you mean by that or what you mean by “selling”. Nobody sold to you Dropbox. Do you pay money to Dropbox? Because I do.

Ali:

Dropbox is free for the first 2GB space. But after these 2 GB of space has been used, one has to pay for getting more space.

Mary:

That is right but does anybody sell you that? Well I rest my case. I mean does Google get money from you? The fact is that they do. They earn a lot of money by you clicking on one of their advertisements. Even every time you make a search and see their advertisements, they earn money. *So is that a commercialization concept that I give something away for free and I make money on advertisements?* There are a huge number of people who give things for free and make money on advertisements.

Tom:

But they are actually selling this you. I mean they sell the data about you that they collect from what you search for what is in your emails and etc. They sell all that information they know and they have indexed about you. So they can sell you. Your identity advertises.

Ali:

Do you believe in “phase-development” like the make-sell, make-sell strategy you mentioned?

Mary:

I do not know what you mean? In software I make a little and sell a little.

Tom:

The word “phase” is very old. It is very different than the idea of phase. Remember Mary said: “Make a little, sell a little”. Make a little, little different and see how it sells. Make a little more adjustments every time.

Mary:

The concept of what you call commercialization is absolutely different from what I call commercialization. I believe that the product shall sell themselves. If the products are good, they will sell themselves. They do not need to be sold.

Ali:

I would like to move to a different subject now as we approach to the end of our interview. What is your suggestion to technical entrepreneurs for example those involved in production of hardware?

Mary:

I recommend you read the book “the Lean Startup” by Eric Ries.

Tom:

My recommendation is the same book.

Ali:

What are the important points in this book with regard to my question?

Mary:

They are experimenting and learning, a constant cycle forever. If you go to Spotify, that is all they have done for the past 8 years, experiment and learning.

Ali:

What is your viewpoint on this Tom?

Tom:

It is the same.

Ali: Do you have any further comment at the end of this interview?

Mary:

No, I do not have anything to add on to what I said.

Tom:

Rethink about what you mean by “commercialization” as a phase. Look at the roots of it and find out why it is not relevant. I mean the idea that considers commercialization as a phase is outmoded, irrelevant and not worth your time to investigate. Find out why? (Smiling)

Ali:

Are you content with your job?

Mary:

What is my job? I am retired. (Laughing)

Ali:

I mean by holding these workshops.

Mary:

The day I do not have to do it anymore, I am happy. (Laughing)

Tom:

We do it for fun. We do it for intellectual stimulation. We do it mostly with people who are willing to hear what we are saying.

Ali:

Have you enjoyed thus far your trip to Norway?

Mary:

Oh yes.

Tom:

It is our 10th time visiting Norway.

Mary:

But in this trip we just arrived last night. So far it has been constantly raining.

Ali:

It was sunny for two weeks in a row.

Mary:

I know we were in Sweden for the last 10 days. We were in Europe. We have seen the sun.

Ali:

Thank you very much for your time and this interview and have a blessed evening in Oslo.

One issue that was important during this interview was the fact that both Mary & Tom had a long day filled with speeches and also participation at the Entreprenør Prisen* conference. Also include the fact that I interviewed them at 6:00 p.m. Oslo's time. They were also both retired people. Therefore they were taking turns in answering the questions and sometimes I was directing the questions to the person who had taken a break from talking. But they both were present during the whole interview and followed the discussions carefully.

Appendix Interviews in Norwegian

(Innledningsvis til alle de norske intervjuene informerte jeg de deltakerne om min svakhet i norsk språk og at de kan spørre meg når de ikke forstår språket eller når det er noe uklart.)

Torve Indahl

Ingeniørenes Hus,

**Juryens formann for å nominere Intraprenørprisen at Ingeniørenes Hus,
Partner hos ITERATE**

Introduksjon, karrierebakgrunn og utdanning

Ali:

Hi kan du introdusere deg selv?

Torve:

Hi mitt navn er Torve Indahl. Jeg er partner i selskapet som heter Iterate AS og har tidligere grundet en rekke selskaper som noen av de er solgt og noen er avsluttet. Har jobbet både som grunder og i store organisasjoner.

Ali:

Kan du også si litt om studiet bakgrunnen din?

Torve:

Jeg er siviløkonom fra Handelsskolen i Bergen med spesialisering innen for strategi, organisasjon og ledelse.

Ali

Kan du også fortelle oss om din rolle i Intraprenørprisutdelingen hos Ingeniøreneshus?

Torve:

Intraprenørprisen ble organisert av min arbeidsgiver Iterate og jeg ble tatt ut til å være juryens formann slik at jeg jobbet med alle kandidatene og de andre jurymedlemmene for å finne vinnerne inne i de tre kategoriene.

Hoved kriteriene for å vinne intraprenørprisen

Ali:

Hva var hovedkriteriene for å velge vinnerne⁵⁰?

Torve:

På Intraprenørprisen så hadde vi noen få kriterier og da var vi etter mennesker som gjorde innovasjon og det gjaldt for alle de tre kategoriene. Vi så etter at det skulle være relativt resent skjedd og at det var inne for siste året og at det representerte en innovasjon i en store organisasjon med mer enn 250 ansatte. Når det gjaldt selve at hva som gjorde at noen vant fram for andre, så tok vi et forhold på en måte til at hvor nytt var det, hvor skapende var det, og det tredje kriteriet var at hva slags impact det hadde for selskapet de jobbet i. Hadde det store betydning for det selve core business? Det var det vi så etter.

Torve jobbet stort sett med å kommersialisere teknologi

Ali:

Du sa at du også har vært gründer. Kan du fortelle oss om de selskapene som du har grundet eller produkter/tjenester du har prøvd å kommersialisere?

Torve:

Jeg alltid jobba med å kommersialisere teknologi stort sett. Første selskapet jeg grundet het Mobilia AS og var self-service SMS tjenester via Internett. Så du kunne ha bygd dine egne SMS tjenester. Det var en som hadde lokal radarvarsel for politi radar, trafikkvarsel for en liten by i Nord-Norge. Vi hadde ca. 700 faste kunder og hadde en omsetning på ca. 30 millioner og vi valgte å legge det ned fordi vi ikke hadde tid til å gjøre det. Det hadde vi fra 2003 til 2010.

Andre selskap jeg grundet het Active Loop Marketing. Det hadde jeg grundet i sommeren 2006. Grunnideen var å gjøre dialog basert markedsføring i digitale kanaler. Et dialogkonsept innebærer at man oppretter en relasjon mellom vår klient da og dens sluttkunde. Slik at hvis du la oss si klesskjeden så kunne du lage på en måte en slag kundeklubb også kunne ha en kommunikasjon frem og tilbake med min kunde da.

Ali:

Kan jeg konkludere at du har erfaring med kommersialisering av teknologibaserte og innovative produkter og tjenester?

Torve:

Ja det har jeg masse.

Største problemene gründere har knyttet til kommersialiseringsfasen av innovasjon jobben

Ali:

⁵⁰ Tre forskjellige prosjekter vant denne prisen.

Hva synes du til å være de største problemene som de teknologibaserte innovasjonsdrivende entreprenører i Norge har når det gjelder kommersialisering av deres produkter eller tjenester?

Torve:

Det går kanskje på to ting. Det ene er at *man selv har for avanserte drømmer og man gir ikke slipp selv om man får ny informasjon, så holder man på den gamle ideen. Så det handler om den person som gjør innovasjon.* Nummer to er det *environment som er rundt deg. Den kulturen du er i.* Det er kjempe vanskelig å forhandle. Så hvis du jobber med en ide, la oss si at selskapet ditt omsetter for 1 milliard på et annet produkt, også kommer du med en liten ide som kanskje oppleves av ledelsen som litt ubetydelig nærmest. Selv om det kan vise seg at det velte helte den 1 milliard butikken til slutt, så er det veldig vanskelig å komme in med de nye ideene. Det er kulturen i en stor organisasjon.

Gründeren er ikke villig til å forandre ideen

Ali:

Kan du forklare litt mer om den første grunnen som du nevnte, at man selv har for avanserte drømmer?

Torve:

Innovasjon ofte drives av mennesker og en ide kommer ut i fra 2 ting, *enten det er et problem som har oppstått eller at noen sier at vi trenger noe nytt på en måte og her må gjøres noe litt forandring.* Det er utgangspunktet og de eller *den personen som kommer med ideen, de tenker veldig mye på det også låser seg litt for ideen.* Det er litt som en økonom som jeg selv er, som lager et business case for et foretak også på en måte lager vi det Excel arket og *da kan det ikke endres på.* Det er på en måte som en uskreven lov nærmest. Da skal man følge det business caset i 3-4 år. *Hvilket åpenbart er feil.* Det samme feil som økonomer gjør fremdeles i dag, det gjør også ide grunderne. De sier at denne ideen rundt produkt A, det er så fantastisk. Jeg snakket med alle vennene mine, jeg snakket med kona mi, jeg snakket med mange og alle er enige at den er helt fantastisk.

Når man begynner å jobbe med ideen, til tross at man får informasjon at det er noe som skurrer, kanskje kjenner det på mage følelsen selv, så endrer du ikke ideen din, Da har du vært hos investeringskomiteen og lagt fram en ide også har fått kanskje noe millioner Kroner til å gjøre det, da tør du ikke å endre på det som du sa du skal levere til investeringskomiteen. Det er også en lang prosess der fra til å tør å endre det for deg selv, siden du har vært så sikkert på at denne ideen skal være sann.

Ali:

Du sa at han gründeren har snakket med for eksempel kona si eller vennene sine om ideen og på en måte *de var ikke kunnskapsrike eller dyktige folk...*

Torve:

Nei, de ønsket deg vel som person. De mener ikke noe galt. De vil bare hjelpe deg. De ser at du er entusiastisk og de smittes av den entusiasmen. Dere er jo venner. Dere har følelser ikke sant? Derfor vil de alltid være mer positivt enn det som er sant slik at du kan bruke intervjuet

med kona og venner som en oppvarming. Men jeg tenker at *du må veldig fort komme ut på gata og snakke med noen du har aldri truffet før som du mener er hoved målgruppen for din ide.*

Ali:

Hva hvis gründeren søker konsultasjon fra en økonom, eller fra noen som kjenner markedet til produktet, med andre ord noen som er en business manager og har kunnskap om kommersialisering av lignende produkter eller tjenester? Tror du at rådet vil fremdeles ikke være troverdige?

Torve:

Det kommer an på hvilket rådgiver han går til. Hvis han går til old-school traditional økonom eller rådgiver, så kan det hende at han møter det samme kulturmessige ting som han ville møte intern i sin egen bedrift. Men hvis han går til en på en måte mer moderne tenkende rådgiver/ økonom, som kanskje har vært på entreprenørskap selv og har sittet i den samme utfordringen, så tror jeg at man kan få ganske gode bistand. Jeg har bidratt selv og har bistått mange gründerne. Er ganske ærlig på hva som skal til. Og det handler om å få ideen foran en kunde så fort som mulig. Da har man en ganske god sjanse for å finne ut om ideen overlever og stoppe det som ikke funker og ta fram det som fungerer.

Ali:

Hvor stor andel av gründerne kommer til å gjøre slik som du anbefalte nå og komme til en rådgiver som deg, i.e. en moderne rådgiver til å få veiledning om å starte å betrakte ideen som en forretningsmulighet eller ikke?

Torve:

Det kjenner jeg ikke godt nok til hvor mange det er som er ute og spør etter råd. *Jeg frykter også at det er veldig mange som ikke spør om råd en gang. Altså de sitter med ideen sin.*

Ali:

Vet du også hva er grunnen til at de ikke spør om råd?

Torve:

Kanskje de er redd at noen skal plukke ideen fra hverandre. De er redd for å tape ansikt hvor du har på en måte har investert både følelser, tid og penger også skal noen begynne å se på det, også mene noen ting om det, det kan være skummelt. De tenker at noen skal si at du har tenkt feil.

Gründeren har skapt tilhørighetsfølelse om ideen

Ali:

Så de er redd at de kommer kanskje til å få en type råd som ikke er i samsvar med det som de hadde ønsket å få?

Torve:

Ja men er kanskje redd for at *noen skal forandre på ideen din. Det er jo din ide.*

Ali:

Hva er grunnen til at de er redd for at noen kommer til å forandre ideen deres? Er det fordi de ikke har nok tillit i kunnskapen av rådgiveren og hans objektivt tilnærming til saken eller kan det skyldes på andre grunner?

Torve:

Jeg tror det handler om passion. Man har bygd seg opp veldig mye passion for den ideen og det markedet man prøver å adressere. *Man har knyttet så sterke følelser til ideen at det føles veldig vondt å tenke at han rådgiveren angriper meg som person, hvis noen angriper min ide.*

Hva hvis gründeren søker avansert rådgivning hjelp i startfasen

Ali:

Hva om startfasen? Har de fortsatt bygd og knyttet såne sterke følelser til ideen?

Torve:

Det er spørsmål hva du mener med startfasen?

Ali:

Jeg mener fra den tida de begynner å tenke på en ide og vurderer om denne ideen er en forretningsmulighet eller ikke?

Torve:

De gründere som tør å snakke om den med en gang, de tror jeg har større sjanse til å overleve enn de som går og bærer på den i den hemmelige boka og er sånn under radaren. De har større risiko fordi de har låst ideen sin slik at de ikke tør å endre på den. For her handler alt om endring. Din ide er bare en utgangspunkt. Man har sett et behov. Man har sett noe som kan være en forretningsmulighet også gjelder å gå fra plan A til en plan som virker. Den informasjon kommer jo utenfra, den må jo hentes utenfra. Du har tømt deg med dine tanker, erfaringer, din ekspertise, kompetanse også må du ha veldig mange andre kilder til om den ideen er god eller hva som gjør den god.

Taushetsplikt avtale mellom gründeren og rådgiveren om ideen

Ali:

Hva hvis rådgivere kommer til en type taushetsplikt avtale med gründeren slik at de ikke får lov til å plukke ideen eller avsløre den og at gründeren føler seg trygt. *Hva slags effekt hadde et slik system på antall gründere å komme til forretningsrådgivere og diskutere om ideen sin?*

Torve:

Jeg tror det er helt essensielt det du sier her. At man kan tilby 100% konfidensialitet, det tror jeg å være kjempe viktig. Hvis du ikke kan stole på rådgiveren som inner-seg-sirkel, så må det være til stedet.

Ali:

Du nevnte tilstedeværelsen av et slik system, i.e. taushetsplikt som en av de betingelsene som må eksistere for at gründere føler seg trygt med å komme til rådgivere. Du nevnte også at hvis man sier noe negativt om ideen, da har man angrepet den personen. Kan du forklare rollen som de to faktorene spiller?

Å akseptere kritikk kan påvirke gründerens stolthet

Torve:

Det er litt vanskelig å svare på, fordi det er unikt for case by case. Hvem er rådgiveren og hvem er kunden og hva er ideen? Det kan godt hende at han eller hun føler at det er logisk og jeg må ha en rådgiver, men emotionally har de ikke ennå tillat å slippe noen in. Jeg har også sett i mange case live uten at jeg kan stille et skjema og si at så mange gjør sånn og så mange gjør sånn. Men jeg har sett det live i bedrifter at ingeniører undervurderer kommersialiserings biten. Det er et ganske godt dilemma egentlig for oss som er rådgivere på utsiden. Det er at ved at man gjør den oppmerksomheten på denne biten, så ligger noe som tar på ansikt effekter slik at det kan gå på stoltheten til en ingeniør at det kommer noen og sier at her må noen andre gjøre den kommersialiseringen.⁵¹

Ali:

Basert på din erfaring, hvor stor andel av teknologi baserte innovasjon drivende gründere tenker slik, er det mange eller svært få?

Torve:

Her må vi skille på old-school og ny-school. Hvis du sier at mere tradisjonelle tenkende, da sier jeg 70-80%, mens de litt mer moderne gründerne som har lest og sett hva andre gjør så skjønner de at de klarer ikke alene. Du trenger ikke å lese mange artikler fra Silicon Valley og andre steder, hvis du går bak historien så ser du at det var mange personer involvert. Jeg har sett et stort utvikling på de 2-3 siste årene. Det har kommet et konsept som heter "Lean Start-up" og "Design Thinking" og en god del sånne type konsepter eller metoder som gjør at folk begynner å bli nysgjerrig på hva som er der ute⁵². Hva har andre gjort?

Fra Ide til Cash Konseptet

Ali:

Jeg vil gå tilbake til det som du sa tidligere i intervjuet at gründere kommer med en ide og snakker om ideen med venner og familien. Og de gir positive tilbakemelding til ham og støtter ham fordi de er glad i ham og ikke nødvendigvis fordi ideen hans er bra. Du snakker også om nye konsepter og metoder som er tilgjengelig nå. Hvordan kan de nye metodene hjelpe gründere med å finne ut om ideen hans er en forretningsmulighet eller ikke?

⁵¹ I have used this argument as one of the most focal suggestions of this thesis.

⁵² The Start-up book that DNB has recently published could also stimulate people's curiosity.

Torve:

Man kommer ikke med en ide uten at den er knyttet mot sin egne erfaring eller sin kompetanse. Så ideen oppstår når man har sett et problem eller man har følt at her må noen endres. Og da er det min jobb på en måte. Jeg jobber med mange forskjellige bransjer. Bransjer som jeg ikke kjenner selv og likevel har jeg de verktøyene som skal til for å skape noe nytt i den bransjen. Fordi hemmeligheten er jo veldig enkelt at det er ikke vi som vet hva skal til. Det er markedet som bestemmer og man kan ikke gå bort med en mikrofon og spørre hva forventer du av papir bransjen i morgen. Det går ikke. Man må begynne å teste og eksperimentere og snakke med kundene, forstå hvilken hverdag har de, hvor er det de ikke får ting til, hvor er det de bruker lim, saks, papir og teip for å lage noe som ikke finnes.

Jeg har utviklet en prosess "fra Ide til Cash" som jeg har utviklet siden 2006 fram til nå. Og den er fremdeles selvfølgelig i stadig utvikling. Den begynner med at man utfører en "what if" workshop med klienten, hvor man henter inn mange forskjellige yrkesgrupper og setter de i samme rommet. Man henter de fra veldig ulike deler av bedriften (i.e. kunden og selskapet som jeg jobber for). Der begynner jeg. "What if", det handler om å flytte folk fra det virkelige verden over til en lekeverden som er denne what-if planeten, hvor vi da bare bruker to timer på hva hvis du skulle ha gjort noe nytt. Hva skulle de da være? Et helt ufarlig lek. Min erfaring er at hvis du er god i å ha tildelt folk og du klarer for alle i rommet til å prate, da klarer du å vite hvem som er ikke interessert. Så får du en veldig fin gruppe diskusjon og folk begynner å fortelle hemmeligheter ca. etter 40-45 minutter.

Ali:

Hva slags hemmeligheter?

Torve:

Om hva som egentlig er sant. Men vi har alltid bare rekruttert nye kunder. Vi reklamerer i avisen, skaffer nye kunder, så snakker vi ikke med kundene vi har hatt. Det er et sånn hemmelighet som er ikke lett å si til fremmede.

Ali:

Hva med gründere? *Hva slags metode brukes for gründere som kommer til dere med bare en ide og ikke har utviklet ideen sin, med andre ord de som er i startfasen med ideen sin?*

Torve:

Det første steg er jo å få en veldig god brief av ideen. Altså få en god gjennomgang av ideen, alle sidene som den gründeren har tenkt på.

Ali:

Hva mener du med "alle sidene"?

Torve:

Hvem er kunden du skal selge til? Hva er problemet til denne kunden som du prøver å løse? Hvordan har du tenkt at kunden skal betale for det? Hva er kostnadssiden jeg mener at hva tror du at det koster til å levere denne tjenesten til kunden? Og da får man ganske gode oversikt over ideen. Skjønner litt mer om hva var verdikjeden som må settes sammen for å få ideen til å fungere. Og det vil være sjelden at den planen er perfekt, i hvert fall på en tidlig stadie.

Ali:

Har du erfaring med sånne type case studier hvis jeg får lov å kalle dem slik?

Torve:

Ja, jeg har vært gjennom det mange ganger. Det er noe jeg jobber med nesten hverdag. Så det er noe vi driver med hele tiden.

Ali:

Så gründere har kommet med sin ide og de fikk trygghet om konfidensialitet og de fikk råd om hvor bra deres ide er med hensyn til kommersialisering og markedet?

Torve:

Ja.

Fra Ide til Cash, noe for teknologi entreprenører

Ali:

Har også teknologibaserte, innovasjonsdrivende gründere kommet til deg og søkt hjelp angående det ovennevnte type råd?

Torve:

Ja spesielt de har kommet for å få råd, ca. 80% i hvert fall.

Ali:

Du sa tidligere at de spørsmålene som du stiller fra gründere gjelder stor sett om hvem er kunden, hvem er leverandøren også liknende type spørsmål. Er det ikke *en slags miniatyr forretningsplan for produkt/tjenesten?*

Forretningsplaner er ikke pragmatiske

Torve:

Jo det kan du godt si. Men det er mange år siden jeg sluttet å skrive forretningsplaner. Det er helt useless⁵³.

⁵³ An external firm also wrote Fras' business plan, as the main purpose for its development was to convince other parties about the Company.

Ali:

Kan du begrunne at hvorfor er forretningsplaner useless?

Torve:

Det er for omfattende. Du bruker så mye tid for å jobbe og skrive en forretningsplan. Det er ikke verdt den jobben. *Fordi det kommer til å se helt annerledes ut i morgen.* Så det er ikke noe vits å skrive en tung forretningsplan på et tidlig stadie. Det er bedre å ha en forretningsplan på veggen med de vanlige overskriftene som du har i en forretningsplan, setter du som firkanter på veggen også det er gule lapper som du tar inn og ut.

Hvis jeg sier at jeg tror at min kunde er alle som kjører svart bil med skiboks, også går jeg ut med ideen min, så snakker med mange som har sånn bil, også finner jeg ut at nei det var feil. De var ikke kundene. Det var de som hadde blå bil som er mer sannsynlig. Jeg hadde også en referansegruppe som jeg sjekket med. Da må jeg gå på tavla og ta med lappen med svart bil med skiboks også må jeg henge en ny lapp som heter blå bil med skiboks. Det forandrer seg hverdag. Det tar for langt tid hvis jeg skal sitte og oppdatere et svært 20 siders dokument.

Tilpasse metoden til kunden

Ali:

Slik at jeg forstår, du bruker det samme type tilnærming når det gjelder å vurdere ideene til gründere, ikke sant?

Torve:

Ja, jeg har et konsept som jeg kaller "ide for cash". Men jeg skifter approach nesten til hver eneste kunde fordi det handler om å lykkes med kulturen. Så noen ganger forteller jeg dem hvilket metode jeg jobber etter, mens med neste kunde kanskje ikke sier noe om det i det hele tatt. Jeg vet at det bare forstyrrer.

Ali:

Det forstyrrer hva?

Torve:

Prosessen med å få lov å gjøre noe nytt. Hvis det blir for mye metode og teori osv., så kan det skape avstand mellom deg og kunden. Dette har jeg kommet til med erfaring. Som jeg sa helt innledningsvis, ideer drives av mennesker og vi mennesker er veldig forskjellige. Så noen er veldig rasjonelle og veldig sånn tenkende, da kan du kanskje bruke metodene litt mer synlig, mens andre er mer følelses drevet eller muntlig drevet. De liker å snakke om ideen og har ikke skrevet egentlig så mye. Da må du egentlig tilpasse din approach til hver enkelt kunde.

Ali:

Hva er din approach angående andre faktorer bortsett fra din kunde, som er muligens til stedet og kan påvirke suksess i markedet.

Torve:

Det gjør vi nesten i de alle fleste oppdragene så *gjør vi en type konkurrentanalyse og benchmarking. Jeg har en team rundt meg som jeg bruker og det vi gjør er at vi lager et prosjekt sammen med kunden, så vi avtaler hva han trenger bistand med og hvordan kan vi hjelpe og det varierer stort.*

Torve's kommersialisering team

Ali:

Hvem består din team av?

Torve:

Jeg har personer som er prosjektledere, som er forretningsutviklere, som er rådgivere, som er analytikere, osv. Den type mennesker, helt vanlige klassiske management consulting på en måte team.

Å ha et eksperimental tilnærming

Ali:

Vi nærmer oss slutten av intervjuet. Kan du også beskrive kort om hva Iterate selskapet gjør?

Torve:

Det ligger også litt i navnet Iterarte. Vi driver med lean software development, som utgangspunktet. *Så det er et konsulent selskap som gjør system utvikling. Jeg kom inn for halvannet år siden og begynte å bygge opp en forretningsenhet, business management consulting egentlig som jobber i samme prinsippene at man må ha et experimental approach når man skal gjøre nye ting. Akkurat som man på teknisk har gjort i mange år, så bringer vi det inn til forretningsideen og sier at vi må også jobbe på den måten.*⁵⁴

Ali:

Handler det om innovative ideer eller må det ikke være nødvendigvis noe nytt?

Torve:

Mitt team jobber med selskap som skal gjøre nye ting i forskjellige type bransjer men ofte en teknisk, digital type løsning er involvert. Men jeg jobber med bilbransjen, melkebransjen, og mange ulike bransjer.

Ali:

Er du fornøyd med jobben?

⁵⁴ The idea of replacing methods that are for solving technical issues to address commercial problems helped me with the formation of the thesis' final and suggestion in considering the commercial activities also to be viewed with the same level of achievement and consent.

Torve:

Ja, det er veldig til tider stressfullt, men det er veldig gøy. *Det som er min største utfordring det er kulturen i de selskapene jeg jobber med og menneskene at de ikke er villig til å faktisk ta imot et råd og gjør en endring.* Det er kjempe vanskelig.

Ali:

Er det vanskelig å finne mennesker som er åpen til kritikk?

Torve:

Ja, det er vanskelig for mennesker å endre seg. Det er sånn vi mennesker er lagt. Så det er vanskelig når du skal gjøre noe nytt, faktisk få lov til å gjøre noe nytt.

Ali:

Tusen hjertelig takk for intervjuet.

Lars-Kåre Legernes **Dagligleder i Oslo Handelskammer (OHK)**

Introduksjon, karrierebakgrunn og utdanning

Ali:

Hei kan du introdusere deg selv og snakke litt om din studiebakgrunn og karriere?

Lars:

Hei, jeg heter Lars-Kåre Legernes og jeg er dagligleder i Oslo Handelskammer (OHK) siden Desember 2002. Før det jobbet jeg 17 år i multinasjonale firmaer. Jeg har vært ansatt i Coca Cola i syv år, blant annet som Training Manager for Northern European division. Jeg var ansvarlig for opplæringsvirksomheten til Coca Cola. Jeg har også vært Marketsjef Coca Cola Norge og Island et par år. Jeg har vært Salgsdirektør i etablering av norske Loreal. Jeg snakker flytende fransk, derfor fikk jeg jobb i Loreal. Fikk jobb når Loreal etablerte seg i Norge og jeg ledet deres salgsapparat et par år. Jeg også har vært Direktør i norske Oracle, et amerikansk IT firma i 3 år nesten. Jeg har vært konsulent i et norsk-amerikansk konsulent firma i syv år. De jobbet med kjede etablering. Jeg hadde blant annet ansvar for å etablere Maxbo fra scartch, Norges første franchise baserte byggevare hus kjede. Jeg har vært med etablering av Joker, Meny og noen andre norske dagligvare kjeder. Så all in, all jobbet jeg med mange internasjonale og nasjonale business i nesten 20 år før jeg stemte meg for å bli

Dagligleder i Handelskammeret. Jeg hadde også et eget firma og det har jeg fortsatt som driver med consulting og opplæring og har en del kunder. Men det gjør jeg på siden av denne jobben.

Jeg er utdannet i Sverige. Jeg har en Bachelor i Internasjonal Business fra Karlstad Universitet. I tillegg har også en Bachelor i fransk fra Universitet i Stockholm. Jeg tenkte jeg skal bli språklærer en gang i tiden.

Ali:

Jeg har også vært språklærer.

Problemer som gründere har

Lars:⁵⁵

Det er min bakgrunn. Når vi jobber med gründere, så er det vel ikke alt for ofte vi kommer bort i det. Men vi startet for et par år siden vekstgruppe for ledere, fordi det er småbedrifter som trenger noen å snakke med. Starte en ny bedrift er en utfordring for gründere og mange ganger går det feil fordi de er alene. De har ikke noen å snakke om hverdagsproblemene med. Så vi startet en vekstgruppe for ledere hvor små firmaer kan lære av hverandre. Men skriver Confidentiality Agreement og så møtes man 8 ganger i året, en halvdag hos oss. Møtene ledes av Astrid Platou som er vår International Market Manager. De plukker inn kompetanser som de trenger for å holde forelesninger og for å diskutere problemer som de føler de har. Dette er ofte enten nye firmaer eller firma som har vært i business en stund. For å ha et diskusjonssted. Det har vært veldig fruktbart. Så disse firmaene nå har holdt i 4-5 år. De kjenner hverandre godt og de føler at de har fått hjelp av hverandre. En annen utfordring er alltid kapitalisering, i.e. How to get money.

OHK tilbyr gruppediskusjon til gründere

Ali:

Vi kommer tilbake til kapitalisering senere i løpet av intervjuet. Men angående *det problemet som du nevnte nå som gründere har i.e. finne noen til å snakke om deres hverdagsproblemer, er det spesielle kriterier som de skal oppfylle for å komme inn i en sånn type vekstgruppe?*

Lars:

Tidligere så vi for oss at de skulle være *rene gründerbedrifter*, men det viser seg nå at de er for små for å ha nytte av dette. Så vi har nå de som er med i grupper, *de har vært drevet på en stund og de har hatt rimelig suksess*. Men nå er de meste partene av de firmaene er firmaer som er *klar for å internasjonaleses*. Jeg husker ikke men jeg kan godt spørre Astrid litt etter på om hva kriteriene er. Men det å ha diskusjonsforum, det er veldig viktig for små bedrifter.

Ali:

*Med små bedrifter kan antallet av ansatte være bare en?*⁵⁶

⁵⁵ I think that Lars was under the effect of the interview guide that he started to talk about the entrepreneur's problems before me asking him a question.

⁵⁶ I asked this question to see whether one person with a business idea can also come and take part in the groupdiskussion or not.

Finansieringsstøtte i løpet av Innovation Week og via Cleantech

Lars:

Ja da. Men de fleste norske bedrifter har rundt 10 ansatte. De er kallet små bedrifter. *Det er få norske firma som har over 1000 ansatte. Det er bare 250 norske bedrifter som har over 1000 ansatte. De er ganske få egentlig. Så hovedparten av bedrifter er små.* Vi har også jobbet sammen med *Oslo Innovation Week*. *Da har vi hvert år en samling hos oss, en ettermiddag hvor vi inviterer 10 firmaer som kan da tilby finansiering. De gründere som kommer hit og håper at de kan få kontakt med et firma, de er som oftest i startfasen. Det har visst at disse firmaene vi gjør omvendt. Det er ikke firmaene som får lov å presentere seg for å gjøre seg interessant for en investor. Det er tvert om. Det er investorfirmaene som presenterer hvem de er og hva de er ute etter. I fjor var det vel hundretall firmaer her som fikk høre på. Jeg tror det var 7 eller 8 norske og utenlandske investorer. Hva er de ser etter? Hvem er de ute etter? Er det IT firmaer eller er det noe annet. Så det har vært veldig døråpner for mange å komme på denne dagen som vi har. Our Annual Investment Day, you could say.*

Også har vi jobbet med Cleantech. *Hvor vi vurderer å ha den Europeiske Cleantech Konferansen i Norge i 2016. Så vi jobber med ulike muligheter for å se på om vi skal være en av de støtte spillerne til å etablere den Eurpoean Cleantech konferansen her. Denne konferansen arrangeres for å finne nye firma på vei opp over som forteller sin story. Vi hadde det Eurpoean Cleantech Board her, et møte her i Høst hvor vi inviterte 10 norske firmaer å presentere seg.*

Ali:

For hvem skulle de presentere seg?

OHK som døråpner for gründere

Lars:

For utenlandske investorer i Cleantech. Cleantech er et veldig stort området. Vi har også vært døråpner for norske firmaer som er i startfasen. Et firma som heter Deep River blant annet. Har du en flod som er minimum fem meter deep, så kan du sette en unit som produserer strøm gjennom flodens strømhastighet. Den produserer strøm på en fantastisk enkelt måte. Da leverer denne strømmen til en unit som står på bakken ved siden. Også kan den levere til hus eller industri eller det som er mottakere av strømmen. Prisen for dette er rundt 50 Øre kilowatt timen. De har fått sitt første trial order i Litauen. Hvis det går bra, så får de sin første order på 350 millioner Kroner. Det er da takket være av de medlemmene Handelskammeret. Så er vi ofte døråpner til ulike steder.

