Tri-partnerships in Knowledge Transfer

Presentation by
Dr. Christopher J. Brown
Agenda

1. Introduction
2. Aims of the Research
3. Context of the Research
4. Research Strategy
5. Defining the Business Model
6. Findings of Mindset BM changes and BM
7. Further Research
Introduction

• More and more enterprises are being created and developed by third-aged entrepreneurs (45+ years);
• These enterprises, and their 3rd age entrepreneurs, are increasingly being challenged to more reactive to external challenges, like reducing their carbon footprint;
• Universities need to support these entreprises;
• These entrepreneurs have a set of unwritten rules that drive and determine their overall business model.
Context of Knowledge Transfer at UH

- University of Hertfordshire has won the prestigious THE ‘Entrepreneurial University of the Year’ award
- Roles associated with KT
- UH KT activities
- UH Business School activities
Aims of our Applied Research

- To understand the value of Knowledge Transfer Partnerships in delivering value/insight of 3rd age business entrepreneurs’ business model, through the engagement of intrapreneurs (associates) and academics to help the innovation process.

- What are the factors driving the changes to the entrepreneurs’ business model?
Knowledge Transfer Partnership

For every £1 million of Government investment in Knowledge Transfer Partnerships, the benefits achieved by UK businesses amount to:

- 3.6m: Over £3.6 million increase in annual profits before tax
- 32: The creation of 32 genuine new jobs
- 189: 189 business staff trained

Benefits for the business partner

Business performance outputs vary considerably from case to case, given the rich variety of KTP projects.

Latest information shows that, on average, the business benefits that can be expected from a single KTP project are:

- An increase of over £270,000 in annual profits before tax
- Creation of three genuine new jobs in addition to that of the Associate
- An additional 14 existing staff trained

Benefits for the knowledge base

Through KTP, academics are able to:

- Develop business-relevant teaching materials
- Identify new research themes and undergraduate or post-graduate projects
- Publish high-quality research papers
- Contribute to the Research Assessment Exercise (RAE) and rating of their department

Benefits for the Associate

KTP can help Associates enhance their career prospects by providing them with the opportunity to manage a challenging project central to the strategic development and long-term growth of the business. In addition, they offer top-class training and development in business management and leadership skills.

On completion of their project, 73% of Associates were offered employment by their host business.
Context of the Research: What is an Entrepreneur?

The simplest definition is by Thompson (1999) stating that an “entrepreneur is a person who spots a new opportunity and is minded to act on it and start something”
What is the Business Model

The business model is both a

“a statement of how a firm will make money and sustain its profit over time’ and

“the design of key interdependent systems that create and sustaina a competitive business”

These two statements bring together the two elements of building a sustainable business model.
Enterprises’ Engagement with a Knowledge Hub

From initial discussions/interviews, business entrepreneurs expressed:

- A clear perspective of the Environmental Opportunities and Threats existing in their markets;
- The benefits of developing a Strategic approach that would match their own vision, values and practices;
- To challenge their Business Model???
- To get the 67% government subsidy for a strategic project;
- To work with the University and to engage a high calibre intrapreneur.
## Typical Businesses attracted to KTPs

<table>
<thead>
<tr>
<th>Firm Characteristics</th>
<th>Strategy</th>
<th>Management Team/Style</th>
<th>Market Dynamics</th>
<th>Reasons for KTP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise A &lt;50 employees</td>
<td>Differentiation</td>
<td>Business Owner</td>
<td>Regional Limited Sectors</td>
<td>Diversification</td>
</tr>
<tr>
<td>Enterprise B &lt;100 employees</td>
<td>Differentiation</td>
<td>Partnerships (2) Designer/Sales</td>
<td>European Hospitality/Distribution</td>
<td>Improved Effectiveness and New Markets</td>
</tr>
<tr>
<td>Enterprise C &lt;50 employees</td>
<td>Cost Leadership</td>
<td>Partnership (2) Trainer/QA</td>
<td>Regional Social Care Training</td>
<td>Improved Effectiveness and New Markets</td>
</tr>
<tr>
<td>Enterprise D &lt;100 employees</td>
<td>Market Entry</td>
<td>Partnership (3) Operations/Sales/Designer</td>
<td>International Safety Equipment</td>
<td>New Market Entry</td>
</tr>
<tr>
<td>Enterprise E &lt;20 employees</td>
<td>Differentiation</td>
<td>Partnership (2) Scientist/Accountant</td>
<td>European Pharmaceutical</td>
<td>Market-orientation</td>
</tr>
<tr>
<td>Enterprise F 150-200 employees</td>
<td>Diversification</td>
<td>Business Manager Leadership PLC</td>
<td>European Retail Technologies Tier 1 Customers</td>
<td>Improved Market Diversification and Product portfolio management</td>
</tr>
</tbody>
</table>
## Defining the Enterprises’ Business Model

