



RETHINKING INNOVATION IN MONTANA

5 September 2019

Presented By:

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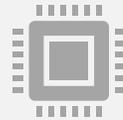
What is
innovation?



Innovation is not solely invention and it is not only technology. Innovation is a process comprised of stages.



Innovation is not an invention.



Innovation is not only technology.



Innovation is a process.



Innovation = Invention +
Commercialization (Bill Aulet, 2013)

Marketplace?

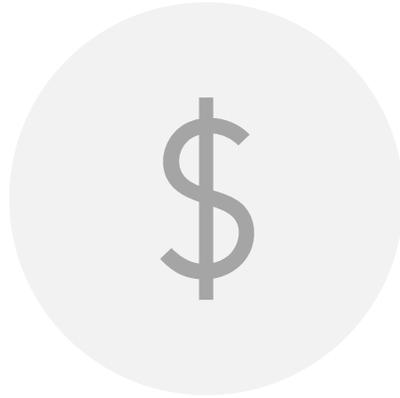


INNOVATION is a process, not simply an act of genius.



INNOVATION is a process rooted in the identification of problems, the development of solutions, and the ability for those solutions to be accepted by and produce benefit within the marketplace.

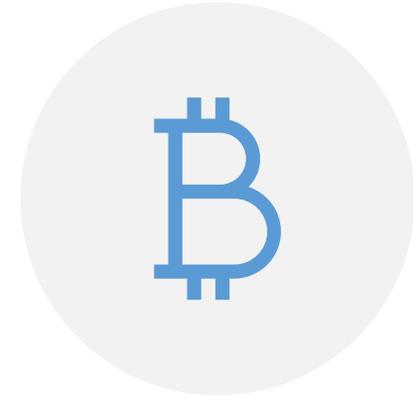
Focusing on the B2C Context



THE NECESSARY AND SUFFICIENT
CONDITION OF A BUSINESS IS A
PAYING CUSTOMER.