Ali:

Hvordan har deres medlemmer eller Handelskammeret selv hjulpet dem i kommersialisering av deres produkt?

Lars:

Vi hjulpet dem med å koble dem sammen med Litauens ambassade. Hjulpet dem å koble med Canadas ambassade som har tilbudt dem mulighet å komme til Canada for å presentere sitt produkt på en konferanse i høst. Vi har knyttet kontakt med Sør-Afrika gjennom en besøk fra en minister fra Sør-Afrika som var her og fikk interesse. Vi har knyttet kontakt med Sri-Lanka.

For dette passer inni developing countries, fordi det er en enkelt enhet å transportere. Det er enkelt i installere. Den krever ikke fancy teknologi egentlig. Og dette firma bør ha potensiale mener jeg. *Ås Universitet (NMBU) har vært med å utvikle dette firmaet. De har fått 20 millioner fra Innovasjon Norge. De er bare to stykker og de er nå ute etter penger for å kapitalisere videre. Da har vi vært døråpner til flere ulike firma som kan hjelpe dem med kapitalisering.*

Ali:

Hvor fikk de deres første kapital for å investere i produktet fra? Jeg mener at hvem finansierte det?

Lars:

Innovasjon Norge. *De fikk deres startkapital fra Innovasjon Norge* tror jeg. Så har de jobbet tett med Universitet i Ås (NMBU). Så det er et firma hvis du trenger cases. De har også pending patent. De bruker gammel teknologi på en ny måte. Den gamle teknologi er den gamle vannhjulet for å lage strøm. De har det i sin unit som står i floden. I Litauen hvis det første forsøke går bra, så får de 100 unit som skal stå etter hverandre i en flod som har en bra drive. I Litauen kan de lage strøm til en hel by. Dette er da gammel teknologi brukt på en ny måte. *De kommer til å få patent, world wide patents.*

Ali:

Har de ikke patentert deres produkt under internasjonale patenter ennå?

Lars:

Nei, det er patent pending. Men det er såpass bra at de har fått sagt det er ikke noe problem. De kommer til å klare det. Det er litt som en accident at jeg kom i kontakt med disse. *Så ofte er det tilfeldigheter også som avgjøres om et firma skal lykkes eller nei. Og min rolle er at jeg har vært i internasjonal business i 20 år nesten. Så jeg letter ofte etter folk også sier jeg kanskje den kan kobles til en eller annen business, eller land eller mulighet, som de særlig ikke ser alltid.*

Vi kjenner også et firma som heter Skatec. Skatec Solar har prosjekter over hele verden. De bygger solselte powerplants. *Er finansiert, men ofte så skal de finansieres også gjennom ulike instanser.* Vi har også vært bort i deres nye måte å produsere titan på. Mange ganger kommer gründere og lurer hos oss om vi kjenner noen som kan hjelpe de. Noen ganger kan vi det og andre ganger kan vi ikke det.

Gründere etter finansielle og andre type støtte

Ali:

De kommer til dere og lurer om dere kan hjelpe dem med å fikse eventuelle finansielle og investerings problemer eller mangel som de har eller er de etter andre type støtte også?

Lars:

Med investering og internasjonaliseringskontakter. Så det er begge deler.

Redusere tilfeldighet faktor i gründerarbeid

Ali:

Du snakket om tilfeldighet av suksess og rollen flaks spiller i suksess. Men min oppgave eller mitt mål i denne oppgaven er å redusere avhengighet av tilfeldighet som en suksess faktor. Jeg vil gjerne finne andre måter for å øke sannsynligheten av suksess for ideer og bedrifter eller generelt sagt øke suksess av innovasjon . Hvordan kan man øke suksess sannsynligheten for gründere?

Lars:

Ofte trenger man å snakke med folk som har erfaring. De som har gjort det før. Det er en utfordring for veldig mange gründere at de har sin egen vei.

Ali:

Hva mener du at de har sin egen vei?

Entreprenører er sta og er ikke villig til å ta imot råd

Lars:

Altså de er sta. De har klare meninger om hvordan de skal internasjonaleses eller hvordan de skal gjøre selv. Men det er ikke alltid den kompetansen du trenger. Som gründer du er flink og teknologi orientert. Du har kanskje en ny teknologi og har kanskje vært flink der. Men du er ikke den som skal drive internasjonal business for å si det sånn. Den kompetansen savner man i veldig mange start-up firmaer. I gamle dager så var det først du skal lykkes hjemme og så kan du gå utenlands. Vi sier ofte det første ordet til firmaene som ønsker å internasjonaleses: Vi tar Sverige først og de kan vente med rest of the world after.

Veldig mange IT firmaer i Norge har lyktes bra, så blir de oppkjøpt av et utenlandsk firma. Et eksempel på det er: "Fast Search and Transfer" som er verdens ledere innen for søkemotorteknologi. De ble oppkjøpt a Microsoft. Firmaet er nå ikke eksisterende. Men Microsoft har valgt å legge sin research om research teknologi til Norge. Så de satser på det og bringer andre fra utlandet fordi de fant at den kompetansen som man har i Norge var i verdensklasse.

Ali:

Du sa at veldig mange av gründere er sta og de...

Lars:

Vil ikke høre på gode råd? Nei. De har sin egen vei å gjøre ting på. Det er en hemske for mange gründere at de ikke er villig til å lytte til gode råd. Jeg har flere firmaer som kun har lyktes internasjonalt. Men de er ikke villig til å la aksjemajoriteten gå fra seg. Eller er ikke villig til å flytte en potensial produksjon til utlandet. De vil at den skal bli en Norwegian success story. Og da er det bye bye også veldig ofte.

Mange gründere er ikke villig å ta imot råd

Ali:

Hva er grunnen til at noen av de gründere ikke er villig til å lytte?

Lars:

Gründere flest, jeg skal ikke generalisere egentlig, men veldig mange gründere har klare meninger om hvordan de ønsker å drive sin business og hvor stor det skal være og hvilken retning de skal gå. Veldig ofte starter de små. De har ikke alltid følelsen for hvordan business egentlig drives. Profesjonell business må drives etter gitte kriterier. Også prøver de å snakke med ulike investorer og det er ikke alltid lett. Vi ser det jo ofte fordi vi deltar i Connect Norge sine evalueringer av firmaer. Jeg vet ikke om har vært borte til Connect Norge?

Ali:

Nei

Connect Norge

Lars:

Connect Norge er en internasjonal organisasjon som hjelper gründere å skaffe kapital. Og da gjør de det gjennom at disse gründere får lov å presentere sin business case, en business plan i Connect Norge møter. I de møtene så sitter det dyktige mennesker som har vært ute i business før, som har kunnskaper. De kan enten si "yes" eller "no". Altså thumbs up or thumbs down. Blir det thumbs up, så kan Connect Norge hjelpe dem videre. Vi deltar i disse Connect Norge evalueringene av potensielle norske firmaer. Det kan enten være et lite firma som for første gang skal ut eller det kan være et større mellom stort firma som trenger hjelp av flere for å vurdere. Det er konfidensielt hva som foregår på disse møtene, men det er mennesker som har relevante kompetanse til å kunne være med og evaluere the business plan. Så har du også andre type firmaer her i Oslo området, for eksempel Gründerhuset som skal være et vekst sted for nye firma. De kan leie seg kontor der. De kan få råd og hjelp osv. Det fungerer som opp og ned. Også har du Mash. Vet ikke om du har hørt om Mash. Der er det et sted som også mange gründere, spesielt i teknologi områdene som har etablert seg. Det er også mange norske firma som går leie av å være i Norge fordi de føler at det er ikke vekst potensialer her. Så de flytter til Silicon Valley og de får leie et kontor av Innovasjon Norge i Silicon Valley for å prøve å komme videre på den måten. Da kommer de i ny teknologimiljøet og man får kontakter som kan brukes til videre suksess.

Ali:

Du sa at et stort andel av gründere kommer til Connect Norge, ikke for å få på en måte råd, men for å få finansieringsstøtte ...

Lars:

Både for å få råd, men også for å presentere sine business case. Det er ikke nødvendigvis at de skal ha investment case. De har en plan. Først skal du lykkes i Norge, kanskje og så skal du lykkes internasjonalt. De har en plan som de ønsker å teste den på erfarne mennesker som har vært ute før.

Ali:

Kan du fortelle meg litt om ting som foregår der og grunnen for at gründere går til Connect Norge?

Connect Norge analyserer forretningsplaner

Lars:

Enten er de helt nye firmaer som ikke har ferdig sitt case enda. De har kanskje vurdert den og de er på gang til å bli etablert. De trenger noen å diskutere med for å se er det possibility med min forretningside. Er det en ide og gå videre. Da kommer de med en business plan og får lov til å presentere seg i løpet av en time. Så diskuterer vi med de hva synes vi om denne business planen. Var den bra eller hva har de for mangler. Hva må de gjøre for å forbedre seg. Får eventuelt hvordan de kan skaffe penger eller for å gå i et land utenfor Norge. Veldig ofte blir det at vi skyter ned planen og sier at dette er ikke godt nok. We do not believe in you.

Ali:

Basert på hva konkluderer dere at...

Lars:

Det har ofte med produkt å gjøre. Det er ikke godt nok. Produktet har vi ikke tro på det. Det finnes allerede før noe lignende. Eller kan vi si at dette var bra. Vi synes at du skal kontakte den og den for å komme videre. Nå jobber vi med et klesfirma som gjør det bra i Norge. Men de ønsker å gå internasjonalt. De har allerede solgt i utlandet på noen steder, men nå ønsker de å prøve seg i Kina for eksempel. Eller ønsker å bli større i USA. Hva gjør man da? Da har vi gjennom Handelskammeret nettverket, vi har 12000 Chambers of Commerce som er mulige investorer og kan hjelpe dem. Vi kan finne et norsk firma sånn som i Kina, så kjenner jeg kinesere som jobber i Kina, ellers som jobber her og er rådgivere osv.

Gründere trenger å ha tre ting for å lykkes forretningsmessig:

1)Unikt produkt eller tjeneste som det er marked for

2)Kunnskap om det landet (markedet) du skal inn i

3)Business connections

Nå hadde vi en seminar om Iran her for noen dager siden og allerede dagen etter fikk jeg et norsk teknologi firma som ønsker og er interessert av Iran. Men da må de få hjelp. De lurer på hvordan å gå videre. Det var sånn som jeg sier hvilket som helst business du driver, så trenger du tre ting. Du trenger et eller annet unikt produkt eller tjeneste som det er et marked for. Også trenger kunnskap om det landet du skal inn i. Også trenger du connections, altså business connections som kan hjelpe deg. Dette firmaet her, nå kommer de til oss. De er medlemmer hos oss. De har vært på Iransseminaret. De lurer nå på hvordan skal jeg komme videre. Er noen marked for mine produkter i Iran? De er villig å ta risiko. Så de vil da reise til Iran. Men de trenger hjelp. Da kan Irans Chamber of Commerce være det. Eller kan være at vi kjenner en person som deg som har kunnskap og har også litt teknologikunnskap og sier at her kan jeg være med å hjelpe. Det er veldig ofte at firmaer tror at de har kunnskap og kontaktene de trenger, men det viser seg ofte at de har ikke det. Innovasjon Norge er en mulighet da. Men de har ikke kontor i Iran. De er i Abu Dhabi. Der har de kanskje kontakter.

Fordelen for gründere med å komme til Handelskammeret

Fordelen med Handelskammeret er at vi har mange flere kontakter. Vi jobber også sammen med ambassadene. *Så mange ganger kan det lønne seg for firmaer som er små å komme til oss. Så kan vi være med å vurdere. Ellers kan vi hjelpe dem med å gjøre markedsundersøkelser i for eksempel Sverige for å finne ut at hvordan ser konkurransesituasjonen ut i Sverige. Finnes produktet fra før? Hvordan ser prisbildet ut? Hvordan bør man gå videre for å lykkes?*

Ali:

Kan du forklare litt hvordan dere utfører de overnevnte ting?

Lars:

Da jobber vi sammen med Handelskammeret i Sverige for eksempel Vest Svenske Handelskammeret i Göteborg. Da gjør de markedsundersøkelsen for oss. Også betaler firmaet oss for å få tilgang til den undersøkelsen. Så vi bruker vårt Chamber of Commerce network eller vi bruker konsulenter som de har jobbet for oss før for å vurdere, for å fortelle og gi informasjon. Når du skal internasjonalisere er information number one factor. Knowing about the market and the price structure and how to get in there⁵⁷. Og det gjør vi mye. Det er Astri Platou som hos oss gjør den jobben. *Vi får også ofte kontakt fra utlandet for å komme hit. Er det et marked for våre produkter her? Hvordan ser det norske markedet ut?*

Ali:

Hva gjør dere når dere for et slik oppdrag?

Lars:

Da gjør vi en komplet market research eller match making.

Ali:

Kan du gå litt i detaljer?

Lars:

Astri jobber da med dette. Hun er veldig profesjonelt og har gjort hundretalls sånne jobber før. De må da sette seg ned og *gjøre en desk research.*

Ali:

Er det bare hun eller ...

⁵⁷ I have no idea as to why Lars switched to English language from time to time. Maybe it is due to his job requirements that have an international dimension, or he spending many years abroad for academic education or work.

Lars:

Nei, hos oss er det bare hun. Men hvis vi får mange oppdrag samtidig, så bruker vi eksternt konsulenter som vi har liggende, som er vant til å gjøre den type jobb.

Ali:

Kan du snakke litt om hva Astri gjør angående sånne type oppdrager⁵⁸?

OHK utfører market research og match making

Lars:

Hun kan gjøre match making. Hvis det er det firmaene vil ha. Jeg mener de utenlandske firmaene som kommer til Norge. Eller hun kan gjøre en market's research job. Da er det desk research. Hun har gjort dette så mange ganger før at hun vet at hva er det som firmaet trenger av informasjon. De trenger å se hvordan ser total markedet ut. Hvordan ser konkurrentene ut? Hvilke måte skal man etablere seg til landet her? Skal man bruke agent? Skal man etablere eget AS (i.e. aksje selskap status) eller andre måter? Her får du en profesjonell markedsrapport. Vi får også veldig mange henvendelser fra folk som ønsker å jobbe her. Eller som spør om de kjenner noen som har mulighet å tilby dem jobb. Det prøver vi også å kunne hjelpe til med.

Ali:

Hva slags folk gir henvendelser at de ønsker å jobbe...

Lars:

Det kan være alt fra himmel og jord. Det er veldig stort variasjon. Men når det gjelder oppstart firmaer, vi har ikke så mye fokus på at det er teknologi firma eller... Vi tar imot alt kan du si. Denne vekstgruppen for ledere som det het nå, det er 15 firmaer som ikke er konkurrerende, som møtes og betaler en prislapp i året for adgang til våre møtelokaler og for å møtes. Men de søker selv for agenda. Men de kan be også om forelesere. Det kan være skatteetaten. Det kan være nye skatteregler som de ønsker å vite noe mer om. Det kan være en professor fra BI som kommer hit og snakker om globalisering osv. Vi fikser ja dette. Vi skriver også referat fra deres møter som en del av den prisen de betaler for å få lov å ha møtene her. Det er utskrift i nye grupper etter hvert. Her er det learning by getting to know each other, helping each other som er hoved målet.

Signerer konfidensialitet avtale i møtene

Ali:

I møtene signerer de deltakerne noe konfidensialitetsavtale?

⁵⁸ The reason I insisted to extract more information about the job of Astri was to find out whether the same system and process could be applied concerning the entrepreneurial ideas or not.

Lars:

Ja. Det gjør de. Det må man gjøre. Det finnes flere andre aktorer innen for dette, fordi det å ha kunnskap og kunne ha noen å diskutere med, som enten har komplementerende kunnskap kan være til stor hjelp for veldig mange grundere eller firmaer som står i en vekstfase. Fordi det er veldig ofte et problem for store og små, man har ingen å snakke med.

Executive Global Network

Og da finnes det et annet firma som hete E.G.N. (i.e. Executive Global Network) som er et amerikansk firma. Der er jeg medlem. Der betaler jeg NOK 20000 i året for å få lov å møte andre Managing Directors fra andre firmaer. For at vi skal kunne møtes og diskuteres så lære av hverandre eller lære av andre i E.G.N. De har vi vurdert som så pass interessante så jeg har blitt medlem i en av deres nettverksgrupper. De møtes 7-8 ganger i året og der får jeg møte 20-30 andre Managing Directors i store og små firmaer.

Ali:

Kan du også velge selv de firmaene som du vil være i en gruppe sammen med i E.G.N.?

Lars:

Nei. Man velger grupper. Man blir presentert for ulike grupper som man kan være med i. Man ser hvilke firmaer som er medlem her og så vurderer jeg om det kan være firmaet som jeg kan ha interesse av.

Målet av vekstgrupper

Ali:

Hva er målet av slike grupper?

Lars:

Målet er å lære fra hverandre og ha adgang til deres nettverk. Det er mye snakk om nettverk i business i dag, både når du skal ha jobb og når du skal ha finansiering. For eksempel et av medlemmene vi har, som er med å arrangere våre investormøter er IKEA. De har 350 millioner i Norge som de kan investere. Da må vi finne case som er interessante å investere i. Det er da firma som kan ha produkter som kan selges i IKEA varehuset world wide.⁵⁹ De firmaene som de eventuelt går inn og hjelper maks 20% av totalkapitalen, det må da ha en grønn profil. Det er deres krav. Det kan være et solselle firma som har en fantastisk teknologi slik at de vurderer at de kan selge solseller gjennom IKEA varehuset. Da kan IKEA gå inn og investere i og være med å utvikle dette firma.

Iransk Handelskammer

Ali:

Du sa at i løpet av det seminaret om Iran som fant sted for noen dager siden, det var et norsk firma som ble interessert i å komme til iranske markedet. Vet du om iransk handelskammer

⁵⁹ In a way IKEA is becoming their customer too and they do not need to worry about customers and finance (20% of total capital needed) and also many other resources are being available to them. As Lars says IKEA can help them also to develop their product further.

også tilbyr det samme type rådgivning og gruppediskusjon tjenesten som dere tilbyr eller ikke?

Lars:

Det vet jeg ikke. Det varierer. *Noen handelskammer har det. De tilbyr consulting services. Andre kammer er mer en kontaktnett. De sier at nei vi gjør ikke dette, men vi kjenner noen som kan hjelpe dere.* Jeg vet ikke om iransk handelskammer gjør dette. Eller om vi trenger iransk Chamber of Commerce som en døråpner til andre. Men først nå dette firma her må sannsynligvis i første rekke vil jeg anbefale til å møte med iranske ambassaden. Sette seg ned med ambassaden og diskutere: ok dette er våre produkter. Tror dere at det er et marked for våre produkter i Iran? Eller er det ikke det? Hvis det er det, så er de villig å gjøre en studietur. Og da trenger de å hjelpes med practicalities som visum og lignende. Også trenger de å bruke ambassaden som en brobygge til Iran's Chamber of Commerce.

Born Global companies

Ali:

Du sa at for å lykkes i kommersialisering, må ikke nødvendigvis de selskapene begynne fra hjemlandet, selv om det er anbefalt, og de kan også begynne fra utlandet med andre ord "born global" fenomenet. Kan du beskrive litt situasjonen for sånne type selskaper?

Lars:

Ja. De kan begynne i utlandet, men du behøver nok i første rekke for å minimere risiko og for å gjøre det enkelt for deg, så anbefaler vi i hvert fall at man tar det nære markedet først. Da bruker vi alltid å si at lykkes du i Sverige etter du har lykkes i Norge. Fordi *norske markedet er ofte for lite. Man kan begynne i Norge, men for noen høy spesialiserte produkter, så er norske markedet alt for lite. Da må du for å kunne å fortsette å vokse gå inn i flere markeder samtidig. Og da anbefaler vi alltid Sverige først. Fordi det er mindre risiko der. Det er nært. Kulturforskjellene de er der, men de er ikke så store. Det er lett å reise ditt og tilbake. Du kan gjøre det på en dag. Du kan kjøre bil ditt og det gjør at kostnadene ved å gjøre en feil er ikke så store.*

Hvis du derimot skulle til Tyskland, England, USA eller Kina, så er det mye større utfordring. Når det gjelder Kina bruker vi å si at gå inn via Hong Kong eller Taipei først. Veldig mange teknologi firmaer i dag vurderer Taipei istedenfor mainland Kina. De begynner i Taipei istedenfor. Der er det flere norske firmaer, spesiell teknologi firmaer som er der.

Få hjelp fra akademiske verden

Ali:

Du sa at *dere gir mulighet til folk med ideer til å sette seg sammen også lære av hverandre, diskutere forskjellige sider og aspekter av veien videre, eller dele sine erfaringer med hverandre. Det gjelder også å få hjelp fra for eksempel en professor fra BI eller noen som har kunnskap...*

Lars:

Han eller hun kommer bare for å holde en presentasjon.

Ali:

De kommer ikke til å diskutere?

Lars:

Nei. Det er de ikke. De er ikke medlemmer av gruppen. Men det er de i E.G.N. Der er de møteledere alltid. Det er den samme møtelederen. I min gruppe så sitter en BI professor som møteleder. Men ikke nødvendigvis at han eller hun er bedre enn møtedeltagerne, men de er tilrettelegger og møteleder. *Man kan spørre dem etter agendaen. Han kommer med stoff fra universitetet også sier at dette sier universitetene om dette temaet.* Det kan være merkevarebygging for eksempel.

Ali:

Men i tilfelle han ønsker å delta i diskusjonen, for han lov å delta i diskusjonene og si hans mening?

Lars:

Ja absolutt.

Hjelp for gründere som bare har en ide og er i begynnelsen av innovasjonsjobben

Ali:

Nå vil jeg spørre om andre ting. For eksempel hvis jeg bare har en ide om å produsere et produkt kan jeg komme og delta i en gruppe?

Lars:

Ja du kan være med og prøve å se er denne gruppen noe for meg eller ikke? Er det noe for meg å delta i dette? Tenker du da E.G.N. eller tenker du våre grupper?

Ali:

Jeg mener hos E.G.N. Men jeg mener at hovedsakelig *hvis jeg har bare en ide om å produsere noe. Men jeg har ikke noe kunnskap særlig om kommersialisering av produktet som jeg har tenkt å produsere, hva anbefaler du meg til å gjøre som det første trinnet?*

Lars:

Da ville jeg ha kontaktet Connect Norge.

Ali:

Og hva kommer Connect Norge til å gjøre for meg?

Lars:

De kan være med å hjelpe deg å skrive en business plan for å presentere for en gruppe som da vil vurdere din business.

Viktig å ha skrevet en forretningsplan for produktet

Ali:

Men jeg snakker om noen som ikke har produsert en prototype av produktet ennå og har bare tenkt om den. Han sitter bare med en ide.

Lars:

Nei, jeg vet. Men du må ha noe for å presentere til andre. Med en businessplan om produktet kunne de vurder bedre. Så du må holde en presentasjon som du kan si at dette er min forretningside og her har jeg tenkt litt. Og det er min plan. Du må alltid ha en business plan å presentere for Connect Norge sine vurderinger. Andre alternativer er å snakke med Innovasjon Norge og søke midler derfra.

Ali:

Jeg vil gjerne fokusere mer på den delen at du sa at man må alltid ha en business plan. Med ordet "alltid" betyr det også fra øyeblikket man får ideen til å produsere noe eller tilby en tjeneste?

Lars:

Ja. Man må jo vurdere den business siden fra begynnelsen. Og det er der hvor mange gründere går feil. De gjør ikke hjemmeleksa si godt nok.

Hjemmelekser til gründere

Ali:

Hva mener du med "hjemmeleksa si"?

Lars:

Med hjemmeleksen mener jeg at man må sette seg ned og seriøst vurdere gjennom desk research eller andre hjelpere: Er det et marked for dette produktet? Og hvis det er det, hvor er det markedet? Er det i Norge? Og er det godt nok? Eller må jeg utenlandsk? Og hvordan skal jeg gjøre det? Og hvor stort er markedet? osv. Fordi de vil aldri få pengene fra interessante til å starte opp en business, hvis de ikke har gjort en god desk research, hjemmelekse som jeg kaller det.

Og så får man teste den planen på andre mennesker som har vært med og kanskje kjenner enten det er teknologimarkedet eller klesmarkedet eller dagligvaremarkedet, eller hva det måtte være som they have seen it. They have done it . They have been there before, som kan si at: du det her holder ikke. Eller: yes good idea. We can help you to get further into somebody who knows it even better. Eller jeg har access to the money. Gang på gang så feiler veldig mange ideer for at de ikke er profesjonelle nok. De skal bare starte å ha en ide. Også skal de

starte. De skal ha penger til det. Skal du ha penger fra Innovasjon Norge, og det er ofte gode penger, så må du lage en business plan. Du må gjøre den realitet check på din ide. Hvor stort er markedet? Hvem er markedet? Hvordan ser markedet ut? Hvem er konkurrenter potensielle eller ikke eksisterende hvis man har noe helt nytt. Den hjemmeleksa som jeg kaller det, det er langt fra alle som gjør det. De hopper bare ut i det.

Ali:

Finnes det noe spesielt begrunnelse at de utfører ikke deres såkalte hjemmelektse?

Lars:

Det er ofte kulturell betinget, men jeg vil nok påstå at gründere generelt er ikke alltid realitetsorientert. De tror veldig mye, men du må ha litt fakta bak din tro for å si det sann. For å se har det produktet overhodet et marked. Mange normen som har lyktes bra med å lage apper (i.e. Software programmer i applikasjonsformat) og det er klart at det er et marked for apps. Men er det et marked for din app? Jeg har en bror som har selv startet fire ulike firmaer. Han har lyktes bra. Hans største firma nå har over 100 ansatte og er i Göteborg. Han vil ha access til Chalmers Universitet som en forutsetning for at han skulle finne dyktige som gjør sann som passer i hans firma. Det er mye hard jobbing som gründer. Men du må ha business sense og business experience for å lykkes vil jeg påstå. Hvis du ikke har de folkene i ditt nettverk eller hvis ikke du har enten jobbet i et firma og vet hvordan ting fungerer, så er det små sjanser for å lykkes.

Ali:

Vet du om det er mange gründere, basert på din erfaring at de mislykkes fordi de ikke har gjort deres hjemmelektse slik du kaller det, eller er det få?

Lars:

Det er nok flertallet. Alle går å drømmer om raske penger og raskt suksess osv. Det er klart at noen kan lykkes, men de er færrest, veldig få vil jeg si. Så det første man bør gjøre hvis man har en god ide, det er å sette seg ned og enten har man studert gründerstudium på universitetet for eksempel Oslo Universitet eller Ås eller hvordan det måtte være hvor man har metodikk for å kunne lage an business plan, så får man da teste den planen på folk som har erfaring i den bransjen som man skal inn i. Og så kan man bruke Innovasjon Norge. Hvis det nettverket man tester business planen på, der er Connect Norge veldig dyktige på det, så blir skritt to. Hvis Connect Norges representanter synes den testbar planen er god, da er neste skritt å søke penger vil jeg tro hos Innovasjon Norge for å få finansiert dette. Fordi gründere trenger som oftest kapital. De trenger ikke bare tid og presentere den, men de trenger også penger til å realisere den.

Ali:

Så du mener at som første skritt gründere bør besøke Connect Norge?

Lars:

For meg vil det vært det, ja.

Ali:

Og etterpå bør de gå til Innovasjon Norge?

Lars:

Ja. Hvis man trenger penger. Det kan være at produktet er ikke ferdig. Det må forskes. Det må utvikles. Også finnes mange gode organisasjoner som også har peiling. Du har OREC, i.e. Oslo Renewable Energy and Environment Cluster. Du har Oslo Cancer Cluster. Du har en hel nettverks organisasjoner som man også kan gå til for å snakke med å teste å høre som kan være døråpner og medhjelpere til å få et firma opp og gå kan du si.

Forretningsideene kan bli stjålet

Ali:

Hvor trygt er det for gründere til å presentere deres ide uten å bekymre seg at kanskje deres ide kommer til å bli stjålet av andre som man representerer ideen for?

Lars:

Man har aldri noen garanti men som de fleste profesjonelle organisasjoner så ber man om en konfidensialitet avtale. Så er det liten risk vil jeg påstå.

Forskjellen mellom OHK og Connect Norges gruppemøter

Ali:

Du sa at dere i Oslo Handelskammer også tilbyr en type mulighet for gründere til å møte i deres vekstgruppe. Stemmer det?

Lars:

Ja.

Ali:

Hva er forskjellen mellom dere og Connect Norge angående de gruppemøter som dere begge tilbyr, hvis det eksisterer noe forskjell?

Lars:

Connect Norge har ikke denne type grupper. De har veiledere som kan hjelpe deg og å lage planen (i.e. business plan) også hjelpe til å presentere planen. Men de har ikke noe diskusjons grupper som det vi har. Men som oftest de som er i vår gruppe, vi har ingen som ikke allerede har et firma i den gruppa. Så de har allerede startet opp. Men de trenger å ha noen å prate med for å gå neste skritt. Og neste skritt er da muligens å bli større i Norge eller gå internasjonalt.

Ali:

Så dere har bare en gruppe som består kun av medlemmer med firmaer som allerede eksisterer?

Lars:

Ja bare en gruppe og det er bare firmaer som eksisterer. Men de er fra en mans firmaer opp til flere titalls ansatte.

Ali:

Men hos Connect Norge, slik at jeg forsto fra det du sa, sitter veiledere...

Lars:

Som kan hjelpe deg å lage en business plan.

Ali:

Kan de også utføre markedsstudier og markedsundersøkelser på vegne gründeren?

Lars:

Vet ikke det. Men de kan i hvert fall veilede deg å lage en business plan. Også har de andre aktører som MESH (Norway) og Gründerens Hus osv. De har også veiledere, men de er ikke like profesjonelle. De er mer å stille lokaler til disposisjon og nettverk til disposisjon. Også har vi kontakt med profesjonelle investormiljøer. Så jeg kan løfte pårøret til en 15-20 ulike investormiljøer når jeg vet hva er profilen. Har du et case? Men caset må da være en eller annen skriftlig sak. Også kan vi lage et møte med investormiljøene enten det er IT eller renewable energi eller hva det er. Også er det opp til dem å vurdere om de ønsker å gå videre med deg eller de skyter ned hele caset og sier sorry dette er ikke interessant for meg, eller produktet ditt holder ikke. De miljøene har vi access to.

Gründeren undervurderer vanskeligheten av kommersialisering arbeidet av innovasjonsjobben

Ali:

*Hva synes du om denne utsagn at *entreprenører stort sett undervurderer vanskeligheten og viktigheten av kommersialiseringsarbeidet av innovasjonsjobben?**

Lars:

Det er veldig mange som har ideer men de har ikke helt forstått hvor tungt det kan være å starte et firma. Fordi de synes at her har jeg en kjempe god ide og den bør alle tro på. Alle bør kjøpe det. Så begynner man å stille spørsmål. Hvem bør kjøpe det? Hva bør prisen være? Hvordan skal du etablere deg? Osv. Da blir det tungt. Man har ikke helt forstått hvor tungt det kan være. Hvor langt tid det kan ta. Hvis man skal være interessant for å presentere seg for en investor som også skal tro på den ideen. Så er det mye lengere tid og mye mer jobb enn det man hadde trodd fra begynnelsen av. Det er ofte 90% av caset altså. Jeg ser bare nå.

