

Deal! Course book

6. Of nuts and bolts

Wat's up (factorycars):

- The moment the body is assembled and painted, it moves about the factory by itself using 'smartcarts', fully automated robots that follow a magnetic strip on the factory floor.
- The factory houses a variety of robots with one of the most **versatile** one that which places the seats in the car. This robot is able to change tools and can also place front and rear windows.
- Having **design engineers** make the process very nimble and quick.
- The process from raw materials to the end of the line takes 3 to 5 days.

Different types of innovation

- Disruptive innovation
 - Discover new customer expectations and adapt to meet them
 - E.g. low-cost carriers, videocassette recorders, the pc, digital camera
- Sustaining innovation
 - Improve or reinvent business products
 - E.g. Stain proof tie
- Operational innovation
 - Seriously upset the status quo through simpler, cheaper and more convenient products
 - Dell: build-to-order system of computer assembly
 - Wal-Mart: cross-docking
- Strategic innovation:
 - Do no more than improve on existing products for existing markets
 - TetraPak: expanding from the production of packages to the design of packaging solutions
- Demand innovations
 - Discover new customer expectations and adapt to meet them
 - E.g. gas supplier not just selling gas but also chemical management services

Blue ocean strategy: creating new markets, often IP protected or patented technology, little to no competition, avoid red oceans (= to create a new market without any competitors; vs. red-ocean)

creative destruction (= notion of Schumpeter; innovations destroy previous solutions)

Crowdfunding: kickstarter, online pitch using a video or web page, replace classic investors or bank loans, during development phase

Patent infringement: using someone else's ideas or technology, protected for a limited amount of time, against the law

open innovation: stop using a closed funnel but let ideas float in and out throughout the process

technology push: sell a product because you came up with it, not because there is market demand

ecosystem: system of organizations which share resources and ideas

funnel approach: use a gatekeeper process to weed out useful ideas from others

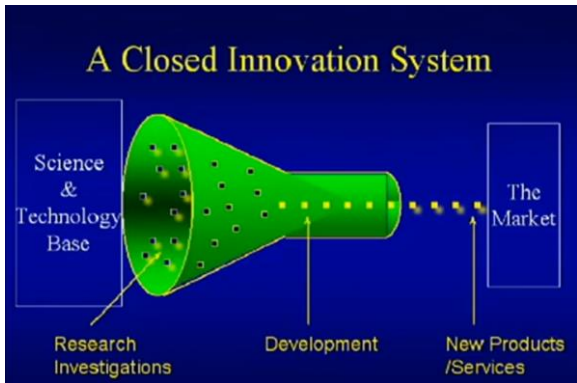
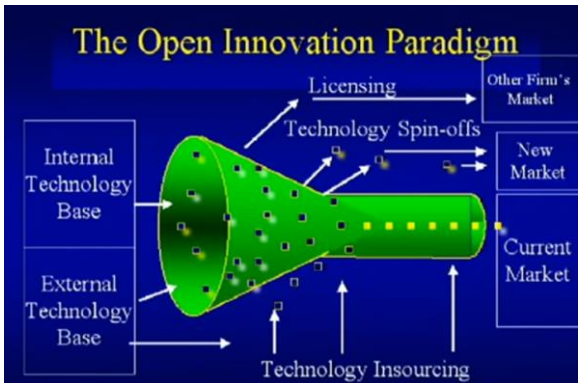
licensing: allow others to use your technology in return for a fee

spinoffs: set up separate companies to develop innovations rather than keep them onboard within a bigger, already existing entity

royalty payments: pay fees for being allowed to use IP-protected technology or concepts (IP = intellectual property: patents)

technology scouts: experts who are on the look-out for promising new technology developments

start-up acquisitions: instead of developing ideas in-house, buy a new start-up that has promising technology, IP, staff (= acqui-hiring or talent hiring)

Old-school innovation	Open innovation
 <p>The diagram titled "A Closed Innovation System" shows a green funnel representing the innovation process. The left side of the funnel is labeled "Science & Technology Base" and "Research Investigations". The right side is labeled "The Market" and "New Products /Services". A single path of yellow dots leads from the base through the funnel to the market, indicating that all innovation is contained within the firm's boundaries.</p>	 <p>The diagram titled "The Open Innovation Paradigm" shows a green funnel. The left side has two boxes: "Internal Technology Base" and "External Technology Base". The right side has three boxes: "Other Firm's Market", "New Market", and "Current Market". Arrows show multiple paths: "Licensing" from the internal base to the other firm's market, "Technology Spin-offs" from the internal base to the new market, and "Technology Insourcing" from the external base into the funnel. Yellow dots represent ideas moving through the funnel to the current market.</p>
Old-school innovation depended on having all the brain-power required for innovation in-house and weed good ideas from bad ones through a strict funnel. The resulting product would then be pushed onto consumers.	Open innovation depends on getting valuable outside ideas in through acquisitions or inbound licensing, while letting valuable internal ideas that do not fit with core strategy be allowed to live on as spin-offs or as licensing deals. The results are products and services that better meet customer expectations.

ostentatiously: loud/outright

entrepreneur: someone who develops an idea into a marketable product and builds an organization around it

digit: number

apprentice: someone who learns a trade/craft

competently: having all skills required to perform a task

7. Dollars in and out

Smart graduate borrower:

- a) Make a student budget and stick to it.
- b) Limit your credit cards to one if possible, and always check your entire card balance each month.
- c) If you need more money, take out a loan instead of using higher-interest-rate credit cards.
- d) Never borrow any more than you need, because unlike a grant or scholarship, a student loan is money that must be repaid.
- e) Always ask questions if there is something you don't understand.
- f) Never sign a promissory note unless you understand the terms and conditions of a loan
- g) Keep a record of how much you're in debt and what your expected monthly repayments will be, so you won't have any surprises when loan repayment begins.
- h) Make a permanent file for all your loan documents and contracts.
- i) Take advantage of the personalized student loan counseling that MIT provides by scheduling an appointment with your specific loan counselor.

Finance concepts

debt financing / loan: incurring a debt by borrowing money. For example, by issuing bonds.

equity financing / stake: securing funds by issuing shares and giving people/organizations a stake in the organisation

crowdfunding / pledge: people pledge to make a donation to a start-up project in exchange for goodwill, product, extras,...

sweat equity / bootstrapping: scraping together funding: FFF: friends fools family, own savings, etc. No stake is given in the company, nor debts are incurred

8. Love is in the air

co-opetition: Competition+ cooperation= instead of fighting each other competitors in a market work together to stay ahead of the rest

Sandbagging: Hiding your true positive results to be able to profit or surprise reactions

Waving the white flag: surrender, Giving in to a hostile takeover bid

Dawn raids: unexpected buying of shares at the bell, Surprising buying of company stock at the start of trading in an effort to get a controlling stake

Scorched earth: less attractive to predators by selling assets, or incurring debts

Dropping a bomb shell: surprise takeover/action/offer

White knight: A company that is willing to buy a target company with management approval, and which outbids the black knight's offer

Poison pill: incurring debts to become less attractive, Extreme scorched earth policy that may end the company rather than be bought