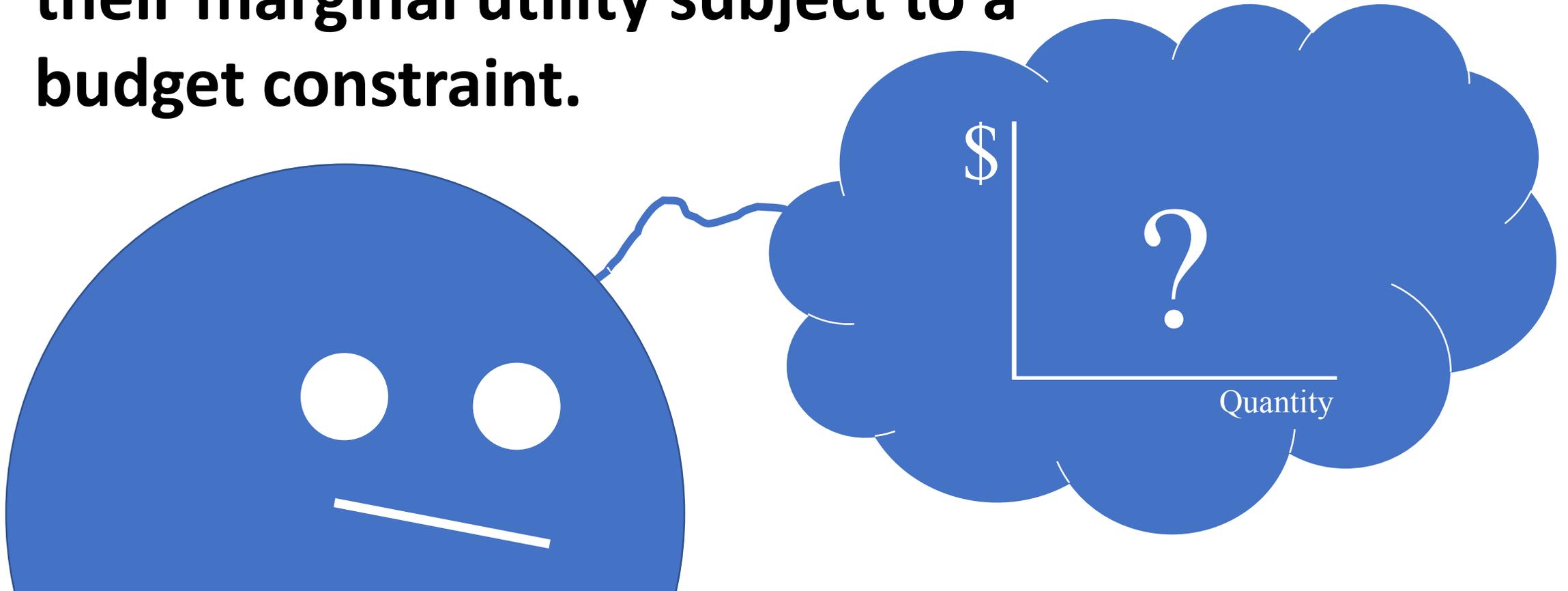
CUSTOMERS = PEOPLE



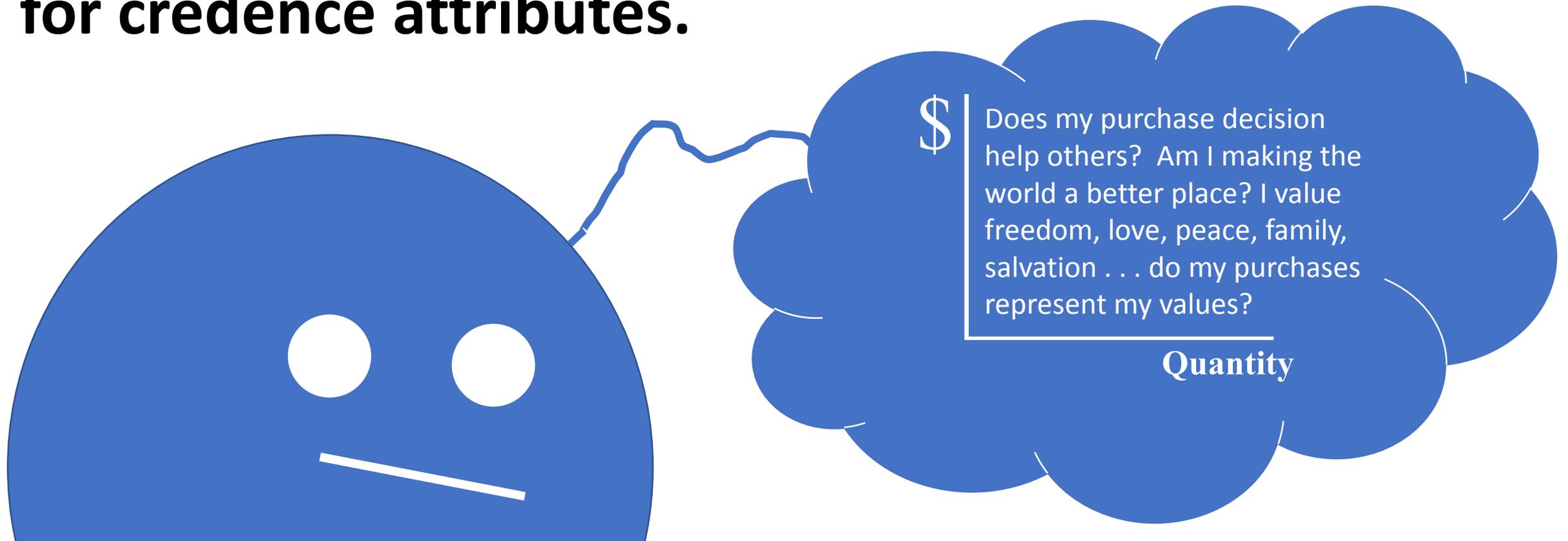
PEOPLE MAKE DECISIONS IN THE
MARKETPLACE WITH BOUNDED
RATIONALITY ATTEMPTING TO
MAXIMIZE THEIR MARGINAL UTILITY
SUBJECT TO A BUDGET CONSTRAINT..

The Consumer Problem

Consumers attempt to maximize their marginal utility subject to a budget constraint.



As incomes rise, the level of consumer marginal utility based on moral and ethical factors connected to core values tends to increase. This results in increased demand for credence attributes.



Food is an experience good

Food products can be bifurcated into two general product attribute groups:

- **Experience Attributes**

- Includes those things you can experience through touch, taste, smell, and feel

- **Credence Attributes**

- Includes moral and ethical elements, societal values
- Relies on a trust mechanism

Wait, What's a Credence Attribute?