Jeg har en egen bror. Nå er han ferdig med ene firma og skal starte nytt firma som er en app-basert firma. Han måtte dra til England for å finne de 20 millionene som han trenger for å få dette firma opp og gå. Da må han jobbe en del. Også må han ha penger til å kunne reise til England å presentere seg. Men nå har han gjennom sitt kontaktnett og andre også har en jobb. Han har sitt eget firma allerede. Og hvis han ikke hadde hat det bak seg, så hadde han ikke sjans til å kunne starte enda et firma. *Så det er ofte at du må enten ha en rik onkel eller må du ha en kone som har en jobb som kan frilegge din tid for denne lange jobben. Det er å skaffe interessante investorer og det man savner mest i Norge, det er investorer som tør å ta risiko. Altså early seed money finnes nesten ikke i Norge. De fleste norske investorer de skal ha firma som er ready for teke-off. Men early seed money i Norge finnes nesten ikke. Det er få så kalte business angels i Norge. De finnes der, men de er veldig få.*

Ali:

Hvor stort antall av gründere tror du at de begynner med Connect Norge?⁶⁰

Lars:

Veldig få tror jeg. Jeg vet ikke hva en gründer som har en god ide gjør. Han eller hun går og tenker på det selv og de kanskje undersøker markedet. De er ofte i universitetsmiljøene. De er mange universiteter som kan skape noe gründere. Det er mange som drømmer om å starte sitt eget firma. Men enten kommer de ikke lenger enn det blir bare en drøm ellers så vet de ikke hvordan de skal gjøre det. Hvordan de skal komme i kontakt med organisasjoner til Connect Norge og lignende. Fordi de går bare og ser sin egen tilværelse også har det veldig mye med sitt eget nettverk å gjøre. Så nettverk er både grunn til å få seg en jobb, men også til å få "yes" eller "no" til noen skal tro på ideen din og pushe deg videre og si at det er en veldig god ide og jeg har noen som kanskje kan finansiere det eller kan hjelpe deg.

Øke forståelse blant gründere om det viktige hjelp de kan få hos organisasjoner som Connect Norge

Ali:

Hvordan kan man hjelpe gründere til på en måte forstå betydningen og viktigheten av å komme å søke hjelp først og fremst fra Connect Norge?

Lars:

Ja. Det er at man i studiene har lagt inn deler av studier hvor man imiterer ulike typer investormiljøer, finansiers eller organisasjoner at man inviterer dem, inviterer Connect Norge til å komme og presentere seg som en del av studiet.

Ali:

Betyr det at Connect Norge ikke er godt kjent blant gründere og potensielle gründere?

Viktig å forelese til ungdom og barn om innovasjonsarbeid

⁶⁰ I asked this question because at the time my understanding from the interview was that those who need money go to Innovation Norway and those who need advice and consultation go to connect Norway.

Lars:

Jo, de er relativt godt kjent. Men nok en gang jeg tror ikke de er å forelese på universitetene. Jeg vet ikke det. Jeg er ofte invitert til Oslo Universitet for å snakke der til gründerstudentene. Og da snakker jeg om globalisering og viktigheten av connections der. Og jeg er også på Norges Markedshøyskolen og foreleser der om globalisering en gang i året. Men jeg tror at skolene må komme enda nærmere næringslivet og nå gjør de det en del av studiet. Man inviterer, man ser hvilke organisasjoner finnes det, og hvem skal vi ha hos oss. Kanskje man inviterer Innovasjon Norge i dag og that is it. Og det er bra, men det finnes andre nettverk også. Man bør legge inn i studiet for å knytte lettere samarbeid mellom skoler og næringslivet. Der har Norge fortsatt et godt step å gå, ikke bare på universitets nivå, men også gymnasnivå, lengre ned før de begynner å studere.

Ali:

Såpass tidlig?

Ungt Entreprenørskap

Lars:

*Ja, det vil jeg påstå⁶¹. Det er mange som går og drømmer at de skal starte en bedrift. Men man bør fortelle litt om hvordan man skal gjøre det. Og du har en organisasjon som er veldig bra og fantastisk på det. Det er et firma som heter **Ungt Entreprenørskap**. Jeg sitter som dommer der for å vurdere hvilke firma som jeg mener har et potensiale. Jeg var dommer der nå i høst. Da var det flere hundre grupper i klasser som hadde presentert seg. De hadde jobbet et år. De hadde startet opp firma i gymnasium. Det heter Ungt Entreprenørskap. De er også veldig bra på å få fram de gode ideene også kommer vi da med litt mer erfaring. Vi kan premiere de og si dette har vi tro på og kan gi dem råd.*

Det begynner allerede i ungdomskolen 8, 9, 10 klasse. De får skape sitt eget firma og holde på et år i skoleregi. Så har de en konkurranse hvor de får lov å presentere seg til oss. Også sier vi at dette var første pris, andre pris og tredje pris. Så snakker vi med dem. ***Også spør vi hvordan har du tenkt å ta dette videre.*** Noen av de blir også noen firma. Her er det unge, dyktige mennesker som har en god ide. Så Ungt Entreprenørskap er en annen type organisasjon som er ute i skolene og på gymnaser. De er ikke på universitetene men de er i forkant. De lærer unge normen å tenke: ***How to start a business?***

Ali:

Hva synes du om forslaget at gründere bør snakke og få veiledning fra business managere også be om hjelp for å utføre markedsundersøkelser og skriving av forretningsplaner og andre type hjelp angående kommersialiseringsiden av innovasjon?

Lars:

Jeg vil påstå at det ikke 100% men 80% at de burde bruke tid på å teste sine ide med folk som har en eller annen business experience eller gjennom ulike nettverk, organisasjoner som har det. I skolen er Ungt Entreprenørskap som tilbyr den mulighet å starte et firma. Så de gjør en veldig viktig jobb. Det finnes veldig mange uliketyper av organisasjoner i Oslo

⁶¹ My suggestion is that the seeds should be planted in the minds of children at an early age that the commercialization act is also as heroic and glamorous as the invention itself.

området hvor man har kommet et skritt videre og man ser at man har et firma. Man har en ide, Så bør man ikke underskutte muligheten for å diskutere med folk som har vært der før. Ofte er også enten Connect Norge, men også *investormiljøene* som vi har adgang til for å kunne diskutere harde ordet om hvor realistisk det er. Fordi 9 av 10 ideer blir ikke mer enn en ide, tror jeg. Eller det er forskning som sier det.

Ali:

Vet du også grunn at det blir sånn?

Lars:

Fordi man kommer ikke videre. Man gir opp. Man orker ikke mer.

Ali:

Er det fordi gründeren ikke orker mer, eller er det fordi han eller hun kommer ikke videre med ideen?

Lars:

Begge deler. Men veldig mye er det med at *man orker ikke.*

Ali:

Hvorfor mister de interessen?

Lars:

Fordi at man blir møtt av mye motstand underveis. Så man undervurderer hvor mye tid og penger det tar for å komme fram til et godt produkt eller et service. Man gir opp på veien. Man har ikke en kone som kan finansiere din ide eller man tar heller en jobb. Eller man gir opp.

Ali:

I den gruppen som dere har i Handelskammeret, eller i tjenestene som Connect Norge tilbyr gründerne kan veien belyses litt mer for gründerne på forhånd slik at de ikke gir opp i løpet av innovasjons prosessen?

Gründere må begynne med å bli kjent med innovasjon tidligere, fra skolevesenet

Lars:

*Ja det er en vei å gå, men som jeg sier de må begynne tidligere. De må begynne i skolevesenet. Så må man der gjøre en enda bedre jobb og forteller elevene om hvilke type organisasjoner det finnes og hvor vanskelig dette er. Fordi fra ide til at du har et firma som er opp og går med suksess, så er det en langt vei å gå. Forskning viser at du har *the valley of death*. Det er akkurat når man har firma opp og går, også skal man ha early seed money. Det finnes veldig få miljøer i Norge som har business angels som putter inn penger i produkter*

som er høy risiko eller tjenester eller firmaer som da har en langsiktighet i seg. Men det finnes også organisasjoner også i Norge som består av business angels, men det er ikke mange.

Det er alt for mange gründere som har urealistiske tanker om at dette skal være enkelt. Og det skal gå fort og jeg skal bli rik. Istedenfor å se at her kommer til å ta tid. Og det kan ta mange år før du engang har noe så du kan presentere.

Ali:

Vi nærmer oss slutten av intervjuet. For at det skal bli klart for meg vil jeg spørre at du har meningen at de gründere flest ikke er forberedt at det ...

Lars:

*Nei. De er ikke vant til at de må jobbe så hardt. De fleste gir opp etter bare starten. Jeg ser det i firmaet Deep Rivers som jeg jobber med. Det er to herrer som har jobbet i flere år. De har fått penger fra Innovasjon Norge. De har samarbeidet med Universitetet i Ås. Og først nå etter jeg vet ikke 5, 6, 7, 8 år så er de ready for take-off. Men **de har hatt gode støtte spillere på veien. Og de har ikke gitt opp. Disse guttene her som er jo vel på 50 årene, de har hatt tålmodigheten og utholdenheten til å kunne starte. Men det er det veldig få som har. Og ideen deres har også holdt forskningsmessig. De har hatt noe penger til å patentere ideen. Så de har også hat noen som hadde hatt tro på ideen. Og de har fått gode råd på how to do it underveis.** Nå er de ready for take-off. Og dette kan bli en mega suksess. Jeg har tro på at dette firma vil lykkes.*

Ali:

Er du fornøyd med jobben du har?

Lars:

Ja selvfølgelig. Jeg hjelper jo mennesker å realisere drømmene sine. (smiler)

Ali:

Tusen hjertelig takk for din tid og intervjuet.

Lars:

Lykke til med oppgaven.

**Erik Wiken,
Innovasjon Norge,
Spesialrådgiver, Prosjektleder, Business Match-Making
programme**

Ali:

Jeg har planer for å reise til Iran for å holde et par intervjuer der også med folk som jeg kaller de betydningsfulle mennesker. Her i Norge har jeg også intervjuet et par av de såkalte betydningsfulle mennesker og skal intervju deg i dag og noen andre også her i Norge.

Erik:

Jeg er ikke så betydningsfull da (smiler)

Ali:

Jo, jeg tror at du har mye å bidra til oppgaven spesielt basert på din jobb angående Midtøsten og boken som du skrev om Irans markedet. Men jeg vil be deg å introdusere deg selv først.

Introduksjon, karrierebakgrunn og utdanning

Erik:

Ok. Jeg heter Erik Wiken. *Nå jobber jeg hos Innovasjon Norge. Tidligere på Eksportrådet. Jeg har mer enn 30 år erfaring med internasjonalisering og har erfaring med å jobbe for Innovasjons Norge utekontor. Hovedsakelig arbeidet med Midtøsten, Afrika, og i Asia. Jobbet operativt både fra Innovasjon Norge og Eksportrådet sine kontor men hadde også veldig tett samarbeid med ulike ambassader hvor ikke Innovasjon Norge eller Eksportrådet i den tid var representert. Innovasjon Norge er en sammenslutning mellom Turistrådet (i.e. Norwegian*

Tourist Board), Norwegian Council og det som kalles SND som var Statens Nærings og Distriktsutviklingsfond.

Så vi jobber jo både innen finansiering men også med internasjonalisering som min bakgrunn er nettopp dette med eksport, internasjonalisering, etablering av selskaper i utlandet, markedsanalyser, og den type ting. Jeg jobbet mindre med utvikling av bedrifter i Norge. Det er andre del av organisasjonen som driver med dette. Innovasjon Norges fokus er jo på vekst i Norge og det er jo viktig det også og gjennom da både de programmene vi har for entreprenører, gründere og vår finansieringsvirksomhet. Det jeg jobbet veldig mye med er med nettverk og promosjon både messer, delegasjoner og ikke minst med markedsanalyser i nye markeder, særlig kommende markeder.

I Midtøsten har vi vært på forskjellige steder hvor det finnes både politiske og økonomisk utfordringer. Andre steder som i Asia har vi også vært litt inn og ute av markedet men stor veksten er jo på Asia og Afrika. *Jeg jobber i divisjon utlandet med spesielle programmer mot blant annet de nye markeder i Afrika og i Asia.*

Forfatter av en bok om iransk marked i 90 tallet

Ali:

Du sa i det seminaret som fant sted forrige uke 18. Juni 2014 om forretningsmuligheter i Iran og det var i løpet av din foredrag at *du har skrevet en bok om Irans markedet*. Kan du fortelle litt om boken?

Erik:

Ja, det var ganske lenge siden. *Det er jo faktisk mer enn 20 år siden*. Fra 1991 jeg kom tilbake etter 3 år jeg hadde kontor på ambassaden i London og da jobbet jeg igjen med Midtøsten og ikke minst med Iran. *Jeg ble kalt for en reisende commercial counsellor i Tyrkia og i Iran. Hadde jobbet veldig mye med Tyrkia også på 80-tallet med Iran. Har vært både i Iran, Irak, Kuwait, Saudi Arabia. Har vært veldig mye i det området. Da jeg kom tilbake etter 3 år i London jobbet jeg spesielt mye med Iran og med Tyrkia. Det var de to markeder jeg jobbet mest med. Vi lagde kompendier eller en slags håndbok som kunne litt fortelle om markedsmulighetene i ulike markeder. Det vi gjorde var at vi lagde 3 kompendier, en på Iran som jeg hadde ansvar for og 2 kompendier på Saudi Arabia og jeg tror på United Arab Emirates. Så de var fokusområdene denne gangen. Kollega av meg, han hadde dekket Midtøsten, altså Gulf området, mens jeg dekket mest Tyrkia og Iran spesielt.*

Grunn til at vi gjorde det var at det var et behov for oppdatert markedsinformasjon. Dette var jo før internett var i særlig bruk. Så bedriftene kunne ikke søke på nettet. Informasjonen fant vi eller fant jeg gjennom en rekke reiser til Iran. Det startet med at vi hadde i høsten 1991 en stor delegasjon til Teheran leddet av da værende Statssekretær eller Deputy Minister i Ministry of Trade, Handelsdepartementet Nåsund. Han er død nå. Den var den første politiske ledete delegasjon fra Norge etter Revolusjonen (i Iran). Det har vært masse delegasjoner men de har ikke vært ledet på politiske hold. Og spesielt mange rundt 1989 til 1991 har det vært en rekke norske grupper blant annet delegasjoner fra Olje- og Energidepartementet ledet av en Secretary General, men ikke av en politisk ledet delegasjon. På vår delegasjon hadde vi veldig mange deltakere og hadde et veldig bra program i Teheran. Det var starten på det og etterhvert så reiste jeg regelmessig til Iran.

Ali:

Hva var navnet til han Statssekretæren igjen?

Erik:

Nålsund⁶². Han var der i høsten 1991. Det åpnet igjen for et litt normale forhold til Iran. Det har ikke vært noe politiske ledet delegasjon siden Revolusjonen i 1979. Men den var første og det tok også 12 år før det blir igjen en politisk ledet delegasjon igjen. Det har vært besøk men ikke delegasjoner. Og det gjorde at det ble mer interesse for Iran. *Vi hadde både i tiden fra midten av 1980-tallet og frem over hadde vi olje deltagelse blant annet med store Tehran International Trade Fair. Og vi arrangerte en felles deltagelse mellom 10 til 20 norske bedrifter. Men fra 1991 så hadde også da deltagelse på flere av de utstillinger i Teheran. **Jeg gjorde veldig mye markedsanalyse for norske selskaper.** Jeg hadde med meg selskaper ned eller jeg hadde informasjon og de søkte om både mulige distributøragenter, innhold fra fiskeriutstyr, aquakultur, hva finnes da av prosjekter innen telekommunikasjon, flyplasteologi, men også ikke minst innen olje og gas.*⁶³

Ali:

Når skjedde alt dette?

Erik:

Dette var på begynnelsen av 90-tallet. Jeg hadde i den tida et kontor på norske ambassaden i Teheran og reiste til Teheran regelmessig og hadde også lokale, altså iranere som hjalp meg med å lage avtaler i tillegg ambassaden hjalp meg med å lage avtaler. Så dette varte i 3 år og jeg reiste regelmessig til Iran for å gjøre markedsanalyser. En dag så ble det slutt på grunn av politiske hindringer. Så veldig mange av de prosjektene som var startet opp, de ble ikke noe av. Men jeg lagde da en form for markedsrapport eller en bok og den fulgte oss med en større markedsseminar hvor vi hadde norske selskaper som hadde erfaring fra Iran. Dette var i 1992. Vi hadde også den iranske ambassadøren med. og da var det over 100 deltagere på dette seminaret.

Største problemet for norske gründere angående kommersialiseringside av innovasjonsjobben

Ali:

Hvis vi kommer tilbake til Norge, hva synes du som er det største problemet, eller bedre sagt hva synes du som er det største hindringsfaktor for norske gründere for å lykkes med kommersialisering av deres produkter eller tjenester?

Erik:

⁶² Jon Ivar Nålsund var statssekretær for Arbeiderpartiet.

⁶³ The reason I highlighted these passages is due to the fact in the course of the interview he will refer to some character specifications of Iranian entrepreneurs, which it would make it necessary to have known about their business interests.

Særdeles ofte det er **finansiering** som er det største problemet. Altså de har ikke midler til å gå gjennom denne kommersialiseringsfasen. Det finnes en rekke støtte ordninger men de er ganske begrenset finansielt. Innovasjon Norge har en del ordninger blant annet etableringstilskudd og vi har en rekke ordninger for unge entreprenører også videre. Vi har også lån. Men da er det også risikoen av det lån. Men et av de problemene er også at bedrifter og personer mangler tilgang på risikokapital. At det er vanskelig å få med investorer i et ny startet selskap. Og da er det vi kommer inn. Men vi er begrenset med midler. Hvis man for eksempel er en bedrift eller entreprenør i Hallingdal, så er det lettere. Men veldig mange av de midlene som er allokert i dette er bare for visse områder hvor det er vanskelig å finne jobb osv. Og andre utfordringen har vært at veldig mange har ikke ønsket å **samarbeide med andre**. Vi har også prøvd å få bedrifter i større grad til å delta i sånne oppstarts miljøer både gründerkamp og ikke minst de nettverksprogrammene Innovasjon Norge har.

Ali:

Du snakket om risiko, blant annet som en hindringsfaktor for investorer til å investere i prosjekter. Hva er de redd for?

Erik:

Tenker du risiko i Norge?

Ali:

Ja. Her i Norge. Jeg kan omforme spørsmålet sånn: hva er det som hindrer investorer for å investere i nye prosjekter?

Høyt risiko hvis ideen ikke er god nok

Erik:

Risikoen er at vi skal tape penger selvfølgelig. Så det er den største risikoen og **hvis ikke ideen er godt nok**. Svært mange klager på at de får ikke støtte fra oss, men vi går jo veldig nøye gjennom alle søknader om støtte og mange tror at de har et helt unikt ide og mange har ikke beskyttet sin ide heller gjennom patentering og andre type beskyttelser for immaterielle rettigheter. Så det er selvfølgelig risiko.

Ali:

Jeg vil gjerne be deg å sammenligne basert på dine erfaring entreprenørskapssituasjonen her i Norge med entreprenørskapssituasjonen i Midtøsten og spesielt i Iran slik du har opplevde det.

Få bedrifter som har kapasitet til å finne ut hva brukeren trenger

Erik:

Svært mange har ideer for kommersialisering. **De har utviklet produkter uten at de vet helt hva brukeren trenger**. De tror at det samme produktet som kan markedsføres her i Norge kan også markedsføres i Iran eller i India eller i Tyskland. **Og det er veldig få bedrifter som har kapasitet eller mulighet til å finne det ut. Alt i lite grad har de identifisert mulighetene ute før de utvikler produktet.**

Entreprenørskap i Norge sammenlignet med entreprenørskap i Midtøsten

Ali:

Mener du at ideen til en stor antall av gründere ikke er god nok i mange tilfeller og de ikke har vurdert markedsbehovet godt nok? Eller er det noe annet som du mener?

Erik:

*Ja. Det er det. Ofte enten har de overvurdert markedet at de selger produktet som er for avanserte og andre ganger så har de undervurdert markedet. Hvis du kommer med enkle produkter blant annet til Iran innen olje og gas, det som er etterspurt i Iran er høyteknologi. Du kan ikke selge noe som er dårlig. Du kan ikke selge det samme produktene i et utviklingsland som du kan selge i Iran innen olje og gas hvor markedet er veldig sofistikert egentlig. Så ville man undervurdert Iran som marked og du ville bli overrasket og det samme så jeg hvor jeg bodde og jobbet i mange år i Tyrkia. Utfordringen var ofte at markedet i utlandet både Iran og Tyrkia var mye mer avansert enn det norske selskaper trodde. **De har ikke god nok kjennskap så de kom med produkter som ikke passet heller.***

Ali:

Mener du at de ikke har kjennskap om markedet i Iran og Tyrkia?

Erik:

Nei, veldig lite kjennskap om markedet og den teknologien som passer. Så det er et eksempel og du kan ikke belære iranere om olje og gas virksomhet. De har jobbet med dette mye lenger enn Norge. De har ikke Nordsjøen. De har ikke den store havdyp. Det er mye onshore enn offshore.

Ali:

Hva synes du om entreprenører i Iran? De gründere i Iran som driver med teknologi. Har de også de samme type problemer eller møter de også de samme utfordringene som du nevnte for norske gründere? Spesielt at gründere her i Norge utvikler produkter uten at de vet hva brukerne trenger?

Erik:

Det kan tenkes. Men nå har jeg jobbet veldig lite konkret med Iran. Jeg har jobbet mye mer med Midtøsten og det er en helt annen type selskap som er i Gulf (i.e. Persiske Gulf) området. De⁶⁴ har ikke den samme kulturelle bakgrunn, heller ikke den samme teknologiske bakgrunn. De kjøper inn alt, mens i Iran har man mye mer utviklet ting selv. Og basert på iranske arbeidskraft, når det kommer til Gulfen (i.e. Persiske Gulf), i Saudi Arabia ikke minst, Emiratene så er alle teknologer omtrent utlending. Så det er veldig stort forskjell der. Og de har kjøpt assistent fra oss, fra Innovasjon Norge. Vi har lagt opp veldig mye av Innovasjonsmiljøet i Abu Dhabi. Veldig mye Abu Dhabi 2030 som er strategi for at Abu Dhabi skal utvikles. Mye av dette er skrevet av mine kolleger i Innovasjon Norge faktisk. Det

⁶⁴ i.e. the Arabic states located around the Persian Gulf

går på den diversifisering av økonomien. De er basert veldig mye på olje. De må også ha flere bein å stå på, ikke bare finans, reiseliv som det er i Dubai og olje som er et begrenset middel.

Største problemet for iranske gründere

Ali:

Hvis du tenker på gründere i Iran, eller Tyrkia eller Midtøsten, og jeg snakker om de entreprenører som produserer noe og ikke de som importerer alt fra utlandet eller de som kjøper seg ferdiglagde produkter, hva synes du som er det største problemet som de har?

Erik:

*Min inntrykk er at teknologiske nivået er høyt i Iran, veldig mye velutdannede folk og veldig mange er utdannet i utlandet. Så de står ikke kort for kompetanse, men kanskje for rammeverket rundt det. At man har insentiver for gründere og at man støtter opp. Og jeg vet alt for lite om dette med finansiering og oppstartbedrifter i Iran. **Men jeg tror nok at det er det samme ofte overalt egentlig at man er ikke flinke nok til å kjenne markedet. Man har ikke gjort de nødvendige markedsanalysene. Vi ser det ofte at de først utvikler ideen så skal de selge istedenfor at man har kanskje en ide men man ferdigstiller ikke det, man innsamler markedsinformasjon og vet hva markedet etterspør og hva produktet bør innholdet eller hvordan det skal tilpasses til markedet før man utvikler det. Å komme ferdig produkt så selges, så er det ikke alltid det rette...***

Viktig å knytte til seg et nettverk

Erik:

*...Det er viktig da som jeg nevnte å knytte til seg et **nettverk** og særlig i Norge er det jo en rekke entreprenørnettverk hvor man treffer likesinnede og diskuterer ideen også møter blant annet andre som er i samme situasjon. Hva heter det? Vi har jo et eget nettverk som jobber spesielt med entreprenører som jeg kommer ikke til navnet nå. Hva heter det for...*

Ali:

Mener du Connect Norge?

Erik:

Ja. Connect Norge er selvfølgelig en, men jeg tenker på noe som også jobber veldig internasjonalt.

Ali:

Kanskje Handelskammeret?

Erik:

Nei, ikke Handelskammeret. Jeg kommer til dette etter hvert. Men *mange av disse nettverkene har tilknyttet seg en del personer som er interessert i oppstart. Det er jo en del selskaper i Norge, også privatselskaper som ikke minst som ser etter gode ideer og personer som de er interessert å samarbeide med og de kan være med å investere og komme gjennom det vi kaller*

dødens dal før man også har ideen, også før man har begynt å kommersialisere det. Vi har veldig mange bedrifter, men det er veldig få som overlever i de første 3-5 årene.⁶⁵

Gründere kan få råd fra Innovasjon Norge

Ali:

Jeg vil fokusere på den perioden før den så kalte dødens dal. Hvis noen har en ide om for eksempel utvikle et produkt, finnes det noen organisasjon som han kan henvende seg til for å få støtte i form av råd eller utføring av markedsstudier eller liknende type assistanse for å unngå å ende opp i dødens dal situasjonen?

Erik:

Ja. De kan få råd her og gjennom alle våre kontorer. Vi har 19 kontorer i Norge. Vi har kontorer i Bergen, Trondheim, Ålesund, Molde, Bodø, Tromsø osv. Vi har fra 15-30 medarbeidere på de ulike kontorene. Og i de kontorene sitter folk som jobber spesielt med entreprenørskap.

Ulike typer assistanse som Innovasjon Norge tilbyr gründere

Ali:

Hva slag assistanse får gründere hvis de besøker en av deres kontorer?

Erik:

De får assistanse til å finne til en hel verktøykassa av instrumentet som vi har. De får hjelp til å søke om etableringstilskudd; Det kan være design rådgivning; Det kan være andre finansieringsløsning; De kan også kobles mot andre nettverk; Vi har innovasjonskamp, noe som arrangeres hvert år for de som er mellom 19-25 år gammel så kan de delta på en ukes gründerkamp i Norge. Alt er betalt av oss. Det er noe for unge mennesker med ideer. Da treffer de likesinnede og kobles de mot ulike type miljøer.

Vurdering av ideer

Ali:

Får de gründere også råd om selve ideen deres i løpet av gründerkampen? Jeg mener at kommer noen til å analysere og vurdere ideen for gründere til å finne ut om ideen skaper en forretningsmulighet eller er bare en ide?

⁶⁵ After Erik Wiken also hinted on the factors that other interviewees also had touched upon such as launching production of goods without conducting proper market research about them, I decided to focus on possible remedies and solutions with regard to these factors. Therefore I altered the path of questions for the advancement of the interview from one that explores causes of something to the one that is more oriented towards delivering solutions the known problems. I tried to be efficient with my next two interviews as the people who agreed to have an interview donated only half the time of the other interviews to me, and I was left with only half an hour time for the whole interview. Therefore I skipped the part concerning the discovery of the problem and focused more on the solutions that are available and the ones that their respected organisation is offering.

Erik:

Ja absolutt, det får de.

Ali:

Hva med andre gründere, de som passer ikke til alderskategorien av gründerkampen? Får de også en liknende type støtte om vurdering av deres ide hvis de kommer til dere?

Erik:

Ja.

Marketundersøkelse tjeneste for gründere

Ali:

Inkluderer deres assistanse også **markedsundersøkelser** for potensielle produkter?

Ali:

*Nei. Hvis de skal gå til markedsanalyse, da må de ha kommet litt lenger. Svært ofte så går det på en oppstart i Norge. Vi gjør ikke markedsanalyser for enkelt personer. Da må det være etablert bedrift. Altså hvis noen kommer med en ide, så kan vi ikke sende denne ideen til våre forskjellige kontorer verden rundt til å utføre markedsanalyse. Det må være noe mer enn ide altså. Før vi sender dem ut, får de vår analyse og de må være **willing, able and ready**. Altså de må både være i stand til å gjøre det. Også må de være klare for internasjonalisering for eksempel. Og **vi kan ikke sende ut bedrifter som ikke er klare og som vi ikke har tro på fordi svært mange bedrifter faller fra. De må ikke ha produsert noe. Men hvis de vil at vi skal ta dem til utlandet må de ha kommet litt lengere med kommersialiseringsprosessen før vi tar dem til utlandet. I det programmet som jeg jobber med, så må bedrifter som søker og ønsker å gå til utlandet må ha en omsetning minst på 10 millioner Kroner. De må ha eksistert i 3 år og de må ha en positiv egenkapital og de må også ha en overskudd i bedriften. Også har vi andre programmer i forbindelse med internasjonale vekst, men da må det også være bedrifter som er villig til å ta risiko. Ingen bedrift får dekket alle kostnader av oss for eksempel hvis du skal in i internasjonale vekst, så kunne de få dekket 50% ikke av egen kostnad men av konsulenttjeneste som vi tilbyr dem.***

Innovasjon Norge tilbyr konsulenttjeneste

Ali:

Hva slag konsulenttjeneste er det?

Erik:

*Det vil være i forbindelse med **markedsanalyse**. Det kan være et besøksprogram. Det kan være identifisering av potensielle partnere osv. **Det første fase vi gjør en markedsskanning, hvor vi bruker opp til en dag eller to til å se om det er en marked for en bedrift. Den er gratis. Men hvis de ønsker at vi går videre, en mer grundig analyse, så må også bedriften betale sin andel da.***

Ali:
Hvor mye er andelen som bedriften skal betale?

Erik:
Det er ca. 50%.

Ali:
Fra ting som du fortalte om deg selv i din foredrag sammenliknet med det som du sa nå fikk jeg den inntrykk at markedsanalyse og markedsundersøkelse har vært ting som du har vært mest opptatt med å utføre i din karriere. Stemmer det?⁶⁶

Skattefradrag for R&D

Erik:
Ja (smiler), men jeg har jobbet også mye for eksempel å ha kurs for kvinneentreprenører i Dubai som vil starte egen virksomhet. Jeg jobbet mye med messer og delegasjoner. Men hovedsakelig jobbet jeg veldig mye med markedsanalyse. Er det et marked for denne type la oss si mobilteknologi? Eller er det et marked for norsk oppdrett husdyr? Jeg jobber veldig mye på Afrika akkurat nå. Er det et marked for den eller andre? Og da skaffer jeg kontakt mellom kundene ute og hjemme pluss at *vi har også mulighet til å finansiere veldig mye av forskning og utvikling som det gjøres i Norge og da har vi også skattefond som Forskningsrådet jobber med og vi analyserer deres R&D hvor bedriftene får skattefradrag fordi de investerer i forskning og utvikling. Også har vi prosjekter i industriell forskning og utvikling. For eksempel, hvis en norsk bedrift vil utvikle en spesiell boreteknologi sammen med et ledene iransk selskap, så kan vi finansiere opptil en tredje del av de utviklingskostnadene. Hvis de har krevende kunde som for eksempel NIOC⁶⁷ (i.e. National Iranian Oil Company) eller en av datter selskapene.*

Ali:
Du sa at du jobbet med kvinnelige entreprenører i Dubai som ville startet sitt eget virksomhet...

Erik:
Dette var et spesielt program med å finne entreprenører, hvor vi tok for oss en rekke norske kvinner som bodde faktisk i Dubai og som skulle starte virksomhet når de flytter hjem. Tilsvarende programmet kjørte jeg i Singapore. Det var på siden av det vi jobber med ellers. Men dette var finansiert av et eget kvinne program som Innovasjon Norge jobber med, som for eksempel fra Årets Gründerkvinne blant annet.

Ali:
Måtte de også oppfylle de kriteriene som du nevnte før?

⁶⁶ Sometimes I had to ask these types of questions in order to stimulate and guide the interviewee to speak more about the preferred topic.

⁶⁷ Could be that Erik is referring to NIDC, i.e. National Iranian Drilling Company

Business MatchMaking programmet av Innovasjon Norge

Erik:

Nei. Det er på det programmet jeg jobber med som heter ”**Business MatchMaking**”. **Vi jobber også med bedrifter som er helt i startfasen.** Men det kan ta veldig langt prosess. De kan få støtte til blant annet dette med etablere tilskudd. Vi kan koble dem mot andre investorer. Vi kan også gi dem da risikolån i forbindelse med oppstart. Vi kan gi dem også støtte til utvikling av en pilotprosjekt og rådene gjelder dette med design, med IPR (i.e. Intellectual Property Rights), også andre ting.

Ali:

Hva med markedsundersøkelser og markedsanalyser?

Erik:

Ja de også. Men markedsanalyse kommer ofte litt senere når de har et produkt. Så vi gir dem støtte om de også.

Ali:

Hvis for eksempel jeg som har kommet i dag til Innovasjon Norge sier at jeg har en ide og jeg vil gjerne finne ut om ideen skaper en forretningsmulighet eller ikke, hvordan kommer dere til å bidra meg? Hva slags støtte tilbyr dere?

Erik:

Da kan vi tilbyr deg rådgivningstjeneste først og fremst.

