

# Corporate Innovation

## ***Lecture Outlines and Exam Questions***

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### Chapter 2: The Process of Corporate Innovation

#### **Chapter 2 Outline**

- I. Introduction**
- II. Obstacles to Corporate Innovation**
  - a. No Time
  - b. Poor Rewards
  - c. Under Funded
  - d. Job Domain
  - e. No Allies
  - f. Fellow Employees
- III. Corporate Innovation as a Strategy**
  - a. The Critical Elements
    - i. Create The Vision
    - ii. Encouraging Innovative Thinking
    - iii. Establish an Innovative Environment
    - iv. Develop Innovative Managers
    - v. Commit to Innovation Teams
- IV. Sustaining Corporate Innovation**
- V. Key Terms**
- VI. Review and Discussion Questions**
- VII. Endnotes**

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### **Chapter 2 Exam Questions**

#### **True / False Questions**

1. The modern drive of innovative thinking has become the major force inside enterprises.  
**True / False**
2. Corporate innovative activity can be achieved without radically changing traditional forms of internal corporate behavior and structural patterns.  
**True / False**
3. Intrapreneurship is known as the practice of a corporate management style that integrates risk-taking and innovation approaches.  
**True / False**
4. Many corporations are viewed to have obsolete ideas about cooperative cultures.  
**True / False**
5. The entrepreneurial/innovative process conforms to standard operating procedures.  
**True / False**
6. An individual trying to be innovative in an established company will find that departments are less concerned with protecting their “domain” than they are with developing new ideas that will benefit the organization.  
**True / False**
7. The change process consists of a series of emerging constructions of the people, the organizational goals, and the existing needs.  
**True / False**
8. Creating the vision is the first step in planning a corporate innovation strategy for the enterprise.  
**True / False**
9. Organizational leadership is not necessary for innovative activity to exist and prosper within the firm.  
**True / False**
10. To be sustainable, entrepreneurial thinking must be integrated into the mission, goals, strategies, structure, processes, and values of the organization.  
**True / False**

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### **Chapter 2 Exam Questions**

#### **Multiple Choice Questions**

1. Corporations enhance the innovative abilities of their employees, and increase corporate success through the creation of \_\_\_\_\_.  
  - A. New products
  - B. Markets
  - C. Methods
  - D. All of the above**
2. What is one of the pressing problems that has attributed to the rise of corporate innovation?  
  - A. The inflation of innovative minded employees
  - B. Increased global competition**
  - C. Stagnate changes in the marketplace
  - D. Increase of organizations seeking greater efficiency
3. Business professionals are extremely busy keeping up with a wealth of available information and changes in technology because of \_\_\_\_\_.  
  - A. Increased global competition**
  - B. A shift from modern industry
  - C. Birth of the mechanical age
  - D. None of the above
4. \_\_\_\_\_ is a critical obstacle to challenge in the corporate innovation process.  
  - A. Surplus of resources
  - B. Inflexible company procedures
  - C. Absence of sufficient funding**
  - D. Lack of vision
5. \_\_\_\_\_ is often described as a process whereby an individual or a group of individuals, in association with an existing organization, creates a new organization or instigates renewal or innovation within the organization.  
  - A. Strategic renewal
  - B. Corporate entrepreneurship**
  - C. Collective innovation
  - D. Corporate venturing
6. What is a key element involved in conducting effective corporate innovation programs?  
  - A. Partners
  - B. Stagnation
  - C. Perception
  - D. Environment**