### Important Building Blocks of BMs

<table>
<thead>
<tr>
<th>Important Building Blocks of BMs</th>
<th>Challenges and Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Model</td>
<td>How does the enterprise create and maintain its own white spaces</td>
</tr>
<tr>
<td>Revenue Model</td>
<td>How does the enterprise generate revenues and profits</td>
</tr>
<tr>
<td>Enterprise Model</td>
<td>Rationale for the business processes</td>
</tr>
</tbody>
</table>
### Research Strategy: Action Research

<table>
<thead>
<tr>
<th>Entrepreneurial Variables</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Age</td>
<td>Must be 45 years or older.</td>
</tr>
<tr>
<td>Business Type</td>
<td>Any Sector, but either be in the first stages of venture creation or within 4.5 years of original start or take-over of business entrepreneur.</td>
</tr>
<tr>
<td>Relationship</td>
<td>Long-term business engagement, to enable longitudinal study of the entrepreneur and business development</td>
</tr>
<tr>
<td>Sample Size</td>
<td>30+ (KTPs, KEEPs and sKTPs)</td>
</tr>
</tbody>
</table>
Research Findings:
3rd age Entrepreneurial Mindset Change

3rd age entrepreneur’s mindset of their business model:

‣ “a common mental set of beliefs, views or conventional wisdom about how they compete in their industry, strategic group, value chains and chosen market” (Leibold, Voelpel et al. 2004) pp. 61.
Link between the Mindset BM and their Business Model

1. Business Start-up
2. Establish Processes & Resources
3. Business Model (BM)
4. Increment Change to BM
5. Market Identification
6. Radical Change to BM

Sector Changes

Product/Market Change to BM

Market Changes

Entrepreneur Initiated
Knowledge & Expertise
Leadership
Legitimization

Competitor/Customer Changes
Changes to their Mindset
Business Model (inner)

• **Enterprise Business Model Changes** – what are they considering on changing in their business model and why?:

  - **Self Efficacy (Self-belief) and Risk-taking** > **Market Identification evaluation** – those 3rd age entrepreneurs that have self-belief and are prepared to take risks are the most open to reassessing their marketplace and undertaking internal resource audits – identifying new knowledge needs against market opportunities;

  - **Achievement** > **Knowledge Expertise, Market identification and Leadership** – as expected those that are achievement orientated are very much focused on those parts of the business model that are linked to the revenue model – accessing knowledge & expertise, knowledge of the marketplace and resource allocation to address opps and threats.

How does this effect the KTP – the strong desire to achieve personal goals is reflected in their need to re-evaluate their business model in delivering this – hence their engagement!
Environmental Factors – challenges from outside the Enterprise (outer)

- **Enterprise Business Model Changes** – driven by environmental opportunities and threats:
  - **Marketplace Hostility** > Entrepreneurial initiated, search leadership and relevant knowledge & expertise – as expected marketplace hostility drives these 3rd age entrepreneurs to both initiate change and start the search process of identifying relevant and valuable knowledge and expertise from outside the enterprise;

- **Finance and Personal support** > Market identification and business legitimacy – are both influential in potentially questioning the business processes of legitimacy development and marketplace evaluation. Lack of perceived business support and environmental risks affects their abilities to identify external knowledge and expertise.