Ali:

Kan dere vurdere og analysere ideen min og finne ut sannsynligheten for den til å bli akseptert i markedet?

Erik:

Det kommer an på om du er en bedrift eller en enkel person. Vi forholder oss i en liten grad til enkeltpersoner. Stort sett sånne type tjenester tilbyr vi bare til registrerte bedrifter som er registeret.

Ali:

Ja, men hvis selskapet mitt ikke er registeret, eller hvis jeg ikke har noe selskap i det hele tatt betyr det at jeg får ikke noe avansert råd hos dere?

Erik:

Nei. Da kan vi ikke gi deg støtte. Vi kan gi deg råd om hva du kan gjøre. Vi kan koble deg mot etableringsskoler som for eksempel Oslos næringsavdeling i Oslo-Akershus fylke. De har

egne **kurs for de som starter bedrift**. Vi kan hjelpe de med en del etableringstilskudd. Men et å lære seg hvordan starte en bedrift, det gjør ikke vi.

Ali:

Kan dere vurdere at hva skjer med ideen angående kommersialiseringsjobben?

Erik:

Vanligvis tar vi en prat med våre utekontor og det er mulig å booke møte med dem og prøve ut ideen uten at man er et registrert selskap. Når jeg jobbet i Midtøsten og Tyrkia hadde jeg masse møter med enkelt personer. Men det er mange som faller utenom. Vi jobber mot personer som vil skape verdier i Norge og det er klart at neste fase vil være da selvfølgelig internasjonalsiseringsdel.

Ali:

Du sa at de fleste ideene som mislykkes på grunn av at den selve ideen er ikke i samsvar med markedetsbehovet...

Erik:

Ja eller at de som står bak ideen kanskje ikke har den rette bakgrunn. Man har en ide og for eksempel veldig mange normen som har en annen kulturell bakgrunn kommer til oss og sier at dere har et nettverk: Iran, Irak, Midtøsten, India, osv. Og sier at dette er ideen, men jeg har ikke noe bedrift. Kan du hjelpe meg? Og det er litt vanskelig og det er veldig mange resurs men det må være i en form for organisert del. Enkelte personer er litt vanskelig å assistere hvis de bare har en ide.

Innovasjon Norge tilbyr støtte til enkeltpersoner

Ali:

Er det mange gründere som kommer til dere og ber om råd?

Erik:

Ja det er det. De klarer ikke registrere fordi alle registreringene foregår firmavis og enkelte personer har ikke noe kundenummer hos oss. Fordi de ikke har et firmanummer, så blir de ikke registrert i våre datasystemet som en person. De kan registreres som person men da blir de ikke en kunde på samme måte. Men vi har mange enkeltpersoner som deltar på våre arrangementer. Blant annet har vi store arrangementer som gjelder bistand og utvikling og har vært sammen med NHO og andre. Og det er mange enkeltpersoner som deltar. Vi har mange møteplasser hvor enkelte folk kan få bedrifter koblet mot andre. Vi finansierer også en del ting som Gründerkamp som jeg nevnte. Vi jobber tett med Forskningsrådet. Vi jobber tett med SIVA som er et statsforetak eid av Nærings og Fiskeridepartementet. Vi jobber med forskningsparker og sånne type ting som det finnes mange i Norge og også i utlandet.

Gründere vil ikke miste kontroll over selskapet

Ali:

Hvor mye kunnskap har generelt sett gründere om kommersialisering...

Erik:

*Mange har ikke det og det tar litt tid. De må være smarte når de er en liten selskap skal de vokse men **mange av de går tomt for midler**. De må også være smarte med å **tilknytte seg folk uten at de gir fra styringen og det er et stort problem**. **Det er mange som får tilbud av andre at jeg tror på din ide og jeg kjøper meg inn for eksempel 70% av rettighetene eller selskapet, men da taper man kontroll**. Så det er den balansen at i hvilke grad skal du slippe inn andre folk. Svært mange har en glimrende ide, men de har ikke den kommersielle tenkningen.*

Gründere har store forventninger spesielt fra Innovasjon Norge

Erik:

Jeg har sett bedrifter som har jobbet i 10 år i Midtøsten for en fantastisk ide, fantastisk bedrift, men for eksempel de er ikke interessert å kjøpe våre tjenester. De skal ha alt gratis. De er ikke interessert å knytte til seg folk med lokal kunnskap, med markedskunnskap, med språkkunnskap. Også klager de til oss da å gi støtte men vi tar høyere risiko enn bankene. Samtidig må vi også ha en form for sikkerhet fordel for tingene vi gjør. Vi kan ikke tape penger hele tiden. Vi taper penger på mange prosjekter og det skal vi gjøre. Men samtidig tror jeg nok at en del av våre tjenester istedenfor å gå enda bredere ut, gå smalere. Vi kommer til å gi mer penger til færre. Vi må finne de gode ideene og satse på de. Istedenfor sprede tusenlapper til få at man gi mer til de som virkelig har sjansen til å lykkes.

Ali:

Du sa at gründere flest ikke er klar over til å gi bort kontroll og styre over for eksempel en del av selskapet sitt til for eksempel en investor. Tror de at å lykkes i kommersialiseringsprosessen er ikke en så vanskelig jobb og de klarer det selv eller vil de ikke betale for tjenesten, eller hva tror du som er grunnen til dette?

Erik:

Altså det er mange måter å få råd uten å betale masse for det. Det finnes mange som er villig til å dele sin erfaring også mange som toppledere som stiller opp som mentor og hjelper deg uten at de krever å få en eierandel i din virksomhet. Så det er de som er smarte tilknytter seg en del av dette her. De bruker sosial nettverk. De bruker sitt nettverk. De bruker folk som er villig til å hjelpe uten å selge seg ut. Så de er de alle smarteste.

Ali:

Basert på din erfaring vil jeg gjerne vite hvilke type selskaper lykkes mer, de som kommersialiserer deres produkt eller tjeneste selv og vokser opp eller de som er klar til å gi bort kontroll over selskapet delvis eller totalt til folk som jobber med kommersialisering?

Gode ideer blir kjøpt opp fra gründere

Erik:

Noen kjenner folk som har etablert selskapet selv og det er en business i seg selv. Også *hvis du har en veldig god ide, da blir du kjøpt opp* av Google for eksempel eller Microsoft.

Ali:

Er det folk som deres jobb er å finne gode ideer og forretningsmuligheter til å kjøpe de og etablere de?

Erik:

Ja riktig. *Det er slik at mange av de store aktorene kjøper seg ideer og kommersialiserer de. Også det er noen som starter ny selskap. Det er mange modeller. Det finnes ikke bare en type entreprenør.*

Støtte til enkeltperson med andre kulturellbakgrunn i Norge

Erik:

Det vi jobber også mye med er enda større grad og ser hvilke resurs det gjelder. Vi har egne programmer. Vi ser hvilke resurs det er i folk med andre kulturellbakgrunn. For eksempel hun som er nå *Statssekretær i Næringsdepartementet, Dilek Ayhan. Hun har et eget nettverk som går på akademikere med en annen kulturell bakgrunn. Hun har en rekke store selskaper i Norge som sponser det. Nettverket heter Alarga.* Hun Dilek er egentlig tyrkisk. Hun er i tredve årene og jobbet i Oslo Teknopol blant annet også jobbet som leder for Alrga nettverket og så ble hun siste høst utnevnt statssekretær. Hun har enorm erfaring i dette med gründere. Hun er også veldig sosial og hyggelig.

Det hun har klart å få til er at de store advokatselskaper, banker, Statoil, Orkla, mange av de store selskapene har gitt stipendet til akademikere i Norge for å utdanne seg og som har flerkulturelle bakgrunn. Betingelsen er at du snakker annet språk enn norsk og engelsk. Kan du persisk? Kan du arabisk? Kan du vietnamesisk eller kinesisk? Så hvis du har en bakgrunn fra et annet land enn Norge, så finnes det utrolig mye mulighet for de riktige personer. Hun har klart å få veldig mange unge mennesker opp i systemene gjennom å gi dem årlig stipendiater faktisk og også de får da ansettelse etter 2 år i flere store bedriftene.

Ali:

Hva gjør Alarga?

Erik:

Det er et nettverk. De tilrettelegger en form for nettverkmøteplasser for veldig mange unge mennesker mellom 25-35 år stort sett ikke til de som er ferdig med en Bachelor, men de som er ferdig med en Master som er klare for arbeidslivet egentlig. Blant de er også veldig mange gode gründere.

Her i Innovasjon Norge har vi også en egen person som jobber med dette. Han jobber med å få inn flere gründer/entreprenører som har også en annen kulturell bakgrunn. Jeg jobber med flere nå som er ekstremt innen IKT⁶⁸. Vi har en som starter selskap som heter roubrik.no og

⁶⁸ Informasjons- og kommunikasjonsteknologi

det er en tilsvarende webside til finn.no. Han heter Adel Osmani. Så det er en person som du bør snakke med. Han er også utrolig spennende person.

Avsluttende kommentar

Ali:

Ja, kanskje jeg bør treffe ham. Men nå nærmer vi oss slutten av intervjuet. Som siste spørsmål vil jeg gjerne spørre deg om du trives med jobben?

Erik:

Ja. Jeg har hatt denne jobben i 30 år. Nå jobber jeg veldig mye med Vietnam de siste tre årene og det er veldig spennende. Jeg jobber også veldig mye med Afrika nå, Øst Afrika spesielt. Jeg har jo jobbet en del før med Nord Afrika, spesielt Egypt som hadde sine egne utfordringer. Også i Algerie og Tunisia. Så har jeg vært veldig mye i Iran. Tyrkia kjenner jeg også veldig godt.

Erik:

Nå får vi ny toppsjef. 15. September (2014) kommer noen som heter Anita Krohn Traaseth. Hun er 42 år gammel og i dag president og CEO for HP Computer i Norge. Hun har skrevet bok også. Tittelen for hennes bok passer kanskje dårlig for folk i Iran og andre muslimske land.

Ali:

Hva er tittelen av hennes bok?

Erik:

Den heter ”Godt Nok For De Svina”

Ali:

Ja (smiler), fordi i følge Islam det ikke er lov å spise svinekjøtt.

Erik:

Ja, ikke sant? (smiler) Hun er også veldig aktiv i sosiale media. Hun blogger. Hun har jobbet blant annet hos store organisasjoner som Den Norske Veritas.

Ali:

Da har vi kommet til slutten av intervjuet. Tusen hjertelig takk for din tid og intervjuet.

Han Christian Aamodt, han kommer også fra Expertrådet. Han har jobbet veldig mye i administrative. De siste 10 årene har han ledet den vi kaller Divisjon Utlandet og siden 1. Januar har han ledet organisasjonen.

Giert Von Der Lippe⁶⁹

Dagligleder i Connect Norge, Østlandet

General Sekretær i Connect Norge

Kort beskrivelse om oppgaven

Ali:

Jeg skal prøve å gi en kort beskrivelse av problemstillingen i min oppgave. Men det vil være litt mer forklarende enn det som jeg beskrev i intervjuguiden.

I 2011 jobbet jeg med skriving av en forretningsplan til selskapet Fras Technology AS som driver med å lage oljesampeltaking utstyr. Etter hvert ble jeg interessert i selskapet og ville finne ut hvorfor et bra produkt som DynaSamp har ikke lyktes på markedet. DynaSamp var selskapets hovedprodukt som i løpet av alle disse årene, bestemt fra 1996 at selskapet startet sitt jobb har de solgt mer enn 1500 eksemplarer av det utstyret i forskjellige størrelser. Sommeren 2012 jobbet jeg også i 3 måneder i selskapet. I 2012 tenkte jeg å skrive masteroppgaven min om dette selskapet.

Giert:

Tenkte du å skrive om hvordan selskapet mislykkes eller lykkes? Altså skal du ha en analyse eller en type prosjekt?

Ali:

Kanskje begge deler. Fordi basert på det som han gründeren av selskapet hadde fortalt meg at **mangel i finansieringsmidler** var hovedgrunnen at de stort sett har mislyktes i så mange år på markedet ville jeg både teste om dette er korrekt eller ikke. Jeg ville finne ut om har det hatt andre grunner bortsatt fra mangel i finansieringskilder. Samtidig ville jeg også prøve å komme med en forslag til selskapet slik at de kan lykkes med kommersialisering av deres produkter og tjenester. Jeg fant ut at selskapet ble konkurs i 2005. Men han gründeren har vært så dyktig og kunnskapsrik at han klarte å oppusse en hydraulisk skip og tjente mer enn

⁶⁹ After the last interview held with Erik Wicken from Innovation Norway, I decided not to follow the usual trend of interviews. Instead I decided to divert my attention from the cause of the problem to possible solutions as they are practised by Connect Norway and Innovation Norway, as the two major players in relation to innovation in Norway.

25 millioner kroner på dette. Deretter brukte han alt som han hadde tjent på skipet enten for å kjøpe aksjer fra andre eiere i Fras slik at han utvider sin grip og kontroll over selskapet for å ha mer frihet i selskapets styre, eller brukte resten av pengene for å utvikle produktet mer. Så jeg vil si at han er ekstremt motivert til å produsere produktet.

I mange litteratur om entreprenørskap ble også skrevet at produktet eller tjenesten av entreprenøren blir etterhvert som hans/hennes barn. De kommer til å skape sterke følelser for produktet eller tjenesten. Og da blir det vanskelig for dem å forlate eller drepe barna sitt. Med det mener jeg å terminere prosjektet totalt.

Jeg undersøkte litt mer atferden av gründeren av Fras og prøvde å forstå hvordan han ser på produktet og markedet også liknende ting. Jeg kom til tanken at kanskje han ikke er flink nok til å selge. Jeg og en av de ansatte i selskapet kom til den beslutningen at han gründeren er ikke noe ekspeditør. Etter jeg undersøkte mer tenkte at kanskje ideen i begynnelsen har ikke vært en forretningsmulighet. Gründere skal kunne skille mellom ideer som er forretningsmuligheter og de som ikke har potensiale til å fungere bra på markedet. Det er fordi etter man har investert så mye energi, tid, penger følelser osv. finner man ut at ideen ikke er en fruktbar ide.

Mange entreprenører produserer en prototype av deres produkt og etter lang tid finner de ut at produktet kommer ikke til å overleve på markedet. Jeg kan bruke eksemplet av en gravid kvinne. Hvis legene finner ut at embryoet er ikke frisk og om den blir født, kommer barnet til å dø uansett, hva gjør de? Selv om abortering har alltid vært en vanskelig og kontroversiell beslutning, men hvis det er i en tidlig fase av graviditeten, da er det kanskje mye lettere for foreldre til å akseptere at embryoet skal aborteres enn å la barna til å bli født som har ikke noe sjanse til å overleve. Etter embryoet er vokst opp og den er født, da er det ikke lenger mulig å abortere den, fordi det vil være drap. Det vil også være kanskje lettere for foreldrene å tåle tapet av barnet følelsesmessig før den er født. Det samme kan betraktes for en entreprenør.

Giert:

Men din ide har metode som finner ut hva som er en forretningsmulighet tidligst mulig?

Ali:

Tittelen på oppgaven min er: Entrepreneur (facing ad-hoc circumstances) vs. Business Manager (routine, known work). Hvis vi går tilbake til vårt eksempel om helsetilstanden av et embryo, selv om det kan være unikt for foreldrene, men det er ikke unikt for en lege som har sett, studert eller praktisert abortering av embryoet med alvorlige helse problemer. Selve invensjonen kan være unikt for entreprenøren, men det finnes mange kjente prosesser for å kommersialisere produkter for en business manager for eksempel å utføre markedsundersøkelse. Å utføre slike metoder er stort sett rutine arbeid for business managere. ***Derfor har jeg tenkt å komme hit til dere i Connect Norge å finne ut at hva slags hjelp kan dere tilby entreprenører som er åpne for å motta kritikk, er villig til å forandre ideen sin hvis de blir overbevist at dette her ikke fungerer. Med dette som mål av oppgaven vil jeg gjerne finne ut hvordan Connect Norge bidrar gründere.***

Introduksjon, karrierebakgrunn og utdanning

Ali:

Men kan du først introdusere deg selv og Connect Norge.

Giert:

Jeg begynte i Connect Norge i 2007. *Jobbet som forretningsutvikler, jobbet med mange prosjekter også ble jeg dagligleder i 2008 i Connect Østlandet og har vært siden da. Også ble jeg generalsekretær i Connect Norge parallelt da jeg har vært dagligleder i Østlandet i 2012.* Vi utviklet Connect fra 2,7 millioner omsetning i 2008 til rundt 5 millioner i år.

Introduksjon av Connect Norge

Ali:

Hva mener du med omsetning? Jeg trodde Connect Norge er en non-profit organisasjon?

Giert:

*Ja vi har en omsetning, men vi har jo omtrent 5 millioner i utgifter. Når vi øker omsetningen eller inntektene vår, så betyr det at vi kan ansatte flere folk for å jobbe mer av den innsatsen og aktivitetene for gründere. Da kan vi øke aktiviteten. Vi kan gjøre mer for samfunnet. Vi kan gjøre mer for gründere. Altså hvis jeg hadde hatt 10 millioner i omsetning til og 10 mer ansatte, så hadde vi fått gjort mye mer. Da kunne vi hjulpet mange fra gründere. Derfor hadde vært viktig for meg at Connect vokser, fordi da kan vi få gjort mye mer. Da kan vi hjelpe flere gründere. **Connect Norge er kostnadsfritt for gründere.***

Hvordan er Connect Norge finansiert?

Ali:

Hvordan er deres organisasjon finansiert?

Giert:

*Vi finansieres av våre medlemmer, sponsorer, samarbeidspartnere, Innovasjon Norge, vi har for eksempel samarbeid med Den Norske Veritas, Statoil. Nor-Shipping for eksempel betaler oss for å sette en innertjeneste som heter Nor-Shipping forum, ... De støtter oss for å få en bedre oversikt over hva som skjer på gründer nivå, eller nye teknologier. **Innovasjon Norge bruker oss til å finne mentor til tidlig fase selskaper. Det samme gjør Forskningsrådet.** Så de har en del tjenester som vi gjør med samarbeidspartnere. Også får vi offentlig tilskudd fra Innovasjon Norge og fylkeskommuner. Det er fordi fylkeskommuner har ansvar for næringsutvikling og de mener at Connect Norge er et godt tiltak for bidrag til økt vekst blant unge selskaper. Så får vi penger av de for å gjøre vår aktivitet.*

Det vi gjør når vi jobber gratis for selskaper, så får vi veldig høy deal flow i form av mange avtaler og vi får mange gründer caser. Vi jobber med de 20 % beste av de vi får inn. Vi får inn over 200 i året og vi jobber med 20% av de. Vi jobber med ca. 40-45 selskaper hvert år og resten føler vi at ikke er gode nok. Så vi jobber kun med de beste og det vi gjør er å planlegge en prosess der vi jobber med forretningsplan, med presentasjon og hjelpe logikken og resonnement i forretningsplanen sånn at dem holder mål. Også presenterer vi

selskaper eller selskaper presenterer seg selv, presentasjon og forretningsplan foran et panel av flinke folk som er våre medlemmer. Og de medlemmene sitter rundt et bord og diskuterer forretningsideen til gründere.

Ali:

Skjer dette kun for de 20% gründere som har blitt akseptert av Connect Norge?

Giert:

Ja

Ali:

Og hva skjer med de andre som har ikke blitt akseptert av dere?

Giert:

De henviser vi til andre plasser eller sier at vi har ingen til å bidra med her.

Ali:

Får de også noe begrunnelse?

Kriterier av Connect Norge

Giert:

Ja vi sender begrunnelse til dem. Men vi har våre kriterier. Som betyr at de må ha skalerbarhet. De må ha innovasjonshøyde. De må være en team som ønsker og tør å satse på sin egen ide. Dersom de har internasjonale ambisjoner sånn born global, da hjelper vi også med vårt internasjonalt nettverk.

Ali:

Hva betyr å ha skalerbarhet?

Giert:

IT, en ny programvare er mest skalerbar. Da kan man lage en ny kopi av programvaren å sende den uten noe ekstra kostnad. Konsulenttimer er minst skalerbar. Da blir det å jobbe en time for å tjene en time. Mens IT produkter det kan det sendes ut mange ganger det samme produkt.

Det må være noe nytt. Det må være en ***innovasjonsgrad*** sånn at de må for eksempel komme å si de skal lage en ny iPhone eller noe ny aps som de har lagd. ***De må bringe noe nytt til markedet. Også mange av de kommer til oss for å hente penger. Det betyr at noe er aksjeselskap så de kan finne menn til å investere i.***

Ali:

Får de investering eller penger?

Coennect springbrettprosessen, en strategisk gjennomgang av gründerens case

Giert:

Det hender. Noen får det. Men de kommer til oss først og fremst for en strategisk gjennomgang av sitt case.

Ali:

Hva er den 50,000 Kroner belønningen som står på deres webside at dere utdeler den blant gründere? Er det en del av de investeringspengene som gründere får eller er det noe annet?

Giert:

Nei den 50,000 Kroner har ingenting med det å gjøre. Det jeg snakker om nå er **Connect springbrettprosessen** som er våre hovedprodukt. **Selskapene kommer inn til oss vi kjører en springbrettprosess med de. Det som avsluttes med at de får presentere selskapet sitt foran at panel av relevante eksperter. Det er en ting vi gjør.**

Mentorstipend

Giert:

Det andre ting vi gjør er en type mentor ordning, da selskaper kan søke om 50,000 Kroner fra Innovasjon Norge. Dersom de får de 50,000 Kroner i mentorstipend, så kommer det på vårt pult og vi har ansvar for å finne en person som kan være mentor til dette selskapet med relevant erfaring og bakgrunn.

40% av grundere ser etter råd når de kommer til Connect Norge

Ali:

Jeg er interessert å vite at de gründere kommer til Connect Norge for å få penger eller råd eller begge deler?

Giert:

Begge deler.

Ali:

Og hvilken prioriterer de? Jeg mener hva er hovedmålet sitt med å komme til dere?

Giert:

Jeg vil tro at 60% har penger som sitt øverste ønsket. Mens resten vil ha en strategisk gjennomgang. Hvis jeg skal gjette om statiske antallet.

De som er etter råd har vanligvis allerede utviklet en prototyp av deres produkt

Ali:

De ca. 40% som du gjetter at de kommer med intensjonen til å få råd, i hvilken fase står deres produkt eller tjeneste?

Giert:

I markedsintroduksjonsfasen. Med andre ord kommersialiseringsfasen. De har utviklet et produkt som de skal ha solgt og distribuert og vil gjerne ha samarbeidspartnere som kan hjelpe. I de alle fleste ganger så har de lagt en prototype. De har testet det ut i markedet og de vil vite hvilken vei de skal gå for et vellykket kommersialisering av produktet sitt.

Ali:

Du mener at de ikke har bestemt seg ennå om deres kommersialiseringsstrategi og forretningsmodell?

Giert:

Ja. Jeg mener at de har ikke bestemt seg ennå. De har noen alternativer men de mangler kanskje nettverket for å komme in direkte i plassene. De mangler erfaring. De mangler god kommunikasjon. De mangler fokus.

Ali:

Hvor åpen er de til å akseptere kritikk? Med spørsmålet mener jeg at gründeren kan tenke seg for eksempel at jeg har produsert en prototype. Jeg kommer til å presentere det til Connect Norge for å finne ut om de vil være med eller ikke. Hvis de aksepterte da er de velkommen, men hvis de ikke aksepterte da skal jeg gå å finne noen annen som er klar til å hjelpe meg. Men jeg kommer til å produsere produktet eller tilby tjenesten uansett om Connect Norge vil være med, liker produktet/tjenesten eller ikke.⁷⁰

Giert:

Jeg kan få den tilbakemeldingen. Men det er ikke så vanlig. Vår metodikk går ut på å trekke eksperter fra ulike fagfelt. Hvis vi har en test på hva er spennende av nye business opportunities, men for at de skal få et best mulig bilde og at de skal ikke være avhengig av Connect Norge som enkelt personer, de skal få lov å presentere ideen sin foran en panel av 6-10 stykker som sitter med hver sin relevant bakgrunn innenfor kanskje jus, en investor, en tidligere gründer, en markeds mann, osv. Sånn at de skal få et helhetlig bilde av dette. Og hvis panelet sier at dette her, er bare tull. Her er det ingen marked for. Jeg tror ikke på dette i det hele tatt. Så ville jeg som gründer i hvert fall tenkt litt mer om ideen. Dette er en veldig uvanlig tilbakemelding å få. Den vanligste tilbakemeldingen er: dette her er en super

⁷⁰ In this interview I am no longer so much in to finding out the reason for certain behaviours, I would like more to understand the remedy offered by Connect Norway. Therefore, the level of frankness has been increased in the interview.

produkt, men vi tror at en tenker feil forretningsmessig. Du bør oppsøke en samarbeidspartner innen for det området. Du bør ha en annen forretningsmodell. Det er mest de tingene vi diskuterer. Du bør selge enkelte produkter. Du må gå til på langsiktige avtaler for eksempel. Du må selge den å koble opp mot noe annen sånn at du kan få selge tilbehør. Ofte du må gå fra et produkt til en Portfolio av produkter. Altså det er mange ting som springer ut fra den enkelte gründeren har. Det er det vi diskuterer.

Tilbake melding til de 80% av gründere som blir avvist av Connect Norge og grunnen til det

Ali:

Blant de 80% av ideene som kommer, men klarer ikke å få gå gjennom kanvasen deres, du sa at de får begrunnelse i form av en tilbakemelding. *Hva er det vanligste tilbakemelding som de får?*

Giert:

Det vi gjør er vanligvis at det viktigste grunnen til at vi avviser selskaper det er at vi har ingenting å bidra med på det caset. Enten har vi ikke nettverk eller har vi ikke kompetanse på området. Eller at det er et case som er funnet opp fra før. La oss si du skal lage en ny kopp, så sier vi at ja men dette her er gjort mange ganger før. *Du må sjekke markedet. Du må sjekke konkurrentene og både utfordringen er ikke noe stor på den strategisk nivå. Det er ikke noe kompleks utfordring.* De skal bare selge en kopp i et marked og bli bedre i å markedsføre enn de andre. Det er målene de holder på. *Har du en nytt produkt? Så er det noe annen utfordring og disse trenger hjelp. Vi hjelper heller ikke konsulenter eller frisører eller tannleger hvis de skal starte en egen forretning. Det må være en innovativt ide og et nytt produkt.* Så det gjør vi.

Hva skjer i løpet av Springbrettmøtet?

Ali:

Og det springbrettet i den måten som 6-10 eksperter sitter rundt bordet er det bare en gang som de holder møte med gründeren eller skjer det flere ganger?

Giert:

Nei. *Det vil være en gang per selskap stort sett. Men vi har en internasjonalt nettverk av Connect Norge organisasjoner. Vi kan godt ha møte med noen tidlig i dag. De har kjørt springbrett i Norge og de ønsker å kjøre et springbrett i Sverige eller Danmark. Og det kan de gjøre kostnadsfritt gjennom oss. Så det går an og kjøre to springbrett, men vanligvis er det springbrettet klimaks i prosessen.*

Ali:

De ekspertene som sitter rundt bordet kjenner de selskapet fra før? Har de studert selskapet?

Giert:

De får forretningsplanen på forhånd til gjennomlesning. Men i utgangspunktet kjenner de ikke selskapet fra før. Det kan være mulig at noen kjenner et selskap, det er jo et lite land, men vanligvis ikke.

Ali:

Når får selskapene mulighet til å kjøre springbrett eller **hvor langt i prosessen må de ha kommet til å kjøre springbrett hos Connect Norge?**

Giert:

*Det kommer an på hvor godt selskapene er. Noen selskaper har vi jobbet **3 måneder** med, så kjørte vi springbrett, andre har kommet til på **2 år siden** også har vi sagt at dette her er ikke aktuelt nå. Du må komme lenger. Du må sjekke markedet. Du må sjekke konkurrenter, osv. Også kommer de tilbake til oss.*

Ali:

Skal selskapene selv må sjekke markedet, konkurrenter, osv.?

Giert:

*Nei. **Vi gir de hjemmelekser⁷¹**, så de må gjøre. De må gjøre sin research godt nok. Hvis den er god nok fra starten, så kan vi kjøre springbrett på 2 måneder. Vanligvis så tar en 4-5 måneder for selskapet å komme inn til oss, til at vi kjører springbrett. Det er gjennomsnittlige tid.*

Ali:

Når får de rådet eller veiledningen i form av tilbakemelding? Skjer det rett etter presentasjonen eller senere?

Giert:

Vi har to timer møte som springbrett, der presenterer selskapet sin forretningside som skal komplementere den forretningsplanen som jeg sendte på forhånd og på bakgrunn av forretningsplan og presentasjon, så diskuterer panelet seg inn i mellom hvilke grep de vil gjort hvis de var selskapet. På en måte et sånt fiktivt styre for en dag. Hva ville panelet ha gjort hvis de hadde vært styret i selskapet.

Hvorfor vil de deltagerne på springbrettpanelet være med?

Ali:

Får deltagerne i panelet noe penger?

Giert:

⁷¹ It is interesting that Lars from Oslo Chamber of Commerce also used the term “hjemmelekse” in relation to the preparatory work that entrepreneurs are supposed to do.

Nei de stiller opp gratis.

Ali:

Hvis de får ikke betalt av noen, hvorfor er de fortsatt interessert å være med?

Giert:

Fordi at de ser ny teknologi. De får være med å se på nye muligheter, så får de lov til å bidra til andre sine suksess. Det er veldig mange som synes det er interessant. De kunne vise at dette selskapet var de med på å gi råd til i tidlig fase. Også treffer de mange interessante folk, slik at det har en sånn nettverkseffekt. Og de betaler faktisk oss for å få lov til å bidra.

Ali:

Så de betaler dere?

Giert:

Ja. De er jo medlemmer. *De betaler en kontingent for å få tilgang til disse 40 springbrettene hvert år.*

Ali:

Det som panelmedlemmer får ut av å være med på springbrett kan det også være anerkjennelse, stolthet følelsen at for eksempel: jeg ga råd til denne gründeren eller noe liknende?⁷²

Giert:

Ja de får den. *Også treffer de interessante folk med sammen fallende interesser.*

Ali:

Kan det hende at for eksempel jeg som skal presentere produktet mitt på panelet deres, treffer noen i løpet av møtet som jeg synes at han virker interessant og jeg vil samarbeide med ham etterpå?

Giert:

Ja det skjer ofte.

Ali:

Kommer gründeren også til betale ham/henne for tjenesten?

⁷² At the time I asked this question, I still had not developed my final suggestion in the thesis that entrepreneurs shall consider activities related to the commercialization of their work with a sense of pride. It was surprising for me after I realized that I asked this question.

Giert:
Ja.

Tilbakemelding av panelet kan ha effekt på tilskudd

Ali:

Har synspunkt og meningen av panelet ha noe effekt på penger som gründeren får? Fordi som du synes de fleste som kommer til Connect Norge er interessert å få finansieringsstøtte og ikke bare kun råd.

Giert:

Ja vanligvis er problemstillingen sammensatt, sånn at vil ha både penger og de vil ha råd.

Oftest det gründerne trenger er en kunde

Ali:

Er gründeren også klart over at han er både etter råd og penger før de kommer til dere, eller er det noe som skjer på etterkant?

Giert:

*Det er ikke så lett å si. Som sagt jeg tipper det er 60% - 40% på penger. **Men veldig ofte så tror selskapet selv at de trenger penger, men de egentlig trenger en kunde. Og veldig mange vil bare ha nok penger til å utvikle ideen sin, eller utvikle produktet, teknologien. Men det de trenger er en kunde.**⁷³ Vi ofte sitter og diskuterer med dem om: hvordan skal du komme til den første kunden. Hva må du ha gjort for å komme i posisjon til å bli leverandør til første kunden din. Det er det første steg og da er det aktuelt for å hente penger, hvis du har den kunden. Derfor er problemstillingen aldri helt entydig. Det er sånn kompleks ting.*

Investeringskapital og Connect Norge

Ali:

Men dere i.e. Connect Norge gir ikke penger selv til gründerne, ikke sant?

Giert:

Vi gir ingen penger.

Ali:

So hvem gjør det?

Giert:

⁷³ Tom Poppendiek also had the same view on entrepreneurs that most of the times when they get money, they just simply develop more their product. But what they really need is just a customer.

