
Mini MBA

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TEKEDIA



MEETING SUMMARY FOR INNOVATION, GROWTH AND THE MISSION OF FIRMS

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Tekedia Institute

Meeting summary for Innovation, Growth, and the Mission of Firms – Ndubuisi Ekekwe

The summary of a Takedia Live session on “Innovation, Growth and the Mission of Firms” by Ndubuisi Ekekwe, as provided by Takedia AI lecture companion. Please note that this is different from the course written material which is available in the classboard for download.

Quick recap

The meeting discussed the role of businesses in society, emphasizing their potential to address societal issues and create products and services. The discussion highlighted the significance of market systems, driven by information asymmetry problems. The Takedia Institute underscored the importance of capabilities and knowledge in business, equating them to the ability to deliver superior products and services. The institute also highlighted the critical role of knowledge in policy making and business decision-making.

Summary

The Takedia session covered a range of topics related to business growth, innovation, and market mechanics. The discussion emphasized the importance of understanding market needs, the role of innovation in business, and the significance of data-driven decision making. The conversation also highlighted the importance of adapting to customer needs and staying ahead of changing demands.

Businesses as Agents of Societal Change

The meeting primarily focused on the role of businesses and companies in society. The speaker emphasized that businesses serve as agents to address societal issues and frictions, and they are instrumental in translating ideas into products and services. The speaker also underscored the significance of market systems, explaining that they are driven by information asymmetry problems where there is a lack of awareness or knowledge. They used examples from various sectors, such as healthcare, education, and banking, to illustrate how businesses can resolve societal issues and how market systems function.

Capabilities in Business: Overcoming Customer Friction

The Takedia Institute emphasized the importance of capabilities in business, equating them to the ability to deliver superior products and services that can overcome customer friction. The institute highlighted the need for businesses to accumulate capabilities to create better products and services. They also touched upon the role of capital as a factor of production, enabling businesses to acquire resources they don't possess. The discussion suggested that in today's technological era, knowledge has become a critical component.

Knowledge's Role in Policy and Development

Takedia Institute emphasized the critical role of knowledge in creating new systems, citing Moniepoint's success story as an example. The discussion also underscored the importance of knowledge in policy making, particularly in Nigeria's Central Bank. A debate about the stabilization of the Nigerian Naira was referenced, and the speaker criticized the lack of

working papers, which would hinder testing of policy hypotheses and knowledge acquisition. The institute highlighted the need for consultation in development projects and emphasized the importance of involving the community in planning and execution to ensure the project meets the community's actual needs.

Data, Technology, and Taxation in Decision-Making

The speaker from Tekedia Institute emphasized the importance of data in decision-making processes, stating that relying solely on emotions often leads to incorrect decisions. He also touched upon the role of technology in shaping consumer preferences and how companies can introduce products that align with these preferences. The speaker further discussed the impact of taxation on consumption, using the examples of cigarettes and alcohol, and how governments can use taxation to influence consumer behavior.

Minimum Viable Quality in Product Development

Tekedia Institute discussed the concept of minimum viable quality (MVQ) in product development and pricing strategies. The speaker emphasized the importance of considering price when crafting a product, stating that it's not necessary for the product to be perfect on day one to find its place in the market. The speaker used examples from various industries, such as the aerospace and automobile industries, to illustrate the concept of MVQ. The speaker also highlighted the need to understand and adapt to the market segments in which the product will be sold.

Data, Adaptation, and Agility in New Industries

The meeting discussed the challenges of being a first mover in a new industry without access to data, with Tekedia Institute emphasizing the importance of data in scaling and the need for partnerships. The Institute also stressed the importance of understanding customer needs and adapting to changing demands, citing examples of successful companies such as Zara. A Learner raised a question about addressing customer demand in a FMCG company, and the Institute highlighted the need for agility and quick decision-making. The discussion concluded with the need for teams capable of quickly scanning the environment and making decisions based on gathered data.

Product Discontinuation and Innovation Challenges

The meeting revolved around the discontinuation of a product named Omo and its implications on the market. The speaker stressed the need for quick decision-making and adapting to new innovations. He also discussed strategies other companies could employ, such as buying off competitors or focusing on their own innovations. The discussion also touched upon the challenges faced by a Learner in balancing innovation and risk in the competitive agricultural sector. The Learner highlighted the difficulties of introducing technology in an industry where stakeholders may not be tech-savvy. Tekedia Institute responded by emphasizing that innovation should not just be about imposing technology, but also fixing customer problems. They defined true innovation as invention plus commercialization and stated that technology should only be applied if it solves problems for customers.

Technology, Farming, Startups, and Central Banks

Tekedia Institute discussed his personal experience with organic farming and the importance of convincing people about the benefits of technology. He shared his involvement in two startups, Tekedia Capital Vetsark and Winich Farms. He also emphasized the role of central banks in maintaining price stability and providing employment through interest rates. He highlighted the importance of managing inflation in an economy and the use of monetary policies to stabilize currency. He also touched upon the role of data in driving policy and the need for questioning models, both in business and in government.

Agricultural Policies in Nigeria: Impact and Implications

The discussion revolved around agricultural policies in Africa, with a focus on Nigeria. The speakers highlighted that while policies often prioritize exports, they do neglect crops that are crucial for local communities. A Learner mentioned a policy to ban smaller pack sizes of certain products in Nigeria, a move that could impact both producers and consumers. The participants then engaged in a broader conversation about government policies and their implications, noting that banning the consumption of alcohol in small packs aligns with government's to use taxation to increase the prices of alcohol and cigarettes, making it inaccessible to most. By reducing the pack sizes, the manufacturers were trying to get through that policy. That explains why the government felt it should ban small packaging.

