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# One part innovation, two parts passion is the recipe

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## One part innovation, two parts passion is the recipe

**R**ochester is a hotbed of innovation. Big and small organizations combine to generate patents at more than five times the national rate. Much of the patent generation occurs in large companies such as Eastman Kodak Co. Still, a substantial chunk takes place in small firms.

Combine this fact with the results of a 2006 study by Excell Partners: 54 percent of venture funds in Upstate New York went to Rochester-area enterprises. The study noted that "Rochester has the healthiest investment climate" with entrepreneurial companies receiving investment at all stages of development. The inescapable conclusion: In Upstate New York, Rochester is the hottest area for innovation and entrepreneurship.

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### **Small startups must be creative and emphasize communication with the customer.**

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But the innovation process in a large company differs from that at a small one. Large companies require more time to coordinate the many functions that are involved, such as product development, process engineering, production, marketing and sales. A relatively simple project could involve hundreds of people.

For example, a customer asked Kodak to design and supply microfilm cartridges. The product was similar to others Kodak had developed, and the specifications were clearly outlined by the customer. The issue for Kodak was to facilitate communications among the many functions involved. During



### **INNOVATION EDGE**

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the project, Kodak used 22 different types of information systems to communicate everything from start and stop times of specific tasks to the detailed bill-of-materials to customer needs. Ninety-five percent of the effort was devoted to creating a production-ready design. Only 5 percent of the time was allocated to ramp-up production.

Contrast this process with that of a small, technology-based startup. The technical people at Pictometry International Corp. had developed a deep understanding of oblique imaging technology. Before a single product was made, the sales team started to sell it by asking potential customers to become partners, not just "clients." Many incentives were given to the first adopters. After the first "partner" agreed, the team began to assemble and inventory the oblique aerial images.

Because of the expected startup problems, the process took one year. During this period the firm worked closely with the customer to understand the customer's needs. At the same time, the sales group generated more leads. Once the first acceptable product was delivered, Pictometry was able to close 12 more deals in the following four months and proceeded to grow exponentially from there.

At a small startup the emphasis is on com-

municating with the customer, while large companies have to deal with complex interlocking internal organizations, as demonstrated by our examples. Once Pictometry created a successful product, it was motivated to find additional sales. Kodak delivered the product to the customer, but there is little evidence it tried to generate more sales.

The small company ran on a shoestring and had to be creative in generating sales and developing its product. The large company knew it was backed by a larger budget since Kodak would be unwilling to fail in delivering on a contractual agreement. One demonstrated passion to build a successful business; the other followed a methodical approach.

How can a large company capture and leverage the passion of a smaller organization?

One way is to support the smaller entrepreneur. Intel Corp. recognized most true innovation happens in small environments; big environments have a lot of "antibodies." With that in mind, the Silicon Valley giant formed Intel Capital. This group looks for startup companies working in technologies that may be of interest to Intel. By keeping these companies small, providing them access to customer channels and fostering their entrepreneurial spirit, Intel Capital has recorded some significant successes. If needed, Intel would help with the development of the technology.

By using a similar model, large Rochester companies can channel the creativity and passion of local entrepreneurs to develop complementary businesses and grow together.

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