Privat investorer, eller Innovasjon Norge har sine etablering støtte og stipend. Vi kan bare gi råd at du bør søke til Innovasjon Norge. Du bør søke til Forskningsrådet. Du bør henvende til de eller annen investor. Men Connect er en non-profit organisasjon. Vi har ingen penger som vi bruker på selskaper. Vi bruker kun våre menneskelige resurser og nettverk til å hjelpe gründere.

Ali:

De investorene, de som betaler eller de som har investert i Connect Norge, sånn som for eksempel du nevnte Statoil eller Forskningsrådet eller andre selskaper kommer de til å låne ut penger til gründere?

Giert:

Det kan være. **De kan låne penger eller investere.**

Ali:

Har deres i.e. Connect Norges mening om selskapet eller gründeren noe å si når det kommer til å få penger eller andre type støtte?

Giert:

Ikke direkte. Men klart dette springbrettet hos oss vil styrke ideen. Også har vi en tillitsforhold til for eksempel Statoil med Statoil Technology Invest. Vi kan si til dem at vi har et veldig spennende selskap inn på olje og gas. Dette bør dere ta en titt på. Og da vil de gjøre det. Vi garanterer aldri at de investerer i selskapet, men vi kan legge en ekstra tilbud på vekten for at de skal inkludere caset.

Ali:

Men er det positivt for gründere for eksempel angående deres søknad hos en privat bank og det kan være hvilken som helst bank ikke bare de som har noe spesiell avtale med dere, at de har kjørt et springbrett med dere? Eller at panelet hos dere hadde en positiv synspunkt om produktet eller tjenesten for å fremme deres case videre til andre type støtte spesielt finansielle?

Giert:

Ja så har de på en måte Connect Norge stempel på. Altså vi har ikke fysisk godkjentstempel, **men de har gjennomført et springbrett. Det betyr at dette er en bra ide og at de har på en måte tatt med seg de ideene og tipsene og rådene fra panelet i en ny og forbedret strategi.** Da kan vi gå for eksempel til Statoil Technology Invest eller til andre og si at dette er selskapet du bør vurdere.

Ali:

Det som er viktig for meg å vite er at som jeg sa i begynnelsen av intervjuet, den som taper på slutten av dagen, i tilfellet noen taper, den er gründeren. Og jeg mener at han eller hun kan tape både i form av tid, penger og følelser. Fordi Connect Norge taper ikke. Dere er non-

profitt og overlever av det støtte som dere for fra investorer. Den personen eller organisasjonen som investerer taper heller ikke, fordi som du sa de kommer til å være den første som blir kjent med nye ideer, produkter, osv. De har mulighet til å være den første som tjener ut av det. Mange ganger også de som støtter innovasjon får skattereduksjon i mengden mer enn det som de har investert og lignende. Har dere noe mulighet for å minimere tapet for gründere?

Giert:

Ja men det er regulert gjennom avtalene som det inngår. Altså hvis du investerer i et selskap så ble du skrevet en aksjonæravtale mellom selskapet og investoren. *Og de selyfølgelig alle må tjene ut av det eller er det uinteressant for den investoren. Alle investorer i sånne type selskaper tar et stort risiko. De kan velge å plassere pengene sine på børsen eller i eiendom og alle mulige andre ting. Så det å investere i et gründerselskap er en enormt stor risiko og da betyr at de må ha en tilsvarende potensielle gevinst for at de skal være villig til å gjøre det.*

Ali:

Gir de investorene penger til gründere i form av lån eller de gir det bort til gründere for en del av aksjer eller fortjeneste av selskapet eller andre ting?

Giert:

Altså stort sett investerer de i selskapet hovedsakelig for å vokse.

Ali:

Siden du sa at de må være aksje selskaper for å få penger spurte jeg spørsmålet. Så du mener at investorene kjøper noe antall aksjer av det selskapet?

Giert:

Ja.

Ali:

Så investorene fungerer ikke som en bank som låner penger og selskapet må tilbakebetale summen pluss renter?

Giert:

Ja. Statoil tror vi ikke gjør det. *Men hvis selskapet skal vokse, så trenger du kanskje både en investor som går inn på eiersiden altså aksjer med penger også setter de visse premisser at du skal øke salget, sånn type milepæler på det for kommersialisering. Også i tillegg kan du da med et sånt papir kan du også søke om lån i banken for vekst. Så det er ikke bare investoren.*

Ali:

Så du mener at deres på en måte stempel eller godkjenning har også noe å si til bankene?

Giert:

Nei ikke nødvendigvis, men det er en sånn ting som egentlig kommer etter vi har kjørt springbrett. Så vi har ikke så mye med bankene å gjøre i hvert fall nå. Men det er klart hvis vi har kjørt springbrett på dette, vi har koblet dem mot en kunde og investor, så vil de stå mye sterkere til å få finansieringskilde fra bankene.

Paneldeltagere

Ali:

Hvem er de som sitter i panelet deres, bortsett fra for eksempel advokater som du nevnte?

Giert:

Advokater, investorer, tidligere gründere eller gründere nå, det kan være folk som har peiling på patentrettigheter, det kan være forretningsutviklere, det kan være en som har jobbet for en potensiell kunde tidligere, osv.

Ali:

Kan paneldeltakere på forhånd velge hvilke type gründere eller forretningsplan de er interessert i å engasjere seg med?

Giert:

Ja vi sender dem kort introduksjon av det selskapet som skal ha springbrett med. Det er på fem linjer. Dette er et selskap som driver innen for olje og gas for eksempel. De har en teknologi som er sånn og sånn. De har en utfordring med å komme på markedet, finne sin egen distribusjonspartner, finne sin egen testfasilitet, finne sin egen investor, osv. Kan du hjelpe med dette? Og da de som meldes på er de som har en bakgrunn for å mene noe om dette temaet.

Connect Norge har det beste nettverk når det gjelder innovasjon

Ali:

Er Handelskammeret Oslo en del av Connect Norge?

Giert:

Ja vi deler et sånt medlemskap, kanskje ikke så mye men hva er spørsmålet?

Ali:

Handelskammeret har også en gruppediskusjon som medlemmer av denne gruppen sitter og snakker om deres erfaringer, kunnskap om forskjellige ting, problemer som de har, og liknende. Er det ikke lurt å være med i deres grupper selv om det å være medlem hos de er ikke gratis siden deres vente tid og andre kriterier er kanskje litt for høyt? Jeg mener for å delta en gang i en gruppediskusjon må gründeren gå gjennom enormt vanskelighet for

eksempel det kan hende at han må vente flere måneder noen ganger opp til to år, 80% av de som søker blir avvist, det skjer bare en gang for ca. 2 timer, og lignende.

Giert:

*Det er bare veldig få som venter 2 år. **Vi er alle beste nettverk i Norge når det gjelder innovasjon og kommersialisering. Vi har samlet de folkene i Norge som kan mest om innovasjon og kommersialisering.***

Ali:

Mener du panelt som entreprenører kjører springbrett med?

Giert:

Panelet er bare 6-10 av alle de personene vi har. Vi har 2000 mennesker i Connect Norge basen som vi henter disse folkene fra.

Ali:

Hvordan kan gründere kobles til eller komme i kontakt med resten av medlemmer i deres base enn de som gründeren var med i springbrett?

Giert:

Etter springbrett er gjennomført, så går vi videre og ser hvilke personer vi skal kontakte.

Ali:

Personer fra panelet eller det kan også være andre?

Giert:

Ja personer fra panelet eller de andre. Fordi vi kjenner disse 2000 personer i Connect Østlandet eller i Connect Nord-Norge eller hvor som helst og vi vet hvem som kan bidra.

Ali:

Er det dere som plukker ut og bestemmer hvem kan være med på panelet og hvem kan bidra etter springbrett er kjørt?

Giert:

Vi hjelper gründeren med å komme i kontakt med disse her. Og Handelskammeret Oslo, jeg kjenner de ikke så godt, men de holder mer på andre type problemstilling enn innovasjon og kommersialisering.

Utvikle produktet sammen med en kunde

Ali:

Du sa at stort sett gründere som kommer til dere trenger ikke oftest penger, de trenger en kunde. Kan du klargjøre denne utsagn litt mer?

Giert:

*Det er veldig mange som tenker at hvis de bare får penger, så vil alt løse seg. De tenker penger kan løse problemene som de har for å utvikle produktet ferdig, å ansatte folk til å selge produktet osv. Men pengene er veldig vanskelig å hente på de premissene. **Det er mye lurerer å utvikle produktet sammen med en kunde. Finansiert og utviklet sammen med en kunde.***

Ali:

Mener du å selge produktet på forhånd?

Giert:

Ja litt sann, eller selge ideen på forhånd og spør om et strategisk samarbeid for å utvikle produktet.

Ali:

*Slik at **kunden blir til en samarbeidspartner?***

Giert:

Yes. Statoil er et eksempel igjen. De har et eget leverandør og utviklingsprogram der de går sammen med selskaper og bruker sine resurser, bruker gründere sine resurser for å utvikle noe sammen.

Ali:

Hvordan hjelper dere gründere til å finne en kunde?

Giert:

Gjennom springbrett prosessen.

Ali:

Så medlemmer av panelet kan også være potensielle kunde til ideen?

Giert:

Ja, eller kjenner noen potensielle kunde.

Ali:

Hva er gevinsten eller belønningen for panelmedlemmer til å introdusere noen annen kunde til gründeren?

Giert:

Det er potensial konkurranse fortrinn for de. Altså hvis de har en ide må videre utvikle selskapet sammen med kunden, så kan det være en konkurransefortrinn for kunden. De som sitter på panelet kan også tjene penger fra kunden og gründeren.

Ali:

Nå nærmer vi oss slutten av intervjuet. ***Hvor godt er dere kjent blant entreprenører?***

Giert:

Litt for dårlig. Vi er jo en non-profit organisasjon. Vi har ikke så mye midler til å markedsføre oss. Men vi har god fotfeste i Norge blant gründere. Men vi skulle gjerne ha vært mer kjent.

Ali:

Kan panelmedlemmer deres ikke hjelpe Connect Norge å markedsføre dere?

Giert:

Jo, for mange medlemmer vi er nettverket. Men de har jo sine jobber.

Ali:

Kan det være at panelmedlemmer tenker at det er i deres egen fordel med potensial konkurransefortrinn å ikke reklamere Connect Norge?

Giert:

Nei. Jeg tror ikke at folk tenker sånn. Jeg tror at de synes at det er gøy og interessant å være med. De er jo interessert i å treffe spennende folk.

Ali:

Er du fornøyd med jobben din?

Giert:

Ja. Det er super interessant. Jeg bidrar til at Norge vokser. Det er gøy å være med. Det er jo interessant i å treffe spennende folk.

Ali:

Hvor lenge er det at du har jobbet hos Connect Norge? Jeg tror du sa at det er flere år nå.

Giert:

Ja, i syv år. (smiler)

Ali:

Tusen hjertelig takk Giert for din tid og for intervjuet.

Finn Kristian Aamodt

Innovasjon Norge

konstituert administrerende direktør

Kort om Fras selskapet og om oppgaven

Ali:

Som jeg skrev i eposten min, jeg skriver Master oppgaven om et selskap som heter Fras Technology AS. De produserer oljesamletaking utstyr. De har mislykket i ca. 18 år med å kommersialisere deres produkter og tjenester, spesielt deres hovedprodukt som heter DynaSamp og selv om de har solgt mer enn 1500 eksemplarer av dette, fortsatt har den ikke blitt diffust i markedet.

Finn:

Er selskapet i Ås?

Ali:

Jeg det er i Ås.

Jeg har studert selskapet i mer enn 2 år nå og etter mye opp og ned fant jeg ut at det problemet som tekniske gründere generelt har i Norge er at det er ingen organisasjon (og hvis det finnes, gründere stort sett er ikke informert om) hvor de kan henvende seg til for å få veiledning og råd om er deres forretningside også en forretningsmulighet eller er bare en forretningside.

I oppgaven har jeg sammenliknet det med situasjonen av en gravid dame. En grunn til det er at i masse litteratur om entreprenørskap er skrevet at produktet eller tjenesten utviklet av en entreprenør blir etterhvert betraktet av entreprenøren som hans eller hennes eget barn. Og de kommer til å skape sterke følelser for produktet og hvis den ikke lykkes kommersielt, da ser gründeren på dette som hans eller hennes barn er død. I medisin har det blitt mulig å sjekke tilstanden til et embryo å vurdere om den har noe alvorlige helseproblemer eller ikke. Og i tilfellet embryoet har noe alvorlige helseproblem, da kan legene og familien vurdere å abortere den før fødsel. Det som er positivt med en slik kontroversiell og vanskelig beslutning er at hvis embryoet er i et tidlig fase av utvikling da vil på en måten sorgen for foreldrene være mindre sammenliknet med situasjonen hvor embryoet er født og dør etter en lengere

periode. Jeg snakker om tilfeller hvor legene mener at helseproblemet er så alvorlig at barna kommer til å dø uansett.

Derfor, kom jeg på ideen at kanskje jeg kan bruke den samme metode for å vurdere om en forretningside utgjør en forretningsmulighet eller ikke. Her spiller de forretningsutviklere og business managere rollen av legen i forrige eksempel. De kan bruke markedsundersøkelser eller andre kjente metoder til å vurdere om ideen som gründeren har er bra nok til å bli utviklet eller bør termineres.

Nå er spørsmålet mitt hvordan Innovasjon Norge bidrar til gründerne som har en forretningside og de er ikke sikkert om ideen er en forretningsmulighet eller ikke? Men først vil jeg be deg å introdusere deg selv.

Introduksjon

Finn:

Jeg er Finn Kristian Aamodt, Administrerende Direktør, Innovasjon Norge.

Innovasjon Norges tre hovedmål

Finn:

Det du spør om hva vi gjør for gründerne, jeg kan være generisk på det. Det betyr at, ***Innovasjon Norge har tre hovedmål vi er ute etter. Det er flere bedre gründerne og det er flere vekstbedrifter som skal vokse og det er flere næringsmiljøer.*** Det er de tre tingene som er vårt hovedmål. ***Flere bedre gründerne er det noe som vi ønsker å holde vårt fokus på. Det betyr at vi har et eget system for gründerne i Norge. Gründerne trenger mye i starten og det er som du sier at en gründer har ofte en ide uten nødvendigvis å ha gjennomtenkt hva den skal brukes til eller kanskje lite fokus på det eller ett eller annet knyttet i en annen vei mot en biten.***

Rådgiving tjeneste, viktig bidrag til gründerne

En gründer kan først ringe vår gründertelefon og finne på nettsidene våre og få bistand der. Altså hva gjør du som gründer og avtale tid og møte våre folk på et av våre kontorer rundt omkring i hele landet. Jeg tror noe av det viktigste vi bidrar til med en gründer utover å få kapital, det er en rådgiving for å se hva er det faktisk du skal løse i markedet. En gründer er ikke det samme som en liten bedrift. En gründer er noe annet enn en vekstbedrift, derfor må vi jobbe med de forskjellige måter.

Det viktigste en gründer kan gjøre er å teste sitt produkt i markedet og se hvordan markedet aksepterer produktet. Og da ***utfordrer vi først hva er det som du skal løse.***⁷⁴ Altså hvis du kommer og forteller at jeg har lagd en type støvsuger og den suger mye kraftigere så er ikke det kanskje interessant, men hva er det den løser hjemme betyr at den kan også støvsuge gardiner, ***altså gjør noe annet, slik at vi føler, nå løser vi et problem. Vi utfordrer denne gründeren på. Og så vil vi definitivt be gründeren å teste det ut i markedet.*** Fungerer dette? ***Ja vel, det fungerer eller det er noe som må tilpasses og igjen prototype og inne i markedet hele tiden.***⁷⁵ ***De tror vi er viktig.*** Så vi hjelper bedrifter og gründerne med sin ide. ***Hvis ikke du***

⁷⁴ This implies that Finn has taken it for granted that the idea of an entrepreneur constitutes a problem.

⁷⁵ The method is similar to Erik Ries' Lean Start-up method.

klarer å fortelle oss at jeg har en fantastisk god ide; Hvis ikke du klarer å overbevise oss at jeg løser noe nytt i markedet, så kan det godt være at vi tar feil, men det betyr også at vi ikke er sikker at vi kommer til å hjelpe deg videre med den ideen. Vi må også tro på at du har en virkelig god ide og du evner til å bringe den videre. Det er to ting. Det er både deg som gründer og ideen din.

Gründeren må kunne selge

Finn:

Du må kunne selge. Jeg snakket med mange investorer og de sier at de forventer å få penger. Du må kunne overbevise at det du holder på med er bra. Og du kommer til å møte masse nei'er hele veien. Du kan møte gamle folk som meg som kommer til å si nei. Du må bare ikke gi deg. Du må prøve å teste ut. Men du er nødt til å kunne forklare hva er det som du skal prøve å løse i markedet.

Ali:

Hva slags rådgivning tjeneste tilbyr dere til gründerne?

Finn:

Vi prøver også å utfordre på hvilket marked skal du inn; Hvilke relasjoner du skal ha med dette; Hvem skal du samarbeide med; Hvilke segmenter i markedet tenker du på; Hvordan har du tenkt å produsere dette her? Er det en ting eller tjeneste? Vi kjører en modell som er utviklet av en som heter Alexander Osterwalder. Du kan også Google den på "business modell canvas". Så hensikten med den er å gjøre deg som gründer mer klar over hva er det du egentlig holder på med.⁷⁶

Blir det ikke for sent siden gründeren har produsert en prototype av produktet?

Ali:

Men er det allerede ikke litt for sent for sånne type råd til gründerne?

Finn:

For sent? Hvordan da?

Ali:

Det er på en måte for sent for gründeren i følge eksemplet som jeg brukte angående foreldrefølelsen som gründeren bygger mot produktet sitt. Fordi han har kanskje produsert en prototype . Han har allerede investert så mye penger, energi, tid og følelser. Jeg mener at barna i form av en produkt har levd så mye og nå finner han ut at det har ikke vært en forretningsmulighet fra begynnelsen. Det finnes ikke noe marked for produktet. De finnes allerede noe liknende produkt eller tjeneste på markedet. Kommersialiseringskostnadene er mer enn han hadde forestilt seg og lignende problemer.

⁷⁶ This method is in a way similar to the method that Torve Indahl uses.

Finn:

Ja da er det ferdig da.

Ali:

Ja men da er sorgen for gründeren stort. Som du sa, du er etter folk som ikke aksepterer nei som et svar og de fortsetter og blir noen som gründeren på Fras. Selskapet ble konkurs i 2005. Men han gründeren renoverte hydraulisk systemet til en skip og tjente mer enn 25 millioner Kroner. Han investerte hele denne summen på Fras. Og han ga ikke opp, men han gjøre alt dette for en ide som kanskje ikke var en forretningsmulighet fra begynnelsen.

Finn:

Altså jeg kan ikke gå inn på enkelt tilfeller. Det blir feil fordi jeg kjenner ikke firmaet og gründeren i det hele tatt.

Ali:

Ja men generelt sett. Han er bare et eksempel av gründere som står fast i en feil ide.

Finn:

Generelt det er ingen menneskerett for å overleve som gründer. Det er ikke garantert at du som gründer kommer til suksess. Men jo tidligere du kommer i kontakt med oss, jo bedre det er det. Jo tidligere du kommer i kontakt for at vi kan gi deg bistand i denne veien, jo bedre det er det. Hvis du allerede har brukt masse penger på en prototype, også vil markedet ikke ha den og den er testet ut og ser at det er rett og slett feil, da er det feil. Da fungerer den ikke. Da må du prøve på noe annet hvis du har lyst til det.

Vanskelig å vurdere om en ide er også en forretningsmulighet eller ikke

Ali:

Vanligvis teknologidrivende entreprenører er ikke utdannet som en businessmanager eller kanskje ikke har nok kunnskap om det. Så hvis Innovasjon Norge kan hjelpe entreprenører i startfasen med å vurdere om ideen er en forretningsmulighet eller ikke, da kan deres vurdering spare mye tid, energi, penger og viktigst av all følelser til entreprenører.

Finn:

Jeg vil være veldig forsiktig med å si at det ikke er en forretningsmulighet. Fordi å sette dom over det ville være veldig vanskelig.

Grunnen til at det er feil å sammenligne produktet med embryoet i mitt eksempel

Ali:

Så stort sett prøver dere å unngå å si at ideen er ikke god nok for å bli betraktet som en forretningside?

Finn:

Ja. Fordi da setter du en dom over noe.

Ali:

Men den legen som bestemmer å foreslå foreldrene at embryoet bør aborteres, tar også en vanskelig beslutning.

Finn:

Ja men jeg synes ikke at sammenlikningen er riktig. Hvis den er en ting som eksisterer fra før, da kan du si det, ikke sant? Da kan vi finne ut av. Fordi dette er ikke noe nytt. Dette er en gammel oppfinnelse. Men det vi sier er at du må teste ut om dette produktet kommer til å fungere i markedet. Altså du må tidlig ut og det er markedet som skal beslutte om det er klokt å lage en prototype eller hva det er for noe. Derfor foreslår vi å lage en enkelt prototype så tidlig som mulig. Gå ut til det markedet du tror er interessant i det. Se om de liker det eller ikke. Hør på hva de har å si. Gå tilbake igjen . Juster på den prototypen din, gå ut til markedet og spør er dette dere vil ha. Ja vi nærmer oss. Gå tilbake igjen, test ut, juster, gjør det finere og bedre og etterhvert ser du at dette her er det hva markedet vil ha. Så start kommersialiseringsfasen.⁷⁷

Det er mulig å få neiene tidlig

Ali:

Kan jeg som en gründer komme i morgen til dere og si at jeg har en ide, kan dere sjekke om det er en forretningsmulighet eller ikke?⁷⁸

Finn:

Nei. Det må du gjøre. Men vi kan stille deg de spørsmålene som du kan selv vurdere om det er noe forretningsmulighet eller ikke.⁷⁹

Ali:

Hvilke spørsmål?

Finn:

Spørsmål som jeg snakket om i sta, *som hvilket problem du skal prøve å løse? Det er du som gjør jobben. Det er du som skal få ideen ut i markedet. Vår oppgave er å sette deg i stand til å klare nå drømmen din.*

⁷⁷ I believe that the commercialization phase starts right from the moment one considers whether to produce something or not. That is because even if the product is for personal usage, he himself could be considered as a customer to the product. So commercialization work starts when one considers whether there exists a need for the product or not.

⁷⁸ I asked a similar question from Geirt from Connect Norway.

⁷⁹ This reminds me on the checklist presented at the beginning of the oppstart book published by DNB.

Ali:

Så dere sitter to og to med gründere...

Finn:

Vi sitter to og to og noen ganger sitter vi i samtaler med folk fra utlandet. Vi kan sitte, prate, diskutere med deg, når du kommer litt lenger, for eksempel du tror at dette er et marked for olje og gas som er kanskje interessant i Brasil. Da på skjermen får vi Brasil. Også prater vi med Brasil. Også ser vi hva som er muligheten for dette. Det kan være interessant for Brasil eller det er ikke den type teknologi som Brasil leter etter. **Så ferdig med. Så får du disse neiene tidlig.** Men det du sier at hvis en gründer ikke har kommersielle evner i det hele tatt. Fordi det er det du sier, ikke sant? Og la oss si at produktet kan være bra. **Det kan være et godt produkt men han klarer ikke å selge den. Og da er det spørsmålet om vi kan hjelpe ham og si at du bør kanskje komme i kompaniskap med en annen. En som kan selge. Fordi du kan ikke gjøre dette her. Ikke sant?**

Ali:

Gir dere sånne type råd?

Finn:

Vi kan jo si det. Vi går gjennom denne canvasen. Og da vi går gjennom den, så ser vi at hva er dine styrker. Men vi ønsker ikke å ødelegge tankesettet men likevel hvis vi ser at enten at det finnes fra før, fordi det kan være. Men jeg tror det viktigste en gründer kan gjøre er jo å sitte ned med våre folk og ta en diskusjon om ideen sin, og noen vil gå videre og noen vil ikke gå videre.

Når bli det for sent?

Ali:

Så hvis noen kommer til Innovasjon Norge med bare en ide uten noe prototype, uten å ha utført markedsundersøkelser, gir dere ham/henne fortsatt råd om ideen sin? Tar dere ideen gjennom denne canvasen som du snakket om?

Finn:

Vi kan gi deg råd hvor en du står i prosessen din. Men hvis du har kommet veldig langt i den utviklingen uten å på en måte har tenkt markedsiden og lagt en greie, da kan det bli som du sa. Da kan det bli for sent. Men det kan være at deler av det du har produsert kan tas videre, men hvis du har brukt opp alle pengene dine, brukt opp alle tiden din, brukt opp energien din, da kan det være problematisk.

Innovasjon Norge kan utføre markedsundersøkelse også på ferdiglagde produkter

Ali:

Tilbyr dere også noe type **markedsundersøkelse**, selv om det kan være en primitivt og miniatyr undersøkelse?

Finn:

Hvis du kommer enda videre, så tilbyr vi også markedsundersøkelse. Altså hvis du har et ferdig produkt og du har solgt det i et marked og du vil gjerne vite om det kan selges i et annet marked, da er det klart at vi hjelper deg med det.

Hvis et produkt selges ikke, da enten markedet trenger ikke produktet, eller de er ikke bevisst at de trenger produktet

Ali:

Nei jeg mener før noe eksemplar er solgt. Fordi det er vanskelig å selge de første units. Studier viser at ikke en eneste eksemplar av 93% av patenterte produkter og tjenester blir solgt.

Finn:

*Nei. Det er helt riktig. Vi kan hjelpe til at du møter de rette menneskene. **Men grunnen at de ble ikke solgt, var fordi markedet ikke ville ha produktet. Hovedgrunnen til at disse entreprenørene ikke klarer å selge produktene sine er fordi markedet ikke ville ha det eller fordi markedet ikke forstår at de trenger det. Fordi gründeren var så opptatt av den tekniske løsningen enn den brukermessige. Hvilket problem hos meg faktisk blir løst. Det er ikke interessant å høre at hvor mange hestekrefter en bil har, hvis du ikke kan forklare om hva den faktisk kan gjøre for deg som sjåfør i bilen.***

Veiledning for å finne den riktige markedet

Ali:

Hva hvis han velger markedet feil? Kan dere hjelpe ham med å finne den rette markedet som han skal tilnærme seg til?

Finn:

Vi kan fortelle om noen forskjellige markeder, men da er det fysisk for eksempel land, segmenter i et land. Skal du selge til privat? Skal du selge til profesjonelle markedet? Inn for privat markedet skal du selge til den rike segmentene, osv. En rekke sånne spørsmål du må se i segmentet du vil være. Vi kan være med å stille de spørsmålene. Hva er det du skal bringe til markedet? Hvem tror du at kommer best å utnytte av det? Hvis du lager en ny mobiltelefon som bare kan ringe, hvem tror du som er mest interessert i det? Altså beslutningen er ikke vår. Beslutningen er gründerens.

Vi provosere gründeren; Vi beslutter ikke istedenfor

Vår oppgave er å provosere gründeren. Utfordre gründeren slik at de har gjennomtenkt tankene sine. Vi kan ikke sitte å beslutte. Det vil være feil, men vi har masse kompetanse og mange forskjellige type markeder i hele verden og i Norge. Så vi kan sitte og fortelle om hvordan det fungerer der og litt om de forskjellige markedene. Men det er du som beslutter.

Ali:

Kan dere overta noe kommersialiseringsoppgaver også?

Finn:

Nei.

Ali:

Anbefaler dere gründere folk, bedrifter, organisasjoner, institutter, osv. som kan overta noen av de kommersialiseringsoppgaver?

Finn:

Jo det kan vi gjøre. I et land hvis du ønsker så kan jeg si at jeg vil ha agenter eller noen som kan selge mitt produkt. Ja, da kan vi finne ut kanskje en short list på 10 stykker da. Også kan vi diskutere at det her er de ti beste som vi mener, men du må beslutte.

Ali:

Kommer siste beslutningen alltid fra entreprenøren?

Finn:

*Ja. **Du må være med i prosessen.***

Ali:

Kan dere anbefale gründere at for eksempel markedene i Nord-Norge vil ha produktet på denne måten og markedene i Vestlandet liker å ha produktet sånt?

Finn:

Ikke så mye i Norge, men i utlandet kan man fortelle hva som er forskjellen i de forskjellige markedene i Norge.

Ali:

Jeg synes at mange entreprenører, spesielt de som driver med teknologi baserte produkter eller tjenester, mange av de ikke har den kunnskapen, erfaringen av en business manager eller som du sier dyktigheten av en ekspeditør når det kommer til kommersialiseringsjobben for nye produkter eller tjenester. Hvor stor er sannsynligheten at i framtida at Innovasjon Norge overta rollen for å kommersialisere eller ta ansvar for en del kommersialiseringsoppgaver?

Finn:

*Jeg tror vi gjør nok for kommersialisering. **Vi kommer aldri å ta ansvar for kommersialiseringsprosessen for bedrifter.** Og det er fordi vi har armlengdes avstand. **Vi***

går ikke inn i bedriftene. Vi gir kun råd og finansiering. Bedriftene selv må ta ansvar.⁸⁰
Hvis ikke det blir vi stående med en ganske stort apparat av prosjekter osv. Og det er feil. Ideen din må være slik at andre må også tro på, og ikke bare vi. Markedet må også tro på ideen din.

Ali:

Når det gjelder å sitte på den domstolen og vurdere under rådgivning til gründere og gi en positiv tilbakemelding eller en negativ tilbakemelding, hvor langt kan dere gå med deres negativ tilbakemelding? Jeg mener hvor negativ kan deres tilbakemelding være.

Finn:

Altså vi kan si at vi gir nok råd som sier at du skal være dette; eller det er vanskelig for deg selv; eller vi har ikke tro i ideen din og lignende. *Men igjen så er det hvordan gjør du det.* Jeg vil igjen si at hvis du kommer med en ide og saksbehandleren sier at dette tror jeg blir vanskelig, men det er fordi du ikke klarer å fortelle hva er det du løser. Fordi vi sier ikke at dette er en dårlig ide før vi har hatt en liten runde med deg.

Bakgrunn av rådgivere hos Innovasjon Norge

Ali:

Hva slags bakgrunn har de konsulentene som jobber hos dere i rådgivningsavdelingen?

Finn:

De alle fleste hos oss har høyere utdanning. *Vi har mange økonomer, mange ingeniører.*

Caser og rådgiving tjenesten hos Innovasjon Norge

Ali:

Så hvis jeg kommer med en ide, da er det saksbehandler deres som vurderer hvilke rådgiver jeg skal prate med? Eller skjer det random?

Finn:

Nei det er ikke random. Du blir tildelt av saksbehandler basert på prosjektet ditt.

Ali:

Hvor lang tid tar det den utdeling av rådgiver, eller med andre ord hvor lang tid tar det fra den dagen noen presenterer forretningsideen sin til den dagen han eller hun sitter og prater med en rådgiver?

Finn:

⁸⁰ This assertion shows the policy of innovation Norway as the biggest and most influential organisation concerning innovation in Norway. Therefore as it clearly indicates, entrepreneurs have to be equipped to take their products and services throughout the commercialization phase(s).

Det tar relativt kort tid.

Gründere trenger ikke alltid penger, mange ganger trenger de råd

Ali:

Grundere som besøker dere er mer *interessert i råd eller penger eller begge deler?*

Finn:

Begge deler. Veldig mange kommer og tror at de er mest interessert i penger, men etter at vi har hatt en samtale, så forstår ganske mange etter hvert at det blir allright å bli utfordret på sine ide.

Ali:

Kan du forklare det du sier i litt mer detaljer?

Finn:

Jo, for at du kommer og sier at nå har jeg laget en ny greie, en prototype og jeg trenger penger til den. Og så begynner vi å si at det er greit men har du tenkt på hvilket marked du skal inn? Hvem er dine partnere i dette her? Hvorfor har du tenkt å gå til syv internasjonale marked på engang når dere er bare to mennesker? En rekke sånne spørsmål som du kommer til å bli spurt og det er mange som sier: oy sann, det er interessant. Det har jeg ikke tenkt på. Og sier at det var veldig bra. Mer enn kapital trenger vi å snakke med dere, fordi dere er ganske smarte. Dere forstår hva jeg holder på med. Og dere gir meg god råd for å gå fremover. Fordi penger er jo bare et lite element. Og hvis du gjør ting feil så har du brukt pengene pluss dine egne penger og alt for mye tid på noe som er feil. Så penger er noe du er nødt til, på tankesettet ditt. Jeg mener det er særdeles viktig.