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7. \_\_\_\_\_ was developed by to provide for a psychometrically sound instrument that measures key innovative climate factors.
- A. **Corporate Entrepreneurship Assessment Instrument**
  - B. Unwavering focus on opportunity rather than on resources, structure, or strategy
  - C. Management Perception Instrument
  - D. Corporate Innovation Evaluation Tool
8. What is one of the five stable organizational antecedents of middle-level managers' innovative behavior?
- A. Professional development
  - B. Structural freedom
  - C. **Organizational boundaries**
  - D. Time management
9. \_\_\_\_\_ is when individual skills are integrated into a group and their collective capacity to innovate becomes greater than the sum of its parts.
- A. Unified development
  - B. **Collective entrepreneurship**
  - C. Combined innovation
  - D. None of the Above
10. What do Michael H. Morris, Donald F. Kuratko, and Jeffrey G. Covin say must be integrated into the mission, goals, strategies, structure, processes, and values of an organization to ensure corporate innovation is sustainable?
- A. Ambitious objectives
  - B. Radical intelligence
  - C. Innovative leadership
  - D. **Entrepreneurial thinking**

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### **Chapter 2 Exam Questions**

#### **Essay Questions**

##### **Essay 1**

Innovative ideas can represent tremendous opportunity to an organization but they can also threaten individuals inside the organization. For many employees, innovative ideas could mean that current products will be eliminated, budgets will be re-allocated, or processes will be modified. Discuss two methods for handling these obstacles.

##### ***Building Social Capital***

***Corporate entrepreneurs must rely on their ingenuity and persistence to build influence. They need to build “social capital” which is defined as an inventory of trust, gratitude or obligations that can be “cashed in” when the new project is in demand. Building this capital can be accomplished by; sharing information, creating opportunities for people to demonstrate their skills and competence, and building and using influence networks.***

##### ***Resource Acquisition***

***The major method of securing the necessary resources is through leveraging of the resources currently underutilized by the organization. Stark & MacMillan identified four distinct strategies for co-optation:***

- ***Borrowing***
- ***Begging***
- ***Scavenging***
- ***Amplifying***

##### **Essay 2**

Discuss how corporate entrepreneurship/innovation can successfully operate as a strategy.

***It must “run deep” within organizations. Top management can instigate the strategy, but top management cannot dictate it. Those at the middle and lower ranks of an organization have a tremendous effect on and significant roles within entrepreneurial and strategic processes. Without sustained and strong commitment from all levels of the organization, innovative behavior will never be a defining characteristic of the organization. The commitment of individuals throughout the organization to making an innovative strategy work and the realization of personal and organizational innovative outcomes that reinforce this commitment are necessary to ensure that innovative strategy becomes a defining aspect of the organization. Alignments must be created in evaluation and reward systems such that congruence is achieved in the innovative behaviors induced at the individual and organizational levels***

##### **Essay 3**

In putting together a venture team, management must ensure that certain key roles are filled. Discuss these roles and their level of importance in propelling the enterprise forward.

***Innovator: The person who has made the major technical innovation.***

***Venture Manager: The internal entrepreneur responsible for the overall progress of the project.***

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**Champion:** *Any individual who makes a decisive contribution to the project by promoting its progress through the critical early stages, particularly up to the point of implementation.*

**Innovative CEO:** *The individual who is in charge of the venture and controls the allocation of resources (e.g., a sub-CEO, a division manager, or a venture division manager).*

**Sponsor:** *The high-level person in the parent company who acts as buffer protector, and modifier of rules and policies and who helps the venture obtain the needed resources.*

Essay 4

How does an organization sustain the corporate innovative process?

*The answer lies in the actions of senior managers. In order to maintain this innovative mindset in an organization, managers must assume certain ongoing responsibilities. The first responsibility is to establish a clear definition of the specified challenges that everyone involved with innovative projects should address. Second, managers have the responsibility to make the uncertainty of pursuing innovative projects less daunting. Create the self-confidence within all employees that they can act on innovative opportunities without seeking managerial permission. Employees must not be overwhelmed by the complexity inherent in many innovative situations. Finally, managers need to clear out any obstacles that arise as a result of the innovative project progress. This can be a problem especially when the innovation begins to undergo significant growth. The ability to regroup and reorganize becomes invaluable. Organizational leaders must monitor and control of the developing innovation.*