Video Analysis and Summary

Section 1: Exploring Market Mechanics and Innovation

Tekedia introduced the program, with the aim of exploring the mechanics of the market system and deepening understanding of growth, innovation, and emissions. The objective was to develop necessary capabilities to build category king companies, emphasizing the critical role of innovation in business. Tekedia highlighted the transformative impact of digital systems and stressed the importance of understanding this digital overlay in their operations. Tekedia encouraged everyone to view themselves as potential leaders of change and to consider themselves as entrepreneurs.

Section 2: Exploring Market Mechanics and Innovation

Tekedia discussed information asymmetry in markets, explaining how it can create inefficiencies, using the example of a restaurant in Lagos. He suggested that a business could help balance this asymmetry, such as a restaurant that provides a service to meet the needs of hungry customers who don't know where to find food. Tekedia also discussed the challenges of lending money in a market system and suggested a solution of a hypothetical bank that connects individuals who have money with those who need it, earning a profit by solving their problems. He emphasized the need for a trusted intermediary to facilitate such transactions. Lastly, he suggested that businesses should focus on creating products and services within their specific domains to address customer needs.

Section 3: Capabilities and Market Dominance

Tekedia emphasized the importance of companies developing capabilities to overcome market frictions and provide value to customers. He highlighted that individuals acquire capabilities

through education and training, which they then contribute to companies. He noted that companies with high capabilities can dominate markets, provide extra value, and even influence governments. Tekedia also pointed out the role of knowledge as a critical factor of production in the modern era of technology and artificial intelligence.

Section 4: Entrepreneurship: Starting and Scaling Businesses

Tekedia emphasized the importance of entrepreneurship, noting that it doesn't always require starting a new business. He suggested that individuals within large companies can pioneer new product lines. He stressed the need for capital, labor, and knowledge in entrepreneurial ventures. Additionally, he highlighted the significance of knowledge in establishing successful businesses. Towards the end, he pointed out that the strength of America lies not in its military power but in its top-tier university systems that generate new knowledge.

Section 5: Naira Stabilization and CBN Transparency Discussed

There was a discussion about the need for Nigeria to reduce its dependence on dollars to stabilize the Naira. The importance of the Central Bank of Nigeria's working papers was also highlighted, as they provide insights into the bank's policy considerations and models. It was noted that the last working paper was published in 2015, and since then, the bank has been replaced with circulars and directives. This lack of transparency was criticized as it hinders public understanding and scrutiny of policy decisions. The discussion also emphasized the importance of innovation for business growth and the need for businesses to translate ideas into products.

Section 6: Data-Driven Decision Making and Innovation Process

Tekedia emphasized the importance of data-driven decision making and strategy in businesses. He highlighted that relying on guesses or assumptions could often lead to errors, unlike using data which provides a more accurate representation of customers' needs and market trends. He further stressed that creating new competition baselines, which involves offering something completely different from the existing market, is a key factor in becoming a successful company. He also mentioned the role of marketing and strategy teams in creating aspirational visions for the company.

Section 7: Quality vs. Price: Tekedia's Insights

The conversation focused on the relationship between quality and price in the market. Tekedia highlighted that while Chinese products might not be the highest quality, they often offer the best value for money. He emphasized the importance of considering pricing when crafting products, using the example of the price difference between bulbs used in airport towers and those used in regular houses. Tekedia also introduced the concept of minimum viable quality, suggesting that a product doesn't need to be perfect on the first day, but it should meet a minimum quality level to be viable.

Section 8: Market Needs and First Mover Risks

The discussion focused on the importance of understanding market needs for business success. A Learner raised a question about navigating when trying to be the first in an industry without data. Tekedia emphasized the role of scaling and the risks associated with being a first mover, citing examples of companies like Sony Walkman and Blackberry that failed due to their

inability to scale effectively. Tekedia underscored the significance of data collection and analysis to gain insights into customer needs and preferences.

Section 9: Adapting to Changing Demands in Business and Agriculture

Tekedia underscored the importance of adapting to customer needs and staying ahead of changing demands, using Zara as a successful example. A Learner raised a question about addressing friction in an FMCG company, highlighting the challenges of meeting customer demands. Tekedia stressed the importance of agility in business, with quick data processing and decision-making. He also discussed the impact of changing market trends and the need for continuous innovation. The discussion shifted to the agricultural sector, focusing on the balance between innovation and risk. Tekedia emphasized that technology should benefit customers and understand stakeholders' needs. He highlighted the importance of demonstrating the value of technology to potential users.

Section 10: Industry Problem-Solving and Policy Alignment

Tekedia emphasized the importance of problem-solving in industries and sectors, using tools and knowledge to reduce friction. He highlighted the impact of the Central Bank of Nigeria's decision to stop publishing working papers in 2015 on the economy. Tekedia emphasized the importance of data in modeling and the need to address customer friction. He also discussed the importance of understanding efficient policy making and the need for alignment in government policies, using Nigeria's agricultural policy as an example. He highlighted the importance of community consultation in policy making and the dangers of letting emotions guide product creation. The conversation then shifted to a government policy in Nigeria banning the sale of certain products in smaller sizes, which Tekedia explained is part of a larger strategy to control consumption of some products like alcohol, and reduce societal costs.

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