De gründere som vi tror på deres ide har høyere overlevelsesgrad

Ali:

Får de gründere finansiell støtte fra Innovasjon Norge selv om deres tankesettet ikke er i samsvar med det som dere ønsker å være?

Finn:

Altså hvis vi tro på det, da får du penger. Hvis vi ikke tro på det, så får du ikke penger.

Ali:

”Vi tror på det” betyr det også at de kommer til å lykkes på markedet?

Finn:

Ja eller i hvert fall vi mener at det var muligheten for det. Altså de må ikke lykkes. De fleste eller mange går konkurs og klarer ikke. Men hvis vi ser at muligheten er mye større hvis vi kan være med å løfte også kan vi være med på det.

Ali:

Så tross alt tar dere også del i kommersialiserings arbeidet? Eller gjør dere ikke det?

Finn:

*Ja da. For å redusere risiko, så gjør vi det. Men vi gjør det både med økonomi og med kunnskap. Jeg vet ikke tallet, men jeg tror det er 40-50000 nye bedrifter i Norge hvert år. Vi jobber med minimal del av det. Og vi sammenligner de bedriftene som er ganske sammenlignbare med de som Innovasjon Norge hjelper. **Men det vi ser, og dette har vi testet ut og fått tilbake tall fra Statistisk Sentralbyrå (SSB), så ser vi at den type bedrifter som vi hjelper, har en overlevelsesgrad på ca. 70% før de kommer til oss. De som får hjelp av Innovasjon Norge, de har en overlevelsesgrad på 80%. Det er også 10% poengforskjell.** Dette er de som vi jobber med. Mange av disse ny bedrifter kan være nye frisørsalonger, nye restauranter, eller i bygningsbransjen, som vi ikke er inne i det hele tatt i Norge fordi det er konkurransehindrende. Vi kan jo ikke gi støtte til en frisørsalong i Oslo, fordi hva med de andre frisørsalongene. De får jo ikke noe penger og da ødelegger vi markedet. Derfor støtter vi ting som er nytt.*

Ali:

Sier dere til gründere som kommer til dere at statistikken viser at hvis du følger våre råd da sannsynligheten øker at du sparer mye tid, energi og overlevelsessjansen til forretningen din?

Finn:

Vi gir bare råd om det og det er du som tar beslutningen siden det er dine penger og dine prosjekt.

Mange teknisk drivende entreprenører undervurderer vanskeligheten av kommersialisering

Ali:

Hva synes du om følgende utsagn: Mange entreprenører, spesiell teknisk drivende entreprenører undervurderer vanskeligheten av kommersialisering?

Finn:

(Han begynte å le for en stund) Det er vanskelig å si, men jeg tror at helt sikkert de alle fleste gjør det. Det å være gründer er ekstremt vanskelig, spesielt hvis du har noe som er helt nytt, som ingen har sett før. Da er det vanskelig å overbevise folk hos oss. Det er vanskelig å overbevise mange mennesker. Du er bare nødt å være utrolig dedikert og sta. Sånn er det bare. Du må kunne selge. Du må kunne fortelle.

Det kan være at gründere ikke vet om alle forskjellige type tjenester som vi tilbyr

Ali:

Vi nærmer oss til slutten av intervjuet nå. Du sa at de fleste som kommer til dere kommer til å skaffe finansielle støtte, men de blir overrasket når de faktisk ser at de trenger noe annet også, nemlig forretningsråd. Kan vi konkludere med dette at gründere ikke kjenner tjenester som dere tilbyr gründere?

Finn:

Jeg tror at vi er relativt godt kjent, *men det kan godt være at grundere ikke vet om alle forskjellige type tjenester som vi tilbyr.*

Karriere og utdanning bakgrunn til Finn Kristian Aamodt

Ali:

Og siste spørsmålet: hvor lenge har du jobbet hos Innovasjon Norge?

Finn:

Jeg har vært i Innovasjon Norge helt siden den begynte i 2004. Og før jobbet jeg som økonomi direktør i Accenture, i McDonalds Norge og har jobbet i Eksportrådet. Har MBA fra Universitet i Minnesota.

Ali:

Tusen hjertelig takk for at du aksepterte intervjuet selv om jeg vet at din kalender er helt booket og nå skal du til slottet for å utdele en medalje foran Kongen.

Appendix Iranian Interviews

Whenever there was talk about money and the currency was stated in Toman i.e. Iranian currency, then I transferred the amount to USD or Euro.

Mohammad Nahavandian Iranian President's Chief of Staff

Former Chairman of Iran's Chamber of Commerce

Introduction, career, education

Ali:

Would you please introduce yourself and provide us with some information concerning your career and educational record.

Naha⁸¹:

My name is Mohammad Nahavandian. My education has been in economics from George Washington University in the States⁸². During my career *I was mainly engaged in research, lecturing and administrative jobs, governmental positions and also engagements at different organisations of the private sector. For instance I have been Acting Minister at the Ministry of Commerce, Senior Advisor to the President of Iran, President of the National Centre for Globalization and recently I have been appointed as Iranian President's Chief of Staff. In the past 6-7 years until recently I was initially elected as the Chairman of Tehran's Chamber of Commerce and then was elected as Chairman of Iran's Chamber of Commerce.*

Problems of entrepreneurs concerning commercialization part of innovation activities

Ali:

As I informed you over the phone, the subject of this interview is about entrepreneurship and the problems they face on their path towards a successful innovation. The question I would like to ask you is that as you may know many inventions even proceed to the point where many patents will be registered for them, however, they fail on commercialization. What goes wrong that they end up as a failure? Are the entrepreneurs to be considered as responsible or there are other factors that bear responsibility for this?

Naha:

You mean in Iran or other places?

Ali:

No I mean in Iran.

1) Rent seeking behaviour

Naha:

In Iran there exists several obstacles. *One is the rent-seeking structure of the Iranian economy and the prosperity of the businesses that have access to these types of rents both in form of special privileges or in the form of monopolies.*

⁸¹ I decided instead of writing the whole name, I use an abbreviated shorted version and simply call him: "Naha".

⁸² He holds a Ph.D. in Economics

Ali:

What do you by rent seeking?

Naha:

“Rent” means an income that its expense has not been paid and it was not earned in a competitive market where other players have also access. Due to this innovation driven entrepreneurship is not necessary the most profitable business activity. In the literature of industrial organisation it is said that: structures promote behaviours consistent with their being. A rent-based structure also promotes a rent-seeking behaviour.

Therefore economic activists instead of entering a race of entrepreneurship and innovation decide to devote their attention to find connections with the purpose of facilitating acquiring rents. They are busily looking for franchises instead of a healthy competitive market where innovations thrive. They do not look to for instance improve the quality of services in a market and thereby increase their own market share. This is one of the obstacles.

2) Absence of a modern service infrastructure

*The other hurdle in entrepreneurs face in Iran is **the absence of modern service infrastructure** for rendering services to you that could assist you in actualizing your plans. It is important that all the necessary resources and facilities required by you to conduct the innovation should be at place. For instance in modern economies it is possible to rent an office in form of “turn key” for one day, one week or a month with all the necessary accessories in place, even at some places they offer you a secretary. And all this happens with only one phone call. But in an economy where its service industry has not been highly developed, one has to worry for preparation of the other loops of the chain too. *This results in delay and waste of time on the innovation part of the activity.* There are numerous examples where I can draw on. Even in Iranian economy one cannot necessary be assured that the he or she can resolve the transportation of commodity by one phone call. Sometimes it becomes necessary for the entrepreneur to rent a truck and handle the transportation activity by himself.*

3) Capital market

The third important factor for entrepreneurial work is the **capital market**. *In a market where venture capital is readily available, the only thing an entrepreneur needs to have is a good business idea. In such a market there are people available who may buy your idea and develop it. So you could sell a business idea. The existence of a well-established capital market facilitates your work as an entrepreneur to even take an IPO (i.e. initial public offering) approach and absorb capital. Therefore one can easily compare and contrast the two market places, one with a fully developed capital market and the other where the banking system, stock market system, off-exchange (i.e. OTC, over the counter) system and other systems are not present or fully developed. **One of the focal challenges for entrepreneurs in Iran is access to financial means.** Entrepreneurs in Iran cannot go and devote their time and energy on developing their ideas and they have to spend or better said waste much of their time on preparing financial resources. In a way the path between innovation driven entrepreneurs and the market capital is not a smooth and short path. Possibly one may add to these items.*

Market value of a business idea

Ali:

If the capital market is available; the necessary economic infrastructure is at place, would those business angels or super angels you talked about purchase the business ideas at a fair price accepted by the international norms?

Naha:

*When you are asking whether the price offered represents international norms or not, then you are discussing the situation at a competitive marketplace and you are considering the market, in this case Iranian market to be a competitive market. But how do we come to the price of a commodity? **If the marketplace is a competitive one, then people will make the price by offering bids.** Thereby the real price of your commodity, service, idea, invention, etc. becomes evident. Only in a competitive market the real price will be discovered. So to answer your question, *due to the fact that I do not consider Iranian market to be fully competitive, I would say: no.* Because no one is able to know the real price of your article, therefore the idea of offering a fair price also loses its meaning.*

Other possible reason for failure in entrepreneurship activity

Ali:

When an entrepreneur enters a market and decides upon producing a good, offering a service then it implies that he has accepted the rules of the game in that particular marketplace. Rent seeking activity, the absence of modern service rendering system and the lack of formidable investment structure are not heavily guarded secrets not disclosed to entrepreneurs beforehand in Iran. If they decide to conduct an entrepreneurial activity in Iran, then it means that they have also accepted to abide by the rules associated with it. And I do not think, although I have not conducted any field research in relation to this, but I do not think that there is a shortage of entrepreneurs in Iran, something that is further proof that despite the aforementioned hurdles, people are daring to become entrepreneurs. But on the other hand I think and this is just my pure speculation that similar to other places in the world, the rate of failure is quite high. I mean could there be any other element involved which results in the failure of entrepreneurs?

4) Producing products before having conducted required market research

Naha:

One of the problems that is associated with entrepreneurs in Iran is the fact that most of them when they produce something new or even when they get the idea of producing something new, they become so jubilant that they immediately start with the investment. They produce the commodity and only then they start thinking about to which market should they offer it? Who are the customers? This stems from a defective business strategy. The most important element to be considered by SMEs (i.e. small, medium sized enterprises) prior to the production of an article is the market where the product is going to be sold there. If you were a big business, then you might have even created markets, but this does not apply to SMEs, which most entrepreneurs belong to that category. The interest rate in Iran for the bank loans taken by the entrepreneurs is fairly high. If they cannot sell a reasonable quantity of their product, then it may lead to serious consequences.

The interview was interrupted and cancelled

(The interview took place at the suit of SAS Radisson Hotel at the Oslo Central Station. However, at this point, dr. Nahavandian's secretary came in the room and wanted him to follow news coverage on CNN. Therefore the interview was interrupted and cancelled. I had to travel to Iran to finish the interview with him. At our second meeting, I had to first refresh his memory about the last interview by reminding him the bullet points he had said during the last interview. Then we preceded the interview by me asking him questions and he replying to them.)

Ali:

I would like to pick it up where it was left last time. One of the issues you mentioned last time at the end of the interview was that you believe entrepreneurs in Iran amid the production of a new commodity become so thrilled that they miss the point of considering a market for selling their product. If possible please explain a bit more this latest point.

5) The natural and logical economic cycle affected by government policies

Naha:

Generally speaking whenever a distortion from the natural and logical economic cycle happens you shall expect wastage of the resources. Now what is the natural and logical economic cycle? *It is a simple fact that all the individuals produce and offer their products and services for the purpose of selling it and thereby improve their economic condition. Now if in this cycle that begins with the raw material, labour force, management and etc. and ends with selling and during this process investment, capital and other resource absorption are the necessity of the work, there happens to be a deviation, then the equilibrium of the whole cycle will be in jeopardy.*

*The most important factor that threatens the natural and logical economic cycle is **the government policies. This happens when due to an alteration in the government policies, a different subject than the production or offering of the services become a source for earning economic benefit for entrepreneurial work. For instance the government could make alteration in her financial policies and start offering financial incentives to those who create new jobs. In a way that for instance the factory that has more employees is entitled to tax-cuts or receives a cheaper currency than the free market.***⁸³

If this happens, then it will have an effect on the entrepreneurial work. Entrepreneurs will start deviating from the natural and logical path of technology development and the implementation of innovation in their work to find ways that could make them eligible to receiving those government rewards. India is a good example in this regard. Some years ago at the time when the government in India still interfered in the currency rate, they started to offer cheap currency based on the production capacity. This resulted in that in period of ten years excessive capacity, way more than the optimum was installed in their factories. The factories received cheap currency and were selling it in the free market and thereby were earning money.

⁸³ In Iran the USD currency is being offered with a lower price by the Central Bank to certain individuals and organisations than the price at free market.

Entrepreneurs attention will shift from selling his products to increase production

Naha:

*Now coming back to the question you asked about entrepreneurs becoming thrilled after production of commodities. If the government interferes in the natural and logical economic cycle by providing economic incentives, then the entrepreneur becomes delighted that he has met those requirements and therefore he will be entitled to receive the reward. In a way by offering those incentives for increasing the production or the introduction of diversification in their products and services, the government is diverting the attention of the entrepreneur from **selling** towards **production**.*⁸⁴

The banks monitoring the activity of the entrepreneur will also not realize any change because the factory is earning more from the incentives than from the production. The instalments of the money rented from the banks are also being paid on time. *The only problem is that the customers of the product have not changed and **the increase in production was not met with an increase in selling**. As a result the storehouses are being filled with articles that nobody wants to buy. **The situation becomes worse when people who were not producers entered the market with the so-called fast retuning projects**. This was a policy practised by the previous government⁸⁵ in Iran whereby billions of Dollars was wasted on projects that were only written on an A4 size paper. The inspectors from banks and provincial authorities who also visited the projects were satisfied by some shallow progress on the surface level of the projects. *In most cases the financial aid they received was turned into a plant shed. In some places it turned into production where there was no market for the goods. This was due to the fact that a proper market study and feasibility studies did not take place at those areas.**

6) The legal environment of the economy

I would like to add one more item to the obstacles entrepreneurs face and that is **the legal environment of the economy**. It means that **the legal environment where the economic activity takes place is important**. *This is due to the fact that the existence of legal quarrels and the raise of lawsuits against individuals and organisations are inevitable. There will be claims with regard to the IPRs (i.e. intellectual property rights) and other conflicts that demand legal handling. And all these lawsuits are both expensive and time consuming. These two factors i.e. time and money with regard to the lawsuits are important. They may have a huge impact on entrepreneur's activity. Another legal issue is **merging and split** between the companies. Therefore if the legal system at place is a modern all-inclusive one, it will facilitate the entrepreneurship activity.*

The Law of Improving the Business Environment

*Happily in the past couple of years good steps have been taken in this regard. By the efforts of Iran's Chamber of Commerce, the Parliament ratified **the law of constant improving the business environment**. If this law is being fully implemented, then we will see the facilitation of the business activity in Iran.*

⁸⁴ A similar thing happened to Frax, which I have covered it in my dissertation.

⁸⁵ In Iran the political parties are not shy to harshly criticise the policies of other political factions.

Market research and feasibility study before production

Ali:

You said that due to a wrong policy, economic incentives were offered by the previous administration where without conducting proper market research, production lines were launched. What is your view *on market research and feasibility study prior to the production of a commodity?*

Naha:

Before the start of the production process it is necessary that proper market research be conducted. By doing so the entrepreneur will know the rate of the demand by the market; who are the suppliers and how many are they; How difficult it is to enter the market for a new arrival; How sensitive is the market towards innovation and discussions that are categorised under industrial organization subject.

A full market research should be promoted to be part of the criteria demanded by the banks from entrepreneurs seeking for loan. If the banks and other organisations that provide financial assistance to the entrepreneurs demand this type of market research to be included as part of the feasibility study done by their customers, it will certainly reduce the price associated with failed entrepreneurship. However, the situation now in Iran's economy has become totally different compared to twenty years ago. Nowadays as a result of the Internet and better systems at place access to data has been increased substantially. ***Business counsellors are offering business-advice to entrepreneurs.***

Business Counsellors' activity in Iran

Ali:

Is it possible to elaborate on the activity of these business counsellors you mentioned now?

Naha:

In a way during the past 30 years that we have steadily increased places especially faculties and business schools offering economic and business subjects, we have educated and prepared experts in these fields. These experts are now active in the society and entrepreneurs who are willing to receive advice will find the arms of these people extended towards them. Many banks are also using these days counsellors for market research.

Entrepreneurs could receive advice concerning new business ideas

Ali:

Is it possible in Iran for an entrepreneur to go to these counselling offices before he has produced even a prototype and the idea is still merely a business idea to receiving advise on whether the idea constitutes a business opportunity or whether to produce the product or not?

Naha:

Oh yes, because although they are new items, however the level of novelty in them is usually not that high and there exists usually similar goods or complementary products to

*them.*⁸⁶ Therefore it would be possible to launch market research to determine the future of a product in a given market.

Banks using business advisors for conducting feasibility study

Ali:

So this system is currently at work in Iran and the counsellors are also providing advice to whoever demands it. Could you also explain more about the banks using advice from the counsellors concerning the business ideas of the entrepreneurs?

Naha:

Yes that is true. The situation is far better in the specialized banks compared to the commercial banks. For instance the Industry & Mining Bank or the Entrepreneur Bank provide good amount of financial loans to the entrepreneurs. Therefore, they (i.e. the banks) have also a good team of experts to analyse the business plans and the feasibility and pre-feasibility studies.

Chamber of Commerce also provides advice

Ali:

Does Chambers of Commerce in Iran provide advice to entrepreneurs with new business ideas?

Naha:

In Iran we have 34 chambers of commerce. They have around 50,000 members. By the request of the members, the chamber's research and development centres will provide consulting services to them. They could ask for individual help or in a collective form. And these services are free of charge for the members since they pay membership fee. The last Sunday of every month 15 elected members of each of these 34 chambers held meetings. However the Chamber of Tehran due to having 14,000 members has 60 representatives at these meetings.

The Chamber of Commerce of Iran publishes also a monthly journal in Persian language. Economic news and scientific articles as well as announcements are the major subjects of its content. They also publish a quarterly journal in English language.

Ali:

As the last question, do you see the possibility to return to Iran's Chamber of Commerce or you enjoy your work at the Presidents office?

Naha:

Not in the foreseeable future but never say never. (Smiling)

⁸⁶ Here Nahavandian is saying that based on the fact that similar goods and products are available to study, then these business councillors could determine the fate of a future product idea.

Ali:

I am sincerely grateful for providing me the opportunity to interview you.

Naha:

I wish you best of luck with your project.

Asadollah Asgaroladi
One of Iran's top entrepreneurs,
the Chairman of China-Iran Chamber of Commerce

Introduction

Ali:

Would you please introduce yourself?

Asgar⁸⁷:

My name is Asadollah Asgaroladi.

Biggest challenge for entrepreneurs is that governments do not trust entrepreneurs

Ali:

As I informed you I am writing about the problems that entrepreneurs engaged in innovation work have. What do you consider to be the greatest of all these challenges?

Asgar:

I believe the biggest challenge for entrepreneurship in Iran is that the Governments do not trust them. Our governments after the Revolution (i.e. the Iranian Revolution of 1979), I mean these 11 governments, they all followed *three principles as far as the Iranian economy*

⁸⁷ I decided instead of writing the whole name, I use an abbreviated shorted version and simply call him "Asgar".

is concerned. First they all wanted to extend their grip over the economy. Second they followed the monopolization of the economy in favour of their Government. And third they defined a type of guardianship role for the Iranian economy.

To me all these three factors have a negative effect on the economy. And due to having this mindset, the governments never trusted wholeheartedly the entrepreneurs. Those who support a centralized government system, those who support leftists policies⁸⁸ and monopoly control of Iran's economy, they usually undermine the relationship between governments and entrepreneurs. These people do not belong to the state. They are after their own agenda. But as a result of their undermining activities, there exists an environment of lack of trust by government agents such as the economic ministers, economic assignees by the government such as in the Central Bank, Customs and other organisations where the offices are occupied by government appointees towards the entrepreneurs. Unless this wall of distrust is not being torn down, we in Iran cannot enjoy a thriving entrepreneurship and business environment.

One of the pretexts that the government section has against the entrepreneurs is that they think entrepreneurs are only after increasing their own personal wealth. But an entrepreneur is a person who is involved in economic activities. He is creating jobs. He is venturing into new horizons. And of course they could become very successful in their business and wealthy. There is nothing wrong with being wealthy. But to me it is important the wealth must have been generated from legal activity. I even go a step further and say that nobody shall prioritize his own benefits over the benefits of the country. And I have said this also in our unions and organizations. *But those in the governments do not think so*, I mean those 10 governments that we have had since the Revolution and I also excluded this current government because it is just some months they have started their work and have also made some slight changes in their policies towards entrepreneurs as they promised during their election campaigns.

Ali:

Where does this lack of trust stem from?

Asgar:

For example as a result of distrust banks are not providing enough loans to entrepreneurs. They only provide loans to those who have connections. It is an environment dominated by rent seeking behaviour. This constitutes also a huge problem for our economy. If you do not have close relations with a bank, chances are very slim to get loans from that bank. And making connections is a fertile ground for rent seeking behaviour because the bank will also be after her personal interests.

The Council of Dialogue

This problem has always existed between the previous governments and the entrepreneurs in Iran. However, the 11th government as I said is making some changes. From the time Dr. Nahavandian became the Chairman of Iran's Chamber of Commerce, he tried to establish a close relationship between the entrepreneurs and other economic activists that are under the umbrella of the Chamber of Commerce in Iran and the three major institutions of the Country,

⁸⁸ His late brother, i.e. Habibollah was Minister of Commerce and Trade in Iran in a four-year period between 1980-1984 and was one of the staunch supporters of the right-wing political factions in Iran.

namely the Government, the Parliament and the Judiciary. And to some extent he was successful but still there is long road ahead. For instance he established ***the Council of Dialogue***. *In this council 10 Parliament representatives, 5 Cabinet ministers, representatives from the Judiciary, representatives from the Chamber and also the Chairman of the Chamber are suppose to meet regularly.* But whenever there is meeting, one of the ministers shows up 4 others are busy and cannot come; three Parliament representatives shows up, the other seven cannot come.

Ali:

What is the main objective of this council?

Asgar:

It is identifying, understanding and then trying to eradicate the problems and obstacles of entrepreneurs and business owners in Iran. By face-to-face meetings with entrepreneurs, the government officials of the state will try to solve their problems. For instance we have the Act number 76 that has also been ratified by the Parliament. We have the law of the Business and Labour Environment in Iran, but despite all this, the distrust between the officials and the entrepreneurs causes big problems. Also Iranian entrepreneurship suffers a lot from incoordination and non-cooperation or whatever you may call it among the different branches of the Governing body of the state.

Industrial and commercial savings bonds

I could provide an example in relation to the distrust I am talking about. Every month and sometimes even on weekly bases the government issues industrial and commercial savings bonds with interest rates of 20-22%. *But they do not allow the private sector to do likewise.* These bonds belong either to the Energy or Industrial Ministry or they are for the state run refineries or for the municipalities or belong to the counties.

Ali:

But the companies can be LLP i.e. limited liability partnership where they could offer their shares in the stock market.

Asgar:

The stock market has many other complicated problems attached to it. Stocks mean an increase in the capital market. This is different than what I meant by the savings bonds. These have the form of loan, which will be returned after 5-6 years. The private sector is not permitted to do so. Here the discrimination against the private sector becomes evident. And why is it so? Because they say that the private sector does not have any guarantor. But the guarantor for the municipalities, refineries, dams, and other government-controlled projects is the Central Bank. Now the question is that why does the Central Bank not support the private sector?

Ali:

Perhaps it is because there is no guarantee that the private sector could return the loan?

Asgar:

Yes exactly. The problem also lies here. But the question that strikes the mind is that how do they know that the public sector is capable of returning the loans. In case of any failed attempts by the public sector, it is the government that has to cover the loss. The private sector is also getting loans from the banks and do return their loans, however when it comes to issuing the bonds, they are denied permission to do so.

Ali:

I have interviewed dr. Nahavandian. He said under the administration of the previous Government in Iran, many individuals in the mantel of entrepreneurs received huge loans without their economic activity being useful for the economy of Iran.

The problem of alteration in the interest rate

Asgar:

It was not the government that issued those loans. It was the Central Bank that gave loans with low interest rate. Actually one of the problems is also this that for instance an individual who received more than USD 30 million loan with an interest rate of 15%. And now the government has increased the interest rate to 22%. Why would such a person return the loan he has received? If he returns his loan then he has to go and ask for loan with this 22% interest rate. He says that I just continue renewing the previous loan and will also pay the fine.

Ali:

Why did the government increase the amount of the interest rate?

Asgar:

It was a measure to control and also try to decrease *the inflation rate*. The inflation rate reached to the high figure of 35-36%. The Central Bank had no other option than to increase the interest rate. That was also due the fear that huge sums of money may exit the country if the inflation rate remains that high. Their measures were also satisfactory to an extent and brought down the inflation rate to 28%.

Entrepreneurs in Iran are demanding a floating interest rate policy be implemented

Ali:

Under this move did the interest rate of those who received loans with an interest rate lower than the current one; did their interest rate also increase?

Asgar:

No. Their interest rate remained the same. The law does not allow increasing their interest rate. We are also arguing this. *We are demanding that the interest rate should be floating*. On the other hand the law supports the argument of those who received loans with low interest

rate because they argue that they have signed a contract and in their contract the rate of their loan has been stated. For instance someone who received USD 33 million loans some years ago has built a factory with that amount and his factory is now worth USD 200 millions.

Ali:

Has there been any shortcoming on the part of the people who received loans with low interest rates in returning their loans plus its interest? I am not talking about each and everyone of them, I mean generally.

Asgar:

No. They are returning their loans plus they are also paying its interest.

Ali:

Then where is the problem?

Asgar:

The problem is that the governments are pointing to this as a pretext to stigmatise and denounce the private sector and those who are after loans as greedy people who are only concerned about their own interests. *Even the banks have no claims.* It is just the government who is jangling that the private sector received loans with low interest rate and have profited from their loans in huge sums. The government is also doing this due to its own interest.

Banks' complaint of the policy of alteration in interest rate

Ali:

What about the banks? Are they offering loans to entrepreneurs?

Asgar:

The banks are arguing that due to the alteration in the amount of the interest rate, they have lost huge sums of money. On the other hand banks are obliged to allocate 20-25% of their bank deposits to the Central Bank with a 5% interest rate. The banks want permission to offer loans from this 20-25% of their bank deposits that they are obliged to give to the Central Bank with 5% interest rate. In this way they argue that their loss after the increase of the interest rate will be covered. They are also arguing to the government that allowing them to issue savings bonds would also compensate their loss on the interest rate. However the Central Bank is opposing both of these suggestions. Another issue is that for instance banks such as the Agricultural Bank gave loans to the farmers with an interest rate of 6-8%, a move that farmers benefited from it.

The low prohibits floating interest rate

Ali:

Why the government does not agree to float the interest rate?

Asgar:

That is not possible. The law prohibits this act. This is because for example a farmer who signed a contract and received loan with the interest rate of 6% and built a greenhouse with that loan will not agree to pay more interest rate than what is stated in his contract.

Iran ´s industry suffering from high interest rate

I also believe that bringing the inflation rate by increasing the interest rate is not a good policy. For example *the interest rate of the industry is currently at 22%, which there was even times that the amount reached a record high figure of 25%. This amount of interest rate is a high figure for the industry section. They are not making that much profit to be able to pay back loans with this high interest rates. Therefore the industry section of our economy is struggling to survive.*

The loans are guaranteed by collaterals, therefore the issue is just lack of trust

I talked about the distrust existing between the public sector and the entrepreneurs and even viewing entrepreneurs with suspicion. Otherwise the banks receive USD 1,2 in collateral for lending USD 1. *I believe that this stems from the fact that the Governments in Iran do not want to shrink in size and limit their power. And this happens despite the fact that they proclaim that they are abiding by the Act 44 of the law passed by the Parliament whereby the government is obliged to assign all the industries and the economy to the private sector.*

The situation for new entrepreneurs in Iran

Ali:

What is your view on those who want to start as an entrepreneur?

Asgar:

It is a very difficult job.

Ali:

Would you explain a bit more?

Asgar:

Because the entrepreneur does not possess the **needed capital to invest** in his work, unless he possesses the needed capital by his own means. ***By the capital I am not only referring to money, it also includes reputation and trust among different sections of the market. It means that like the university alumni who are not considered as experts from day one of graduation, a skilled entrepreneur is also someone who has taken courses in entrepreneurship as well as gaining experience at the tutorship of a professional entrepreneur in the form of either working for him, using him as an advisor or having a partnership with him.***

It is essential for this person to learn about Iran's economy but one also needs to know the international economy. I believe that our students do not know enough about the international economy and business. They even do not know about Iran's economy well enough. They have studied the theoretical aspects of it, but *they do not possess the necessary expertise required. They also lack enough financial capital as well as the needed reputation and credit. In the past in Iran, it was so that when you wanted to start a business, you did not need to possess all the necessary capital for it. You could start with a small amount of personal capital and then turn to the banks and they would lend you the necessary loan to start your business. Unfortunately this system is not working properly in our country nowadays as it was before.*

Introduction, Career and education

Ali:

Now we are approaching the end of our interview. For how many years have you been active in the business world?

Asgar:

It is 60 years that I am conducting business. I have been born in 1932 that makes me 82 years old. I was 22 years old that I graduated from University of Tehran in the business administration subject. And then I entered the world of business. During all these years I have only been involved in export. I am still active in export. If I consider myself a successful businessman, *I owe it to knowing the economy of my country well and also knowing more or less about the international economy.*

Three principles that shaped Asgaroladi's business life

Ali:

I remember that some years ago I read in a magazine article that you said in an interview that many years ago you read a famous sentence beneath the Empire States Skyscraper that you tried to implement it in you business life. Do you remember what it was? Can you recall it?

Asgar:

Yes that belongs to 50 years ago, during a trip to New York. Beneath the Empire State building there was a statue of David Rockefeller where this quotation was written on it. "I David Rockefeller owe all my success to following these three things: 1) I learned about new things before others did 2) I reached decisions before others did 3) And when I decided on doing something I did not hesitate.

*I have also tried to live by these three principles. It is very important in business to be informed. And because in the market there exists rivalry, it is important to be informed before your competitors to be able to organise your efforts. And when you reached decision on doing something, do no longer hesitate. Many people would say let us wait and see what happens tomorrow. I mean they wait. But I think this is wrong. You may lose, but it is better to lose than to be hesitant, because *hesitant people cannot plan their future properly.**

Do the principles also include business opportunity and market research?

Ali:

Do you think that these three principles you just mentioned also include business opportunity and market research?

Asgar:

Oh yes. It is principle number one: to learn about new things before others do, also includes learning about the business opportunities before others. It means knowing your product or service well enough. And this knowing could also be extended to knowing your market, customers, competitors, suppliers, your strengths and weaknesses and etc. that is a form of market research.

Ali:

I am extremely grateful Mr. Asgaroladi for your time and the interview.

Yahya Ale Eshagh
Chairman of Tehran's Chamber of Commerce
Former Iranian Commerce and Trade Minister
Former Acting Minister in the Ministry of Industry and Mining

Introduction, career, education

Ali:

Would you please introduce yourself and talk about your career and education background?

Yahya:

My name is Yahya Ale Eshagh. My working experience started before the Revolution where I worked as a worker, teacher, shop owner, technician, businessman and etc. I started to get involved in the business work first as a shop owner and then became a whole seller. But

mostly I was working at different schools teaching physics, English language, Sociology and for a short period I was also principle of the school.

After the Revolution I started to work at the Ministry of Commerce and Trade. This was due to my academic studies where I had a bachelor in business administration. During the time that Sadr was Minister of Commerce, I was appointed to be the head of Iran's textile industry. Later on I became Acting Minister of the Commerce and Trade Ministry. After that I went to the Ministry of Industry and Mining and became Acting Minister there. From there I was appointed to be the head of the procurement and logistics department of the Defence Ministry. From 1993-1997 I was Minister of Commerce and Trade. Then I became Deputy Chairman of Iran's Chamber of Commerce. Thereafter I became the Deputy of Mostazafan Foundation that is a huge economic organisation consisting of more than 400 production, industrial, mining, construction and commercial companies. 2008 I was elected to be the Chairman of Tehran's Chamber of Commerce.