**How does this effect the KTP** – hostility in the market drives the entrepreneur to seek external knowledge and expertise, yet lack of awareness of the services available limits their ability to effectively identify these resources – general awareness of KTP’s and other GFSS initiatives.
Summary of Entrepreneurial Mindset Change

- **Mindset Business Models** – do entrepreneurs have a mindset business model of how their business works?
  - Yes, findings from previous research studies confirm a somewhat hierarchical approach to the evaluation of environmental opportunities and threats. First the interpretation and understanding of these against their values, vision and existing practices. Secondly, if required, a re-evaluation of their mindset business model – this when they normally search for external help.

- **Is this Mindset Business Model influenced by psychological factors** – personality, motivation, experience and feasibility and desirability:
  - Yes, findings from previous research studies suggest that personality traits, experience and feasibility and desirability influence the desire to achieve and their self-efficacy, which in turn influences the desire to acquire further knowledge and expertise, identify the market, and mobilise relevant resources, but not the need to legitimize the process?
Summary of Entrepreneurial Mindset Change

‣ **Mindset Business Models** influenced by Environmental Factors – do environmental factors impact on their mindset business model?

‣ Yes, hostility in the marketplace (competitive pressures, legislation and customer loyalty) impacts on their need to instigate changes, to acquire valued knowledge and expertise inside and outside the enterprise, and provide guidance on where to search.

‣ Business and Personal support, and environmental risks, again both influence the need to focus on searching for future options – where to get the next product and service offering?

‣ Finance and personal support are important in driving the entrepreneurs to legitimize their mindset business model to others;
3rd Age Entrepreneurs have a Strategic Orientation

<table>
<thead>
<tr>
<th>Perceptions of needed Business Model change</th>
<th>Environmental Factors</th>
<th>Key Business Model Changes</th>
<th>Change in Values, Attitudes and Practices</th>
<th>Expected and Actual Impact (Performance Measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterpreneur</td>
<td>Sector uncertainty – falling sales&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Develop new markets and increase share of existing&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Reactive&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Previous success based on quality of product delivered – not turning into revenue/profit streams&lt;sup&gt;91&lt;/sup&gt;</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>How to engage these new customers&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Marketing best practice to existing markets&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Analyzer&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Slowly changing value orientations from being process-driven towards being market-oriented&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>Intrapreneur/Academic</td>
<td>Understanding business model&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Identify new market sectors&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Prospective&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Changing business entrepreneurs’ mindset model&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Delivering value through tactical marketing plans&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Legitimize the changes in market orientation through B2B research&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Analyzer&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Changing business entrepreneurs’ mindset model&lt;sup&gt;2&lt;/sup&gt;</td>
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Emergent Themes from Case Studies

Entrepreneurial Mindsets:

- **Vision** – those entrepreneurs who are more open and have a deeper understanding of their relative marketplaces, have a more diverse knowledge base and are more accepting of new thought worlds;

- **Values** – those entrepreneurs who have a combination of industry, revenue and process values gain more from knowledge exchange activities;

- **Practices** – accepting of new practices and the value they can and will deliver.
Emergent Themes from Case Studies

Business Model Changes:

- **Market orientated** – It is still amazing how many businesses were not market orientated, taking a prospective strategy. Our influence was to change them to being analytical in their existing markets and in developing new markets/opportunities;

- **Knowledge & Expertise** – developing effective relationship networks to access new competencies;
Emergent Themes from Case Studies

Strategic Orientation:

- Strategic orientation was largely dictated by the entrepreneurs mindset business model (vision, values and practices), did they have a vision that spanned the industry, revenue and process models? If they did then they were more open to change, and reflect this in their mindset business model and lead this in their enterprises’ business model.
Further Research

Areas of Further Research

- 3rd Age Entrepreneurial Traits – the ability to change
- Business Model – adaptability of their enterprise to change
- Knowledge Exchange – changing the perception of enterprises to working with and share knowledge with Knowledge Hubs (e.g. Universities, etc.)
Thank You

Any Questions?