After I worked for couple of years performing administrative duties, I started to fulfil my studies and took a Master's degree in Industrial Management, followed by a Ph.D. in Strategic Management.

Developing human resources for the future growth of the country

Ali:

As we talked before I would like to know your views on the biggest challenges and problems that entrepreneurs, especially technical entrepreneurs in Iran have.

Yahya:

There is no doubt that entrepreneurs must be supported. And the reason for it is simple. If we want to develop our country one of the most essential resources that we need to develop is the development of human resources. By that I mean skilled workforce. In today's world where the speed of the development of science has reached the scale of minutes i.e. in every minute three scientific theories are rendered to the world, we in Iran have to be extremely vigilant not to be left behind. The innovations that are occurring now in the world are so radical the previous technologies become completely obsolete. For instance before the age of the mobile phone technology, there was a device called "pager". Nowadays this device and devices like these that existed couple of years ago just give you nostalgic feelings and are totally obsolete.

*In today's world it is near to impossible to live by the old technologies. These changes have also affected the business, economical and managerial systems. When it comes to the development of human resources, in these fields it is realised best by entrepreneurs and innovators. For the same reason that entrepreneurship is a new field of business study, it could be argued that when it comes to the development of human resources, entrepreneurs are the future businessmen and managers. Therefore if I country wants to gain prosperity not only in her economy but also in the technological field, she has to pay attention to the entrepreneurs. **In order to prolong the lifecycle of products and businesses, one has to pay attention to the R&D (I.e. research and development) sections. And by supporting entrepreneurs, it is not just the business, managerial and economic world that will benefit from it, but that would pave the way for the development of innovative technologies too.***

Biggest problem of technical entrepreneurs

Ali:

There are many entrepreneurs existing these days. What are the major problems they have, especially the technical entrepreneurs?

Yahya:

There is a fundamental problem. Usually those who are involved in research, and have devoted themselves to scientific activities and are engaged in inventive works, besides those who are researching in economic and business studies of course, they do not have the substance needed for commercialization thinking and work. They are in way not capable of viewing the issues through the business and economic prism. They are strangers even to the literature of it and also are not interested in learning it. I feel one comes from Mars and the other from Venus.

Commercializing a product, a specialized work that requires expertise

Ali:

Would you please elaborate on this?

Yahya:

I mean those who are engaged in research and scientific activities, their world consist of reading books and articles. Invent new technologies. Discover new horizons and etc. On the other hand commercializing a product is in itself a specialized work requiring expertise. Imagine that there is a new technology. So much work has to be done in order to produce products or offer services that people would pay money to get their hands on it. A certain level of need must be either created in people or make them to realize the need to buy the product. If the feeling of need is absent, then no matter how good and well developed the product is, because it is not addressing to any need, then it becomes like a good scientific article. Although the article has all the characteristics that a scientific paper needs to possess, but it will just occupy space on the bookshelf of a library without being useful to anyone. This is due to the fact it is not answering to any need. What is of significance is how to make a commercial product out of new technologies and inventions.

Innovation; a bird with two wings

Innovation is like a bird with two wings attached to it. One of the wings is the people who make the inventions and master the new technology. Those who know the market resemble the other wing of this bird. They know what is demanded for in the market. They know the customers, the suppliers, and the business literature. These people also know how to communicate and present the products to potential customers. And most important of all they must be able to communicate with the other wing, i.e. the inventors.

Ali:

An entrepreneur who has an idea about producing a product that applies a new technology, what are the major problems that this person may face during the innovation process, that includes both the realization of the idea into a product and commercialization of it?⁸⁹

A middleman must be present to interpret the language of the two parties involved in innovation

Yahya:

The person must understand that he does not have the expertise to do this alone. Only mastering the technology of a new invention will not automatically guaranty the success of the innovation. Commercialization work is also a specialised job and requires people who possess expertise in that field. The technical entrepreneur needs to understand that commercialization is also a scientific domain. To me the biggest problem is that these two groups of people represented in our example as the two wings of a bird, they do not understand each other's language. There needs to be a middleman, an interpreter who knows the language of the both parties well and can bridge this gap between them.

In some places of the world, there are institutions that have this duty. They purchase the inventions and then commercialize them and also accept the risk that comes with it, something similar to "small business development centres" or "business incubators". Anyway it is a risky conduct. From 100 inventions maybe 10 of them become products that end up in the market, or maybe even less. The inventor usually cannot afford the risk financially.

*Some unions with the financial assistance and investment of companies, municipalities and other organisations establish venture companies in the form of insurance or guaranty funds, however with a higher level of expertise. Here the investors are aware about the risk involved in the projects. But on the hand if the project turns to be a success, then it will cover much of the financial losses. The customers may pay license fees, purchase the idea and all the rights attached to it, may merge with the company, may start a joint venture and etc. We in Iran also intend to establish a similar type of fund at the Chamber of Commerce. We even have done the preliminary work of it. But if I may return to your question, **an institution is required to play the role of the middleman here between the technicians and the market experts.***

Ali:

In some places of the world there are venture capitalists, business angels, super angels who could invest in the projects or provide the necessary resources for developing it further. But there could also be consulting groups that can provide advice to the inventors that want to conduct entrepreneurial work from the time the idea strikes the mind of the inventor to produce a product. What is your view on this?

Yahya:

I believe that the problem is bigger than to be solved by some consulting firms. There needs to be a wealthy, resourceful, knowledgeable in relation to both the invention and the commercialization, administrative institution that can overtake the job. If you are

⁸⁹ After Yahya showed expertise in the topic of discussion, I thought perhaps I could increase the precision and details of the questions.

considering that the inventor himself could bring all the needed parts together and succeed in commercialization of his product, I believe that the chances are very slim that he succeeds alone.

No one person could fulfil both tasks

It is also not possible the other way around. That a wealthy businessman goes and searches among the available technologies and finds one that he wants to invest in, that would also not be so promising. It means that it is near to impossible to find a person who knows about the inventions and at the same time knows the market well enough. This person should be able to forecast what will happen to the market in the future; A person who is also aware of the international political events, because all the markets get affected by the political events and the different markets are also intertwined and affect one another. And there are many other factors involved.

As I said in my example it is like a bird where two equal wings are attached to it. The wings alone cannot fly. They can also not be attached to each other. They must be attached to each other via the bird and this provides the bird the ability to fly.

A product should always address the need of the customer

Ali:

What about visiting an advisor before even producing the first prototype model? When the idea is still an idea?

Yahya:

Oh yes, in that case counsellors can provide advice, but you should not expect to receive a conclusive answer. It is better to approach the whole issue from a different angle. Consider the case where there is a need in the market, industry, etc. There is a need for a product that could fulfil a defined duty. It is possible to contact the universities, research parks, etc. and they try to find a solution to an already existing problem. It means the customer of the product is available. He has even made a prepayment in advance.

Universities could also inform for instance the industry about a breakthrough in achieving a technology that they believe could be helpful to the industry. Or even way before solving the problem, they could simply inform the industry that they want to research about for instance new methods for solidifying steel. And because the industry is in demand for new methods for solidifying steel, the university or that research centre may even be able to ask for funding the project. There is also no guaranty that the university would eventually succeed in that project. But the industry accepts and allocates the necessary funding. At many universities even the subjects for the students dissertations, particularly at the Ph.D. programmes are chosen in accordance with the projects that are asked the university to find a solution for or research about. Many universities cover part of their expenses in this way.

Once I read an article that the Philips Company spends billions of Dollars on buying inventions, particularly from universities.

Commercialization and product development should proceed simultaneously

Ali:

What about the case of an entrepreneur that the universities have not shown particular interest in cooperating with him in commercializing his product and the industry or other investors have also given him the cold shoulder? What ways are envisaged for him to proceed with his product?

Yahya:

He has a difficult task ahead. While he was considering developing a product, at the same time he must also devote time, energy, money and etc. to the commercialization of his product, so that at the end of the day, he would not be left with a product that there is no customer for. But as I said it would be a difficult job particularly if he does not possess the necessary expertise in commercialization.

Important to know that there are two distinct groups of people involved in innovation

What is important is knowing that there are two groups and they are of different substance. Group one is more the kind of inventive stereotype entrepreneur. Their joy lies in inventing and studying, conquering new horizons of science and so on and so forth. However, group two consists of the experienced business managers that are also skilled in presenting commodities in the market and selling them. Their joy unlike the other group is more in gaining profits, productivity and market capture and in a sense they understand the value of money. It would not be shocking odd that for instance group one selling their scientific achievements to group two under-priced. Usually for people in group one category their priority is not to extract as much as possible financial benefits out of an invention. The most important thing for them would be that they achieved making the invention itself. Even giant companies that were started in a garage like Apple and Microsoft; from the beginning there were two people involved in them, one being more responsible for the technical matters and the other one responsible for commercial issues.⁹⁰

I would provide you with a personal example in this regard. During the time I was working at the Procurement Department of the Defence Ministry, Iran was in the middle of war with the neighbouring country Iraq. They informed me that the Defence Industry is in need of 20 CNC lathe machines. At that time the price for each of these machines was USD 2 million. They wanted to spend USD 40 million at a time when the budget was fully stretched thin due to the economic hardship that usually follows with the wartime conditions. Because the decision lay with me, it was important for me to make sure that the money would not be wasted. After they insisted on having the machines, I purchased one of them. However I was following the fate of the device. We had a factory where they made small armaments there. The machine was sent there.

After a while I visited the place where the machine was installed. I saw that in a big hall with around 800 lathe machines that were purchased at an earlier time and were of older versions than this new machine and a thick layer of dust had covered them, they had placed the new CNC machine there. This CNC lathe machine was so sensitive against dust that they were supposed to place it at an isolated room. I saw that a young boy is also working with it. I

⁹⁰ My guess is that dr. Ale Eshagh was referring to Steve Jobs and Steve Wozniak of Apple and Bill Gates and Paul Allen of Microsoft.

asked him: “Are you the operator of this device?” He replied: “Yes”. I asked him: “What are you doing with this device?” He said: “I cut components with it.” I asked him: “What is your education?” He said: “I have finished vocational secondary school.” I asked him: “Do you know how to operate this sophisticated machine?” He replied: “Oh yes, I have passed a course in how to write computer programmes on this machine.” Then I asked him: “What are these metals that you are cutting with this machine?” He said: “It is the barrel of these small arms.” I asked: “Could you not cut this component with the other machines in this hall?” He said: “Oh yes. You could easily cut it with the other machines too.” Then I asked: “What is the difference between this machine and the other 800 lathe machines here?” He said: “The machine itself looks more sophisticated, and I think it cuts more precise than the other machines.”

After this conversation, I became assured that I do not need to purchase any other unit from this machine. I came to the office of that factory and said in the meeting that we had there that: “I oppose purchasing another unit of this machine.” I said that: “You could easily use the other 800 lathe machines and the outcome will be the same.” One day the chief engineer at that plant visited my office and belligerently asked me: “Why are you opposing the move? We desperately need those CNC machines.” I told him that: “I have paid a visit to your factory and observed first hand that 800 other lathe machines are available and nobody bothers himself to use them.” He brought a 15 x 20cm piece of metal out of his handbag and said: Look at this! The thickness of this metal is only 5mm and it enabled me to move 2mm forward, then I turned left and moved 1cm to left ...” and so on and so forth. He was showing me that he had curved a pattern in that scrap piece of metal. He asked me: Do you see what a wonderful and eye-catching tool I managed to cut with this machine? It is near to impossible to cut this with those other 800 lathe machines that you are constantly referring to. If you were not a stranger to the capabilities of this machine, you would sign the purchase forms immediately.”

I took that piece of metal that there were way too many holes on it from him and asked him: “How much is this component worth?” ***It seemed that he did not comprehend my question.*** I asked him again that: ***“If you wanted to buy this from the market, how much were you supposed to pay?”*** He said: ***“I do not understand your question”. And it is exactly here where the problem lies. He, a technician is telling me, a business manager that he does not comprehend my question that how much is this device worth in the market.***

I also replied to him that: “I also do not understand your argument that this machine could move 2mm forward and 8 mm to the left and etc.” I told him that: “since we both do not understand each other’s language, we need an interpreter who knows both of our languages.” I told him that my argument is that: “considering how important your job is with this machine. How many of these or similar type of these sophisticated tools do you produce each year?” He said: “It depends. It alters”. I asked him: “Until now that you did not produce this by yourself, what were you doing?” He said: “We ordered it from the companies who have this machine and they produced it for us”. I asked him: “how much money did you spend annually on those orders?” He said: “about USD 50,000. Then I said: “because of the need for components worth only USD 50,000 you want me to spend USD 40 million And I am sure that their fate would also be no different than the other 800 lathe machines you already have?”

This is the difference between these two groups of people. Each group extracts different meaning from the phrase “how much is it worth”. Group one does not have a clear understanding of the market, of purchasing and selling. That chief engineer was somehow

worshipping the CNC machine. He did not understand that why I do not share the same sentiment. I also did not understand him.

Oftentimes the product of an entrepreneur becomes like his child

Ali:

The thing that oftentimes happens with entrepreneurs is that they relate to their product the way others relate to their child. It is as if they have given birth to the product.

Yahya:

Yes exactly. *They love their products. In a way the product has become part of his being as he has created it.*

Ali:

For the same reason throwing it away would be extremely difficult for him.

Yahya:

He (the chief engineer of that plant) was saying in a way that you are out of your mind that you do not understand the value of this machine. He thinks I am insane. And I think exactly the same about him.

Ali:⁹¹

When a woman is at the early stages of her pregnancy. And her physician finds a critical health problem with the embryo, and suggests abortion. It would be easier for the family to deal with the sorrow of the loss of that child compared to the scenario when the child is born with a critical health problem and then dies as a result of it. This is practised now in medicine. Now my question to you is that what about in business and economic world. Is it possible to determine the fate of a future product or service while it is still an idea? Or with other words is it possible to use the established methodologies of market research and other methods available to distinguish between business ideas and business opportunities? If this would become applicable, then it is possible to save an enormous amount of time, money, emotions and other resources on the entrepreneurs' side and also for the society at large.

Yahya:

I would give a definitive negative answer to your question. The business science has not reached this level of maturity yet. Determining whether a business idea is worth developing it or not requires a knowledge base that is not available in the world yet. I would still go for the idea of the middleman who understands the language of the two parties involved in innovation.

The position of Iran in the world regarding successful innovation

⁹¹ Although I was pretty convinced with the answer Finn Kristian Aamodt had given to this question, but I also wanted to know the view of dr. Ale Eshagh on this.

Ali:

Now we are approaching the end of the interview. As the final question I would like to ask where is the position of Iran compared to other countries when it comes to successful innovations?

Yahya:

We are at the beginning of the road. However, some years ago it was stated in the strategic policies of the country that commercialization of the inventions must be prioritized over devoting all the efforts solely to invention. At the Government there is even the newly established Department of Technology and Innovation. Even the Parliament has approved its budget. Governments' in the past couple of years have all spent heavily to promote innovation and support innovators and entrepreneurs. The universities, research parks and many other institutions have also joined forces to breathe the spirit of entrepreneurship and innovation throughout the country.

Even the organisations that I suggested should be in place to overtake the role of a middleman and accept the risk for commercialization are slowly taking shape in Iran.

Concerning entrepreneurship in Iran, one problem is educating entrepreneurs about the difficulty of the road to a successful innovation. The other problem is informing them about all the services and assistance that is available to them. However, as I said we in Iran are on the right track and I am optimistic that things would improve by the passage of time. But we have a long journey ahead of us.

Ali:

I sincerely thank you dr. Ale Eshagh for your time and the interview.

**Amir Tabrizi,
An industrial engineer graduate
Serial Entrepreneur**

**What did he not know about entrepreneurship?
What did he wish he had done differently?**

Introduction, career, education

Ali:

If possible please introduce yourself briefly and tell us about your education background.

Amir:

My name is Amir Tabrizi. I am 60 years of age and I graduated from the Sharif University⁹² in *industrial engineering subject*.

Working one year at car-designing section of Gostaresh Organisation

As my first job in the industry, I spent 1 year at Gostaresh Organisation, at their car-design section. One of the controversial projects that we undertook was designing industrial moulds for producing the car trunks and body. I was working there as an expert for the projects relating to the design of car chassis.

Working for 6 months at Iran-Kaveh Industrial Group

After that I went to Iran-Kaveh firm and became the head of planning and programming section of that firm. At Iran-Kaveh we were assembling the Swedish Volvo trucks and trailer vehicles. Later I became in charge of the assembly line at that firm. Then I worked for Rokhsar Company that was a subcontractor of Iran's Defence Industry Organisation. It consisted of 16 workshops. I remember that the head of Iran's Defence Industry, Akbar Torkan said during a visit to our Company that we want to turn this place into Fritz Werner⁹³ of Iran. I would say the Company's design of production and assembly lines was truly brilliant. I spent only 6 months at that Rokhsar Company. During this time we reverse engineered 3 types of small armaments and there was a foundry project that was unfinished. I was part of the team that successfully completed that project. The project was about foundry of small components that had to be done in moulds covered with a layer of ceramic. I consider the 6 months period I spent at that Company as an intensive university course.

In a way during that period I realized the true meaning of industry. At the university, the industry is just an intangible term for students. I also disliked our university (i.e. Sharif University) during the time I was studying there. This was due to the environment at our university that despite being the best technical university of Iran, but it was highly politicised. I hate politics and never wanted to get involved in politics. This resulted in not studying with

⁹² The highest-ranking university for engineering subjects in Iran and also Iran's hardest university to be admitted at.

⁹³ A German specialized factory involved in designing and manufacturing machinery for producing weaponry.

joy at Sharif University. Therefore my first university where I could devote all my time and efforts to engineering work away from political issues was first the Gostaresh Organisation and then Iran-Kaveh Company and after that Rokhsar Company.

Working for five years at the Research Centre of Defence Industry

After this period I went and started working for five years at the Research Centre of the Defence Industry. There I became heavily involved with the materials science and established manufacturing processes concerning polymer, composite, and metallurgy. We hired technicians, built workshops, purchased raw materials and similar activities. We even established a jury for them.

The role of the jury at that Research Centre

Ali:

What was the role of that jury?

Amir:

The jury's main task was to assist the kids⁹⁴ not to deviate from the defined research paths. The kids were generally engineers that did not know how to conduct research, in a way we were not familiar with research methods. We just came together in order to do something for the state during the days of her adversity due to the War⁹⁵. The kids were working hard and the Governments at the time also supported us. But in order to make our efforts organised, the jury was observing our projects and helping us to identify and choose the best research methods. The jury consisted mostly of university professors and there were also some skilled experts there.

Ali:

What do you mean that the jury was assisting you to choose the best research methods? Did that apply to identifying which idea has the potential to be developed into a product and which should be aborted?

Amir:

No. *We were normally not conducting any research to produce new products. Most of our activities had the form of reverse engineering. Seldom we built a product from scratch. Usually we built locally products containing technologies that were made in other places of the world. We were building all the components of the product locally. To insure that any of the components will not malfunction, the jury also tested the components we built. They also assisted us to choosing the best method concerning the reverse engineering.*

The main work of an industrial engineer

During these five years, I who studied industrial engineering at university also learned a lot about materials science engineering. However, I was considering ways to implement quality

⁹⁴ In Iran when you feel very close to your co-workers or team members, you refer to them as "kids".

⁹⁵ It refers to the Iran-Iraq war, which lasted for 8 years (1980-1988).

*control, evaluate its efficiency, and how to increase the production rate all in relation to the materials science engineering, because these are the work of an industrial engineer. An industrial engineer's work consists of planning the production, quality control and generally controlling the production. This was due to the fact that industrial engineering is an amalgam of different engineering sciences plus management studies.*⁹⁶

Industrial manager

Ali:

*You said that your job in most of the places you worked were **managerial duties**. The subject you studied also contains many management, business and economics courses. Could you give your own account on who is an **industrial manager**?*

Amir:

In my view a manager should be someone who knows just enough of the technical aspects of the sub branches he is managing. If his information becomes too technical and detailed, he will drown in it. Therefore he must be an ocean of information with the depth of 1cm. I believe that he should also have information about the managerial techniques and economical aspects. That would make it easier for him to take decisions.

The most popular branch of engineering in Japan

At the time I was student, industrial engineering was a subject of study in our country. It may sound interesting for you perhaps that once a Japanese technician visited our Research Centre in order to install an electron microscope. That was the first microscope of its kind at our Centre. Even somebody had come from a farming and agriculture university in Karaj city⁹⁷ to take some pictures from the lunges of a fly. And he was telling us that the lung of a fly could recognise sweetness from a distance of up to 20km.

Ali:

You were telling something about a Japanese technician...

Amir:

Oh yes. I asked from that Japanese technician that: "*which branch of engineering is more popular in Japan among the students?*" He thought for a while and then replied: "*industrial engineering*". He said: "*We do not have just one type of industrial engineering branch in Japan. We have an industrial engineer for the automotive industry, one for textile industry, one for petrochemical industry, telecommunications, electronics, civil engineering and some other industries; each educating their own industrial engineers. Each of these branches has different production control systems, supply control systems, quality control systems, and etc. Therefore, only one person cannot become an expert in all these different branches of engineering work.*"

⁹⁶ During the time I was studying industrial engineering our curriculum consisted of many courses within economics, management and even accounting subjects.

⁹⁷ A small city in the vicinity of Tehran

Industrial engineers function as interpreters between different branches of engineering

Then I understood an important point because some time before this conversation took place I had heard that in the States also industrial engineering is more popular than other branches of engineering. At the time of my conversation with that Japanese engineer, it did not become exactly clear to me the reason for this attitude towards industrial engineering. But afterwards when I thought about it, then I discovered an interesting point.

Ali:

And what was that interesting point if I may ask you?

Amir:

The reason that industrial engineering is so popular and favoured is due to the fact that generally speaking different branches of engineering do not understand the language of one another.⁹⁸ They need someone to coordinate between them. As an example when some people are involved in the electrical, some in the mechanical, some in the metallurgical, others in the ceramics, or other branches of the technological and engineering aspect of a project, there must be someone who can understand from each and every of these branches and at the same time could also coordinate these people with one another for achieving the desired goal. Only an industrial engineer could achieve this difficult task. He knows just enough from different branches of these technical sciences that he understands for instance the message a technician of branch X is trying to convey to him. On the other hand industrial engineers are also studying about economics, business and management. Therefore the best top managers of different industries could be found among those who are industrial engineering graduates. Industrial engineers take 3,4,5 and sometimes 6 credit courses from different faculties at the technical universities. This is with the sole purpose of taking a glimpse of the important issues the subject is covering.

Projects at the Research Centre of the Defence Industry

This background had a direct effect on me who was appointed as the head of the Research Centre of the Materials Science at the Defence Industry Complex. At first we did not start with a centre or anything of that size. It all started with a project involving “filament winding” technology that is used in composite components. They build different sizes and shapes of pipes and tankers using this method. This is an irreplaceable, valuable technology that I was in charge for launching it in Iran. But this did not develop over the night. It was developed gradually. Other branches of engineering also gradually entered its production like polymer, chemistry, mechanics, metallurgy, and ceramics. Even advanced types of composites entered it. It was this product that helped us to establish the Centre. Here at this Centre I did not understand all the detailed research that these kids were performing. *I just realized that what they need is a type of guidance and care with regard to research methodology, facilitating the acquiring of resources that they needed in terms of equipment, professional help from universities, and responding to other needs they had. But most importantly my job was managing and coordinating between all the different segments involved in this project.*

⁹⁸ Dr. Ale Eshagh was also yearning to find someone who can interpret the language of the inventors and technicians to managers and vice versa.

Ali:

When you say: “they needed guidance and care” what kind of guidance did you provide to them?

Amir:

At the university the research generally starts so that a supervisor provides the student with a topic. The student then goes and researches around the topic and identifies all the possible different aspects that the topic has and then comes and checks with his supervisor that I think the project starts from here and ends at this point. The supervisor then based on the capacity of the student, time, budget and other types of restraints marks the part, which the student needs to conduct research about. This happens at the university. The supervisor could even give the same project to other students too. Or he can divide the project into chunks so that for instance one student takes the responsibility for the initial part and another student starts his research from somewhere towards the end of the project. This happens because the supervisor has an overview of the whole project. Although the student may delve into many detailed practicalities of the project, but still the supervisor knows this inside out. The research question that is designated by a supervisor is different than the situation where the student by himself defines a research question.

We did not have this part of the guidance and supervision at our Centre. When a supervisor does not define a project, then the student may wonder around for a long time before he finds out the right way to proceed. *At the university the road is a known and routinely practiced one, although the projects contain a degree of novelty and are unique to an extent.*⁹⁹ The supervisor constantly receives projects from the industry. He knows how to divide the projects between the students. He knows both the extent of the projects and the capabilities of the students. *A supervisor manages the projects and the students. At our Centre I tried to perform the role of a supervisor. So this is what I meant by “guidance ” and “care”.*

Ali:

Did all of these projects have the form of reverse engineering?

Amir:

Yes, somehow all of them were projects that could be considered as reverse engineering. But there were also cases where we wanted to build something from scratch or learning about a new technology. But usually it was so that some components were presented to us and we were told to build them. The kids studied the components. Tried to identify the substance used in them, especially the quality of the substances. They tried to figure out the production methods related to them and other technicalities in order to produce that component.

Ali:

⁹⁹ At that Centre they conducted entrepreneurial work. As the title of my thesis also suggests that the work of an entrepreneur is an ad-hoc one compared to the work of a business manager. *By receiving help from a business manager that in this interview Amir reflects on the work of a supervisor, similar to his own job at that Centre, the entrepreneurial work i.e. the work of students in Amir’s example could get a more routine and known form.*

Were the projects given to you?¹⁰⁰

Amir:

Oh yes they were given to us but not by someone who himself knows about the research method applicable for the production of that particular component we were told to produce. We were usually presented with a black box and we had to decode it and define a roadmap for its production.

Ali:

To what extent were you successful in your efforts to reverse engineer the components?

Amir:

Honestly said, not much. We were just adding to our own knowledge.

Ali:

If the outcome was so low, why was your Centre active? I mean what was the benefit of having your Centre up and running if the outcome was close to zero?

Amir:

Because at that time nobody knew that it would end up as a failure. Nobody has ever since said that what you did was wrong. To me that place became like a university for people like me to understand what standard means. To understand what research method, even working with tools, planning an engineering projects mean. Those who were with us and learned these things were spread throughout the industry and became a source of inspiration to many. I personally have no doubt that the Centre was a useful place. However, it was not so useful for the Defence Industry, rather it was useful for us. (Laughing)

I was there for only 5 years. Our Centre was a purely research based centre. Some of our products were later on produced, but not at our plant. We were only in the beginning of the road. We did not see much of the result of our efforts. This is due to the nature of research activity. It is a time consuming effort. But one thing I am certain about. Although our activities did not bear result in the short run, however, *the kids at our Centre were turned into people who would dare to take a component in their hand, no matter how complicated that would be, and via some tests find out about the building substance of the component and even design it and perhaps at a later stage produce it. These people later on joined our industry and became a source of inspiration for many engineers to follow suit.*

Engineers working for the defence industry vs. engineers working in the civilian industry

But one focal issue was neglect by us. As I explained we worked for the Defence Industry. On the other hand there were also engineers who were active in the civilian industry. I met them regularly during the meetings we had with them and at other occasions. ***Generally they were***

¹⁰⁰ I asked this question because ***for entrepreneurs coming to the knowledge of what to produce is a huge challenge in itself.***

not skilful engineers. I blame it on our education system. For me it was also similar. We mostly learned about theoretical aspects of the subjects. The universities were not closely cooperating with the industry. ***However, because these engineers were working for civilian factories, they mastered the commercial aspect of innovation work.***

Usually they were not performing any inventive activity. All they needed was imported from abroad. Therefore they did not gain the spirit of engineering activity from their work. However, due to the nature of business activity, they had to learn how to manage the factories, companies or the business they were involved to first of all make sure that the business will survive and then try to turn it into a prosperous business. I may resume it in one sentence: Those who were working for the civilian industries, they learned how to run companies from an economical point of view, despite the fact that they were not adding much to their engineering skills. It would be also not logical to expect them to get involved much in the engineering active since the whole production line, from A to Z of it was imported from abroad. At most their engineering activity was limited to repair the machineries at their factories. This meant no invention what so ever.

Those engineers at the civilian sectors, they learned about profitability of a business. They learned the methods about running a company. However, the kids at our Centre or the Defence Industry in general I could say, their customer, investment i.e. financial resources, were all ready for them. To them profitability, market competition, inflation, and similar things were meaningless. Those who came from the Defence Industry, they were skilful engineer but somehow without a shepherd. Their attitude was that we are able to build whatever is demanded, but tell us about the market needs. These engineers did not know the market. This was due to the fact that at the Defence Industry the last thing somebody would worry about was profitability. There the most quintessential goal was to produce the demanded product.

They did not have any idea about business rivals and competitors. If anybody had the capacity to do something, there were many projects available for him. So competition in the way that the winner takes it all did not make much sense. The typical mindset of the personnel there was that whenever we produce something, the market i.e. the Defence Industry will take it immediately. They did not know the meaning of a balance sheet. For this reason after the War ended, they undertook heavy engineering projects that were not profitable. This was due to the reason that I Iran the Defence Industry is being run by the Government.

Ali:

Would you please explain what you mean by “heavy engineering projects that were not profitable”?

Amir:

Generally profitability is in a direct correlation with repeatability. One has to improve the quality of his product, diversify it a bit and render it again to the market and repeat this as often as possible. However, the engineers at the Defence Industry their only talent was how to reproduce a component by using the reverse engineering techniques in the laboratory. This person could identify the substance that the given component consists of. He did not have any idea about the market and market expansion. Even he did not have the look of a salesperson.

He looks like a scientist who has toiled and suffered in the libraries or laboratories. A good marketer is professional in speech and a good presenter wearing fine clothing. He is good in analysing the psychology of the customer. He is skilled in socializing. On the other hand our engineers at the Centre did not have any of these traits.

This created a problem. There were engineers who knew the economical aspect of the work but not the engineering side of it and there were skilful engineers without any knowledge regarding the economical aspect of projects. And when I talk about the engineers at the Defence Industry, I am talking about a huge figure of engineers and technicians that after the War ended in 1988 lost their jobs and were ready to enter the civilian industry. By telling you all this information, I am preparing the ground to talk about my own case.

(First break in the interview)

Ali:

If you agree with me, before starting to talk about your case, we can take a short break)

Amir:

Yes, It is ok.

Amir's entrepreneurial experience

Amir:

I also belonged to the group of engineers who came from the Defence Industry. I without having any experienced regarding the economical administration of a company and without resorting to rent seeking activities, I came and said: “whoever is struggling to produce any component, shall leave the job to me and I will produce it”. I suffered immensely and also worked hard, but after many years realised that I walked on the wrong path. This happened after I became completely weary.

Ali:

Could you please talk about the rest of the story from the time you announced that you are capable of producing whatever component, which is in demand?

Amir:

The first project that was offered to me¹⁰¹ was about polymer. And this was also due to a co-worker we had at our company with a Ph.D. in in polymer. We were offered a project to make a type of rubber with high resistance against friction. This was for the textile industry. The problem with the rubber we produced according to the feedback received from our customers was that the quality of this rubber is so good that it has almost 100% resistance against friction and if we sell this type of rubber, then no one needs to replace it. And we will be out of business.

Rubber ribbon for dams

¹⁰¹ The terminology is interesting. He says: “the first project that was offered to me” instead of the first project I chose and picked.

The next project I did was building a special type of rubber ribbon to watertight the floodgates of dams. That was a special technology and until now the only company that is involved in producing it is the company¹⁰² I started. This company is building this type of watertight rubber ribbon floodgate for nearly all the dams in Iran. If you want I could explain the different technological aspects of this product for you, so that you understand what for a sophisticated technology it is.

Ali:

The detailed technological account of the projects is not the interest of this interview. But how was the project businesswise?

Amir:

Until the time I worked at that company, and I was the CEO of that firm, it was extremely difficult for us to sell our product. I blame myself as the main reason for this difficulty in the business.

Ali:

And why was that?

Amir:

As I told you I was emotionally and mentally not prepared to work at a business based working environment. I have never been a good salesperson in my life. Therefore we always faced extreme difficulty in selling of our product. However, after I left my job at that company the kids knew how to deal with the salesmen of other firms and the company became extremely profitable, which was as a direct result of selling more of their product.

Ali:

And the company still exists and is producing the same product?

Amir:

Yes the company still exists and is the sole producer of that ribbon rubber. ***However, at the time I was working at that company we were very innovative but after I left until this day they have not performed a single innovation.*** For instance at the time I was the CEO, we managed to attach Teflon to rubber. As you know Teflon does not attach to anything due to its molecular structure. At the Teflon pots for example, the layer of Teflon is not attached to the pot; it has just sunk in the curves of its surface layer. We managed to attach Teflon to rubber to the extent that Teflon and rubber each tore apart, but the attachment of Teflon to rubber still remained intact. It was due to the system we applied to create bounds of free molecules and then used a special glue to glue that subs straight.¹⁰³ This method is called “etching”.

¹⁰² I felt that he does not want to disclose the name of the company. Perhaps because the company still exists. I also did not ask him about it.

¹⁰³ The possibility is high that I made a mistake in translation of these technicality aspects of their work.

Ali:

Why could you not sell the products of that company? Where did the problem lay?

Amir:

The problem was that as I told you I was not a marketer. I was even not after performing business activities. I had on my agenda to retrieve the Iranian national pride through engineering work. To me all the other type of activity looked as deviation from our main objective. I did not know that if a project is generating USD 100, then we have to allow this amount to be divided between people who their job seemed at the time unnecessary to me. Some of the money should be spent on for instance repairing the production line, office work, advertisement, conferences, exhibitions and etc. And then if there was something left, which would be not a considerable amount, that should be spend on innovating the product. For someone who worked at the Defence Industry during the time his country is at war with a powerful country like Iraq, advertisement would be the last item on his agenda.

Advertisement and similar activities are a necessary part of the business model

Ali:

Could you provide further explanation on the advertisement point you just raised?

Amir:

In the whole world it functions in this way that the companies spend about 20-25% of their income on advertisement. This shows that preparing the mind of the potential customer could be worth 25% of the income of a firm. This is while the production cost does rarely exceed 25% of the income. This means that while you are working on improving the quality of your product, you should also work equally hard or even more to prepare the mind of your potential customers that they need your product. If a product is being used worldwide does not necessary mean that the product is an essential product to have. One meaning associated with it could be that people are being brought to the point where they consider it to be essential in their lives. This is because people are under constant pressure from advertisements. There is no escape from advertisement in the modern societies.

In the Defence Industry our minds were not affected by the advertisements about military hardware. In the modern societies it is possible to create false feeling of need among people through advertisement. And sometimes the advertisers create a latent avalanche effect. By resorting to these methods they expand their markets. There involves also sometimes high level of corruption.

My mindset was so that I will spend all the money that is for advertisement on improving the quality of my product. By doing so there will be no need to create a false sense of need. Customer will rush to purchase my goods due to the sense of genuine need, not one that I created but a sense of need that is inherent and I just responded to it with my product.

I was a stranger to the concepts of rivalry and competition in the business

Another important problem I had was being stranger to the concepts of rivalry and competition in the market. By saying that I was a stranger to these concepts, I do not want to convey that I was totally ignorant about them, but at least they were not tangible concepts to

me. I did not know that by producing locally a product that was imported before from abroad, although that would possibly be a good deed for Iran, but at the same time I am creating hostility among those predominantly Iranians who were involved in and benefited from importing this product from overseas. The company whom they purchased these products from and imported them would also not be at ease with my move of locally producing a product.

Production of paper phenol composite tubes

Anyway after the production of this rubber ribbon, I launched the production line of paper phenol composite tubes for Iran Transformer Company. One of the Board Members of them was telling me once that after you started to produce paper phenol composite tubes in Iran, Europe's leading producer of it, Company X¹⁰⁴ brought the price of their commodity to half the price they were selling us before. This happened while I produced this with a machine with the dimensions of 60 x 40cm and the produced good had the shape and size of cigarette.

I started using it as a cap to discharge the electrical arc of the cut-out fuses. The inner layer of this cap was covered with a layer of vulcanize fibre. Nobody in Iran had even heard until that time the name of vulcanize fibre. I went and identified it and collected as much information about it as I possibly could. This happened during one of my trips to Japan to learn about the technology of electrical discharger. While I was there, I also found the company that produced vulcanized fibre. I visited their factory and asked them questions about the production of it. After I collected enough information in this regard, I came back to my own laboratory in Iran and started implementing all the things I had learned. The kids at my laboratory had worked so much with ZnCl₂ that they became allergic to this chemical. ***All this happened during the time I was working as an entrepreneur running my own company in the private sector. Now you could possibly imagine after I just sensed that there may exist a market for the discharge electric caps in Iran I went and conducted this much research and spend so much time, energy and money on this project.***¹⁰⁵

Ali:

In order not to deviate much from the main topic of the interview, would you please continue your talks concerning ***things you did wrong or would like to have done differently?***

Amir:

When I was working on the rubber ribbon project to watertight the floodgates of dams, I was introduced to the concept of producing the paper phenolic composite tubes. *One of the reasons or maybe the prime reason I left the rubber ribbon production company was actually to have more time to work on this project.*

Ali:

How did you learn about this paper phenolic composite tube?

Amir:

¹⁰⁴ I am not authorised to reveal their identity.

¹⁰⁵ I think he wants to imply the importance of knowing about a good ***business idea***.

I was having a meeting with the staff of the Energy Ministry, I learned that there is tube that is being totally imported from overseas, but there is the wish that Iran could save huge amounts of money if someone can produce this tube locally.

Ali:

Did the Energy Ministry assured you that they will purchase it from you if you produce it locally in Iran?

Amir:

Yes they said that there is already someone who is producing the cut out fuse locally, but he is importing the discharge electric cap of it from abroad. That is why I started conducting research to gain knowledge about this device aiming at producing it one day.

Ali:

Has there been signed any contract between you and the Energy Ministry on the purchase of this product after you managed to produce it?

Amir:

No. There was no contract signed between us. However, they told me if you come close to producing it, then we will sign a contract with you.

I could not find good business ideas

Ali:

How promising did that sound to you that they would eventually ink a contract with you?

Amir:

I have always been very optimistic in my life. On the other hand there was also no other option envisaged at that time. I did not know any other way to conduct business.¹⁰⁶

Ali:

Could you please explain what do you mean by “you did not know any other way to conduct business”?

Amir:

I did not know about marketing. When somebody was suggesting me to produce product X and then after I will sign a contract with you, I would accept it. I would even become very thankful to the person for offering me a project.

¹⁰⁶ To me the interview with Amir sounded like the times I tried to interview Sølve but failed. My impression from the characteristics of Amir and Sølve was individuals who solely their minds, interests and devotions are for the technical aspects of the products.

The idea had also to present some technical challenge

However, the product had also to present a technical challenge to me. I never liked to produce something that everybody else was able to produce it. That attitude was due to the Iranian pride I carried with myself whole my life.

Ali:

To what degree did they earn your trust?

The nature of the problems Amir experienced regarding his products

Amir:

Yes, they were people that I could trust them.¹⁰⁷ They were CEOs of companies. They were decision makers of the country's industry. How could I not trust them? They were not people who would lie. *My problems were of a different nature. Sometimes the produced items by me did not have the same quality as their foreign counterpart had. They were not 100% responding to the needs designated to them. Sometimes the items had to receive international known certificates and go under the quality control and be approved by the big players in the international market. These requirements were not only time consuming, they also came with high price tags which I most of the time could not afford.*

Usually when I achieved 90-95% success in producing the product, I announced that I finished the development and am ready to produce. And when I was presenting my product, representatives of the foreign companies who were our rivals also were at the meetings and they were trying to puzzle me with difficult questions concerning the product. They were instigating the customer that the product I produced does not have the required quality. Usually those officials from the Energy Ministry or the Iranian National Oil Company (i.e. NIOC) accepted their view and purchased from them. Their argument was also that until now we were purchasing the product with these specifications. You are also supposed to reach that standard if you want us to buy from you.

Now you can imagine that I have invested and spent so heavily on a product and then I receive a cold shoulder from NIOC. And whenever my companies asked for some financial assistance and contribution to my project, it was outright rejected. Actually it was the law that had tightened their hands from assisting me and therefore they always turned my requests down. However, part of it was also due to the corruption existing in our economic system.

Amir envies companies who were solely involved in trade

Without exaggeration I localised the know-how of 10-15 complicated technologies in Iran that with today's market prices, each would be worth at least USD 1-2 million. I usually achieved 90-95% success but the potential customers were not standing up in my support. As a result for not supporting me, I also became exhausted and gave up on projects. It was quite depressing for me when I look back at all the frustration I faced throughout these years. *In the meantime I saw other companies that enjoyed a glamorous and elegant lifestyle.*¹⁰⁸ *They*

¹⁰⁷ Those who have studied entrepreneurs' traits found them to be generally optimistic.

¹⁰⁸ *This assertion shows that he also admires glamorous and elegant things. If you put it next to the national pride he talked about on several occasions as the prime motivation factor for his works, the conclusion could be that he did not consider commercialization and business work at that time to be similarly glamorous and heroic as the invention itself.*

purchased goods from one party and sold it to another. Money was floating throughout their organisation. They had multiple customers lined up for their products and they were choosing to whom they would sell. On the other hand things looked pretty bleak at my company. That was because my potential customer was solely one company and that company had also given me empty promises all the time. Sometimes I think that even that potential customer I had, even they did not take me seriously and maybe they were laughing at me on my back.

Ali:

Why would your potential customers ridicule you?

Amir:

I felt so because they were much more successful than me. Maybe that was only my hallucination but that what was evident was our struggle for survival let alone prosperity and growth despite all our efforts. Once the Acting Minister of Iran's Industrial and Mining Ministry together with the Director General of Electricity Industry of Iran were visiting my company. On a desk I placed all the patents and the technical achievements and the projects I had fulfilled during my career as an entrepreneur. Unfortunately time constraints does not allow me to tell you about all the projects that I overtook since the time I left the Defence Industry and started to work as an entrepreneur. I worked on wind turbines and managed to produce important components of those turbines. I made many devices for the oil & gas industry. The Acting Minister was in a state of shock after he saw the number of projects that I had been involved in and the depth of the technologies that I mastered throughout these years. He asked me: "how could it be possible for one person to have this many technological achievements?"

However, I was never after economical success. To me money was never a priority. I looked down on people who tried to achieve business success by undertaking easy, not challenging technological projects. Later on I identified this trait among all those who once were my comrades at the Defence Industry. Those who were interested in engineering work and were skilful engineers. They too did not achieve especial success in the civilian sector. Although we never talked about it, but I could read their minds that they too desired to be rich individuals. However, at the crossroads of choosing technological work and earning money, they had chosen technology over personal wealth.

Ali:

What do you mean by: "they had chosen technology over personal wealth"?

Amir:

I mean they had gone after what was their priority in life. And their priority identical to mine was overcoming a difficult technical hurdle. I understood this a bit late that life is limited. There is nothing wrong with living as a honourable engineer. But one also has to pay attention to the fact that we have a restricted financial budget. We are limited by time constraints. And we also face other types of limitations. Therefore, it is not recommended to diversify the fields and products that we engage ourselves with. We cannot work in 10 different fields and branches of technology. Or at least I am on the opinion that it would not

be fruitful to be engaged in more than one or maximum some few branches of technology and products.

All the business cycle should be considered as part of the technological achievement

When you want to sell your product or service in an especial market or industry, your customers need to know you. They expect to have met you in their social gatherings, at exhibitions, or scientific conferences. This is necessary in order to gain their trust. Attendance among them functions like advertisement or is even better. One life is too short to be divided in for instance five different branches of technology. What happens when you try too many different types of technologies is that you start missing to attend these gatherings and as a result the customers will also not buy from you.

*Running a successful business should not only be limited to the technological advanced product or service you are offering. For instance it is positive that one has mastered the technology to etch Teflon to rubber, but that alone would not serve the purpose. **The team** that is supposed to run that firm and business is also important. It is important the way the firm is **financed**. What is her **business model**? **All the business cycle should also be considered as part of the technological achievement and thereby deserve the same attention and care to be devoted to it.***

What was your biggest mistake?

Ali:

Can you clarify more as what were the focal problems that affected your projects?

Amir:

I consider my biggest mistake to be delving too deep into too many different technologies, engineering projects and products. We missed focusing on whether the customer demand this amount of precision for instance that we are trying to achieve or we are just delivering it because we think it is something they should realize how important it is to have it on this product.¹⁰⁹ I was mostly engaged in research type of activity. I think someone who believes he is capable of producing complicated engineering products simply because he could gather few technicians around him and overcome the technological obstacles, this person is not suited well to be an entrepreneur because he cannot achieve success in innovation activities.

How Amir defines entrepreneurs

Ali:

How would you define an entrepreneur?

Amir:

¹⁰⁹ I believe that Fras also missed this point when they started to work on too many different products and delved so deep into the production of sample taking devices. Fras' DynaSamp has never been diffused in the market. But they developed the very advanced version of the DynaView based on the concept of DynaSamp.

*An entrepreneur is someone who does not only consider the production of a product, but he also understands the significant role commercialization plays with regard to the success of his business. He should know about how to administrate a business agency; someone who is a capable presenter; someone who knows that he is dealing not only with customers, but also with a great family of people and organisations that are part of the innovative activity. He should know the right way of dealing with them. En entrepreneur should have the objective of growing his business. There is a big difference between an entrepreneur and someone who is running a micro-sized firm **without having set the goal for himself that his business should also grow in size.** If I want to give an example to you of a successful entrepreneur, I can mention Kim Woo-Choong, who started Daewoo Company of South-Korea. He is also the author of “Every Street is Paved with Gold”.*

Ali:

But as far as I know Daewoo was declared bankrupt many years ago and he was also sentenced to prison. Why do you consider him as a successful entrepreneur?

Amir:

I am aware of this, but I consider him to be an entrepreneur due to his attitude towards business. He managed to emerge on the business scene of not only South Korea but he also captured a segment from the international markets. Unlike me he did not crawl into a narrow, dark corridor where he would get drowned there. He had a correct understanding of business cycle. To me he was an entrepreneur. A good business cycle would not be realized through the joining force of some technicians. There are many factors that must come together in order to achieve that goal.

I ought to have a long-term vision for my company and the product I was producing

*When I look back at my own career, I realize that **what was absent in me was a long-term vision for my company and the product I was producing.** I was supposed to stick to that rubber ribbon product and try to focus more on gaining commercial knowledge. I could develop its business model to the extent where I could also export it to international markets. I could develop the product further and find out about other usages for that product. Here I would like to emphasise that there is nothing wrong with developing your product further, but starting fresh with new projects is something I consider now to be risky and not recommendable.*

(Second break in the interview)

Ali:

I would like to pause the interview here and take break.

Amir:

Oh yes. That would be a good idea.

(After the break)

How did Amir finance his projects?

Ali:

The question I would like to ask is that according to what you said in this interview, thus far you have launched 10-15 projects that for each of them according to today's prices you have invested around USD 1-2 million. How did you earn this money to invest in these projects when according to you most of the time you fulfilled only 95% of the project and then you lost to the competitors.

Amir:

*There was no time that I was not bankrupt. I was always bankrupt because I have never been successful in my businesses. I generated wealth in actions that I did not play any important role in them, especially when it came to decision taking. For instance when I wanted to build my house¹¹⁰, I received out of the blue a contract to produce a device called "surge arrester" for high voltage electrical trances. At that time we were producing this device and selling it to the public sector at low quantities. Our customer placed a big order for this surge arrester. They profited well and so did we. After that lucrative deal for many years I continued to suffer economically. Now I blame it on my own poor decisions that after I earned a huge sum of money from producing surge arrester, I did not further develop it. **I thought that my factory is producing this device and she is generating profit, it is time for me to go and search for another profitable device to produce. Most of the time I emotionally divorced my company and my product and went and thought about the production of another commodity.***

Ali:

By saying that you went "in search for another profitable device to produce", does it mean that you were after the production of a completely different product than surge arrester?

Amir:

Yes, a completely new project. And multiple times in my life I acted similarly.

Receiving financial support

Ali:

Have you ever received loans from banks or other organisations?

Amir:

Just one time I received loan from *the Centre for Expansion of Entrepreneurial Work*. I defined a project concerning the production of *memorized polymer*, a type of polymer that retains its initial shape and form. Under this project I received USD 180,000 in form of loan. I was supposed to return USD 200,000 after 10 years. We had produced this polymer before. So I just needed the sum for expanding my production line.

¹¹⁰ A six-floor apartment in one of Tehran's most luxurious neighbourhoods.

Ali:

Did you want to expand your production line due to huge orders you received and the big market for this product? Or it had other reasons?

Amir:

Yes. The orders were beyond our capacity to cope with. We sold so well that our factory was running and producing this device also during the night shift. However, suddenly everything stopped after the new President of Iran sworn in, the telecommunication policies underwent total changes. Our biggest customers were the telecommunication and the cable production companies. They needed this type of polymer to use it as a watertight end cap or end closure cap for the telephone cables. It worked by freezing the molecules of that special type of polymer and then after heating them, they became stress relieved. By the stress relief action, the molecules are being arranged in their initial direction of the time before the freezing work.

I had spent more than ten years to master this technology and include to this also a huge sum of money. We had conducted research on this product. We did not import the knowhow from anywhere. We even produced the machinery and production equipment for it. But suddenly everything was seized.

Amir not being aware of the new wireless technology that would replace the old copper-cable technology

Ali:

Did you contact your customers and ask them for the reason of this act?

Amir:

Yes, they said that the new administration does not have the development of copper cables on her agenda. They said that they want to focus on the expansion of the fibre optic cables.

Ali:

What about the telephone cables that already existed? Did they not need to renew them?

Amir:

*No they told us that **the wireless technology** has become cheap and **has replaced the copper cable technology**. However, they cannot replace them 100% as for instance ADSL (i.e. Asymmetric Digital Subscriber Line) technology cannot use the wireless system and only copper cables could be used in this regard. After the production seized, returning the USD 200,000 loan we received became problematic. We sold all the machinery and equipment we designed by ourselves in my factory for the price not even one-tenth of their value.*

Ali:

Did you have a separate company for this product?

Amir:

Yes. We had a company also by the name “Memorized Polymer” especially established for this product. After we could not sell our product anymore, that Company was also dissolved and declared bankrupt. I have kept that Company and am working on another project there now.

Ali:

When did you launch the production of memorized polymer?

Amir:

It was around 2002.

Ali:

And by then you did not know about the wireless system and fibre optic cables entering the market and eventually they may replace the copper-cable technology?

Amir:

I started conducting research and learning about the memorized polymer about ten years before launching the production line of it. *I was only specialized in the field of polymer. At that time I was so focused on the different angles of this technology that I simply missed the point that I was also suppose to have an understanding about the other components of this product and the whole industry. As I told you, I did not know about the things, which were happening in the marketplace. My whole attention and focus was devoted on learning and mastering the technology. It was a complicated technology indeed.*

Ali:

How did you learn about memorized polymer at first?

Amir:

Somebody from the Energy Ministry suggested it to me about ten years before we started the production of it. We were involved in research activity on this technology for about ten years and then we launched production of it.

Ali:

Have you had any contract signed with your customer?

Amir:

Yes we had a contract. But because we did not have any legal department at our Company, the legal department of that telecommunication company orchestrated the contract. And also *because I was so delighted that we have a contract and we are also selling so much that we had to extend our production capacity, I did not pay enough attention to the legal details of the contract. In fact that telecommunication company sued us in the court and we were obliged to pay them back USD 20-30,000 they had paid us as prepayment.*

Ali:
Did you have only one customer?

Amir:
Yes. That Telecommunication Company was are sole customer.¹¹¹

Ali:
Did you search for new customers and new markets? Did you consider exporting your product and technology for example to other countries?

The quagmire of constantly starting new projects

Amir:
No because I was stick in a quagmire.

Ali:
What quagmire? What do you mean?

Amir:
I trapped and deceived myself that I should constantly start a new project when the current project cannot generate huge sums of money. This was a huge mistake. I blame this way of thinking on two factors; first on having the lust for building new things and the other factor was that we were fearful that what if the project we are involved in would not make us extremely rich. Therefore, we always had a plan B in store in form of a new project.

I could clarify my point with this example. For instance you see that Mr. X is a wealthy individual. You ask about his business, but he does not reply to you. Then after you investigate a lot, you find that the grandfather of this person was selling zippers in one of the traditional bazars of Iran. His father also continued selling zippers. He also continued that business and ***only five years ago he started producing zippers by purchasing a zipper-making machine.*** And I am talking about purchasing only one machine, not launching the the biggest zipper factory in the Middle East. You find that even his sons and daughters are all involved in the zipper business and they have not deviated from this business. And whatever diversification he has done in his products or his business were all related to zipper's business. As far as their knowledge is concerned, they do not know about any other technology beside the ones that are related to zipper's business.

Much of their knowledge is not technical. They know for instance the suppliers of the raw material for zippers. They know the markets for the zipper and their potential customers. They know the legal lows as far as the import tariffs and export of zipper is concerned i.e. with regard to toll. They know the zippers' business inside out. And they are heavily

¹¹¹ To me it seemed, as the mentality of Amir Tabrizi was the same as the time he worked for the Defence Industry, working on technologically advanced products that only have one customer.

guarding these trade secrets. And most importantly, they do not have huge expectations of themselves that they could change the world. They are aware of their limitations individually and the limited time human beings live in this world. Therefore, they stick to their business and do not change track all the time. But I did not have an understanding about these things before.

Market research or feasibility study before getting involved in production

Ali:

Before you started a new project, what kind of market research or feasibility study did you conduct about the commercial side of the project?

Amir:

We never conducted any research on the commercial aspect of the projects before production of it. By that I mean we were not conducting market research on the project before we produced the product or we came close to producing it. The maximum amount of market research we did for new projects was that we were assuming in our own minds that for instance this telecommunication company needs this product and they need it by this quantity and that was it. We never applied any scientifically proven method in terms of surveys or etc. for market research.

Ali:

When you were speculating in your own mind the need of for instance a telecommunication company, how did you come to the figures of the quantity of the product they need?

Amir:

The quantity of the imported goods by the companies is available; I mean the actual imported figure. Another method for coming to an estimate of needs for the companies was by making judgements. For instance we knew that company Y is producing 50,000 cut-out fuses annually. And we knew that they do not have the technology to make the associated tube for it. Thereby we would come to the conclusion that they need 50,000 tubes. And if we can respond to their entire need of tubes and sell them each tube for USD 10, then we will have an income of USD 500,000 annually just by selling to company Y. And there are many other producers of the cut-out fuse in Iran, but as far as we know there are no producers of the associate tube to it and this sort of speculations.

However, the company who was producing fuses did not pay any attention to me. He was importing tubes for his fuses from overseas. He knew that if the quality of his fuses does not correspond to the demand set for instance by the Energy Ministry in Iran, then they will not buy from him. The fuse producer did not pay any attention to the level of hardship and suffering that I am going through in order to produce that required tube for his fuses. He was also not supposed to pay attention to me. It was my responsibility to find a better business model for selling my product.

How long is it that you have realized the problems you have concerning commercialization work?

Ali:

How long is it that you have realized that perhaps there is something wrong with the commercial aspect of your work?

Amir:

*These types of things occur to you gradually. There is no moment of truth that all of a sudden you realize your fault. However, slowly but surely when one looks at his past, then he will realize whether he was successful economically or not. People can also deceive themselves and blame other factors for their misfortune. But I have come to the belief that **I do not have a reliable business mindset.***

Receiving help from experts concerning commercialization

Ali:

Have you ever considered receiving help from someone who is skilful in economic and business matters regarding commercialization?

Amir:

Do you think that there are people who are readily available and are offering help from a business point of view? Not in Iran at least. There is no such a thing as a free lunch in Iran my friend.

Ali:

No, not for free. I mean getting help from business consultants.

Amir:

*First of all, I usually had partners and I had to convince them too before I could spend money on consultancy sessions. And for the second, **I always thought that I know everything. So I had to convince myself first that I am in need for asking for professional help in relation to the business aspects of the projects.***

I thought I know everything

Ali:

What do you mean by you thought you know everything?

Amir:

I knew about all the technical details of the products. How they were made and what were they made of in terms of the substance of the components.

Ali:

*And what about the **commercial** side of it?*

Amir:

*We did not consider the commercial side of the projects. For us as long as we could overcome the technical problems, we considered the job is done. I told you about those who have worked in the Defence Industry. We did not know that we had to have a thriving company from the economical perspective first that could stand on its own feet. And after we achieved this, we could also have an R&D section. We always started with the R&D first and then considered the business aspect of our firm.*¹¹²

Ali:

But what about when the project ended as a failure, did you identify the reason for failure? Or thought perhaps you could change your business model?

Amir:

Oh yes, we wanted to change our path and we wanted to do things differently.

Ali:

I mean if we consider that your job consisted of two parts, one being the production of the product and the other selling the product. As I understood you managed to find your way through the technical difficulties for producing the product. You even took courses both inside and outside Iran for learning the technical aspects you could not master on your own. Now my question is what about the commercial problems. What kind of measures did you take, if anything to overcome those types of problems?

Amir:

There is an adage, which says: “If you can walk on your feet, then you do not need to ask for help from others”. I misinterpreted the adage. If someone has feet and can walk on them, this does not eliminate the need to wear shoes. In fact wearing the right pair of shoes can help you to walk and even run faster. In this example “shoes” is a metaphor for asking for professional help from business and market experts. My companies could never even walk on their feet. We had survival problem. But at the same time instead of asking for professional help, I considered shoes to be only a luxurious commodity. (Smiling) To me the customers of the business consultancy firms were the super rich and successful companies who earned so much that they thought let us give some of our profit away to these white-shirt boys, maybe it would be helpful.

Having misconception of the market and the economical factors

Ali:

If you want to start a new business in the future, what would your strategy be?

¹¹² *Here Amir touched upon an important point when he said that we started with R&D first. I have discussed this issue in more details in the dissertation text. But I can briefly say that this shows the commercialization phase should precede the invention phase. Even if a technology is adapted to address a need, or was suddenly discovered, a problem existed before it and then the invention merely addressed to that need. To me the identification of the problem and need is also part of the commercialization process.*

Amir:

*Nowadays I am aware that there are established methods for conducting market research and feasibility studies. There are also methods to constantly check the viability of your business. I would try to apply them in my future projects. However, even now chances are high that I continue to fall in the same pitfall like before. **Throughout whole my career, I used to believe that once you overcome the technological challenges, then the rest of the road would turn into a cakewalk. I thought that once you represent a high technology then you could easily conquer the market. I did not imagine the market to be such a horrible monster and in fact the real battle takes place there. In a way the market pulls the strings and controls everything. It is the economical factors that determine the business model and draw the roadmap for the way forward. With other words the economy runs the technological development. Many wars throughout the world are being instigated and fought due to economical reasons. I did not have such a worldview. During the time I was working for the Defence Industry, the projects had an ideological value. I considered that I am working for my country. After the War, things became more personal. I wanted to become rich but even then I did not want to earn money by undertaking not quite significant project. I wanted to earn money the hard way.***

Final comments

Ali:

Now we are approaching the end of the interview. Do you have any further comments on this topic that you want to share?

The initial approach of a business cycle should be based on selling and not production

Amir:

*In order to sum up this interview I would like to draw on some focal points regarding entrepreneurial projects. I believe that a business activity does not initiate with production, it does not even start with considering the technical or economical aspects of production. Based on my experience **the beginning of a business-cycle should be based on selling and not production. Many of the successful entrepreneurs that I know were first salesperson and then became entrepreneurs. These salesmen starts very small but gradually increased their knowledge regarding the markets, competitors, suppliers, distributors, supplementary products and etc. As the example of that family who runs a business based on zippers that I talked about, it is better to be first involved in selling a product and then proceed to producing it. The ability to sell the product must be prioritized over all the other competences an entrepreneur possesses. Because all of the products are being produced aiming that one-day they could be sold at a market. If they could not be sold, then they whole production efforts, investments, the great quality of the raw materials used in it, all in all become useless.***

For instance (Konosuke) Matsushita, founder of Panasonic Company started his job as insulator producer. He is even the author of the book “Not For Bread Alone”. Matsushita started his work as a small insulator producer and even became bankrupt at an early time after they launched their workshop. He and his brother in law (Toshio Lue) who worked for him managed to receive an order for thousand insulator plates and emerged out of bankruptcy. After the WWII he lent his brother in law an unutilized manufacturing plant. His brother in law started there to manufacture bicycle lamps. Later on his brother in law turned that

manufacturing plant into the Sanyo Electric Company. *Matsushita's and his brother in law's strongest suit was the ability to sell. They realized pretty soon that even if they could beat all the similar products in the market based on the superior technology applied in their own product or by offering the best quality, but they could eventually not sell their product, then they have lost the race.*

Ali:

Have you ever considered becoming a *marketer* in the form of a *retailer* or a *wholesaler*?

Amir:

Oh yes. That idea has engaged my mind for a long time now to change course and become involved in selling. But I am growing old and moody. (Laughing) But I think selling products is an interesting occupation. If I want to make a huge change in my life and I am sure that I would even become more content with my life afterwards, then yes I may become a salesperson. However, I had a discussion with my wife today before you arrived about me becoming involved in the selling business.

Ali:

She does not like it?

Amir:

No she thinks that I am setting up a new game. (Laughing) Because *I am at the brink of starting a new project that is in a way similar to selling, or I could say that at least it has nothing to do with production.* But I cannot disclose any further what the project is.

Ali:

I wish you best of luck.

Amir:

I am pretty hopeful, but knowing my unpredictable behaviour makes me solicitous.

Ali:

Dear Amir Tabrizi I am sincerely thankful for your time and the interview and for the hospitality of accepting me at your house.

Amir:

I also wish you best of luck.

A memory that my father, Hossein told me on several occasions:

Ali:

I could recall a memory that you have recited it several times for me in my life. It is about the time you were admitted to the Business School of Tehran. You told me that you were occupied by *the feeling of inferiority*. However, one of your professors had given you a valuable advice. Do you remember it?

The feeling of inferiority

Hossein:

Exactly 45 years ago I entered the Business School of Tehran. But as you know there is an entrance exam for higher education in Iran called “Konkour”. The score you achieve in that exam and the way you have regulated your priorities on the application forms would be used as the determinant factors for the academic institution and the subject you will be admitted at. You may also be disqualified if you could not achieve the demanded score.

I had chosen as my first priority Medicine at University of Tehran. My second priority was Business Administration at the Business School of Tehran and my third priority was Medicine at University of Jondi-Shapour. I was qualified for my second choice, namely Business Administration at the Business School of Tehran. After the results came in, I was saddened for the way I had set my priorities. Since I was qualified for both my second and third choices. At that time I wished to study Medicine and end up as a physician.

Another depressive fact was also the name of the Business School of Tehran. Friends and relatives were wondering why the name does not carry the title of university or faculty. I was also uncertain about the future job that I could obtain after graduation.

Ali:

Was there any other academic institution that offered Business Administration?

Hossein:

Yes. The subject was offered at many higher education institutions. University of Tehran, National University of Iran (called these days by Beheshti University), University of Isfahan and University of Shiraz all offered business administration. But the society at large considered only engineering or studies related to medicine as the subjects that must be studied at the university. Some friends even confronted me with the question that if you want to learn about business why to study business administration? You could learn more by practising it at bazar.

The advice from the Professor

The advice that one of my professors gave me was that *this subject and subjects related to this would play a key role in the future administrative and management positions of the world. He said in the foreseeable future in Iran graduates of this subject and relevant subjects to it like financial management as well as other management studies and economic studies would*

hold the ministerial positions. The presidents of big banks in Iran including the Central Bank and the CEOs of different companies and industries would be chosen from the graduates of these subjects. He said I guarantee that if you study this subject well and improve your skills in English language then you would have a high-ranking job in the future.

Nowadays the former Business School of Tehran has become the Allameh Tabatabaie University. Four of the Commerce and Trade Ministers of Iran in the past 35 years were graduates of this University. Three Presidents of Iran's Central Bank for periods of 6 years, 8 years and 5 years were also among the graduates of this University. The list goes on, as graduates of this University became Ministers, Acting Ministers at Ministry of Iran's Industry and Mining, Ministry of Welfare and Social Security, Ministry of Economic Affairs and Finance and Ministry of Labour and Social Affairs.

Ali:

Thank you very much.



Norwegian University
of Life Sciences

Postboks 5003
NO-1432 Ås, Norway
+47 67 23 00 00
www.nmbu.no