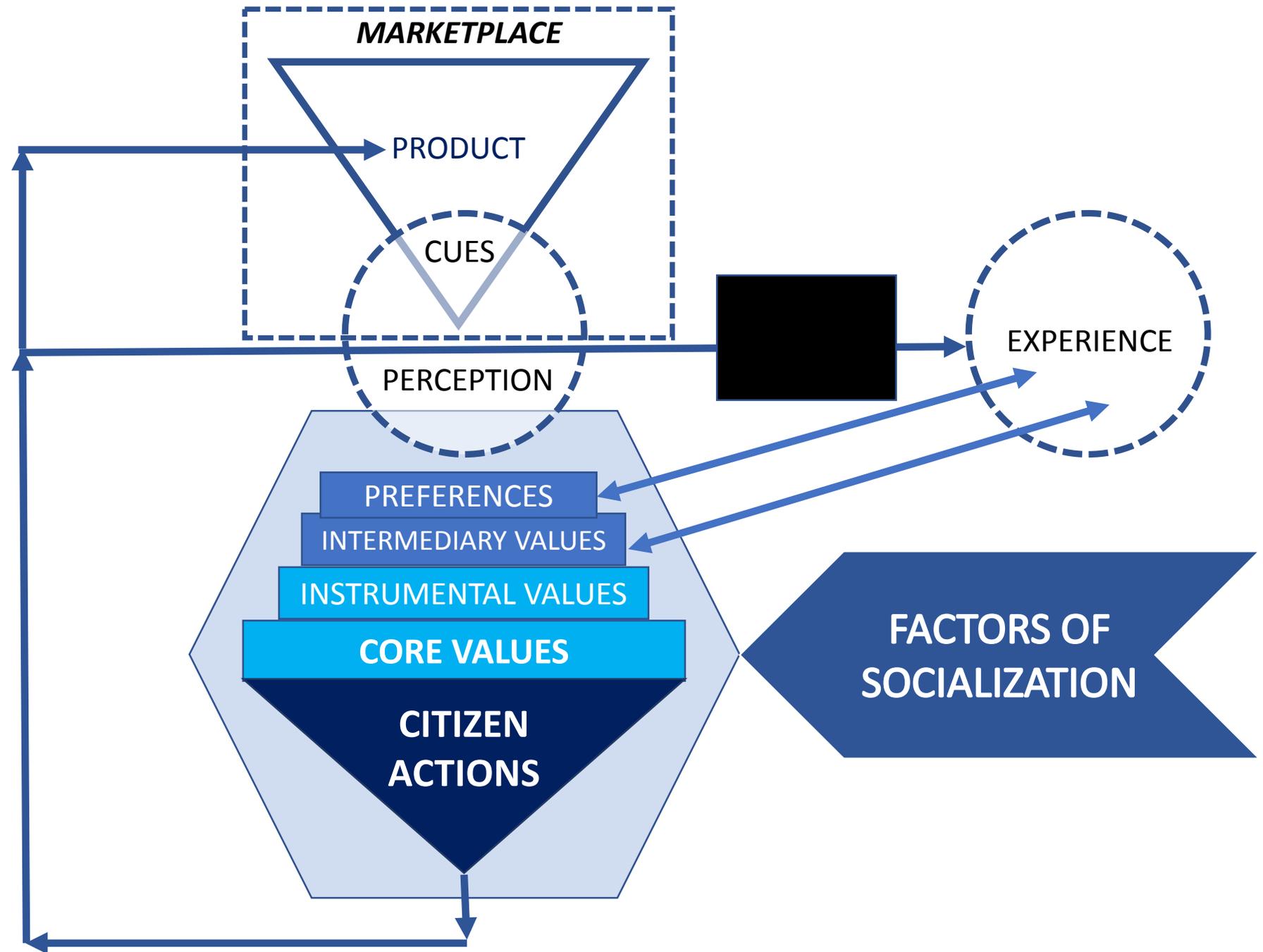
Product attributes can be broken into experience attributes and credence attributes.

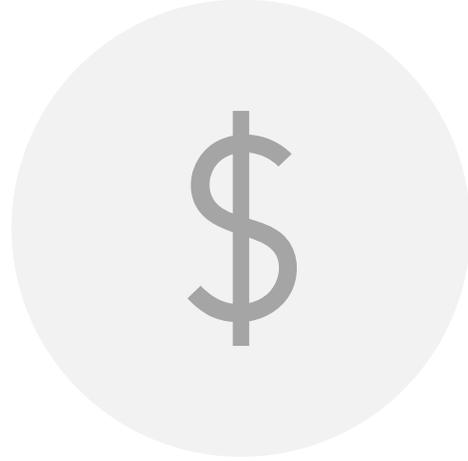
In the case of food, experience attributes include attributes such as taste, while credence attributes are attributes which cannot be experienced such as animal welfare or organic standards.

Packing type, marbling, and redness of rib-eye steak are examples of intrinsic cues which represent experience attributes, while organic production and animal welfare designations marked by labelling regimes are extrinsic cues representing credence attributes.



CONSUMER FOOD CHOICE





THE NECESSARY AND SUFFICIENT
CONDITION OF A BUSINESS IS A PAYING
CUSTOMER.



**WHO IS THE
CUSTOMER?**

Marketplace?



Montana is home to a relatively high level of consumer ethnocentrism, and many Montana entrepreneurs focus on Montana consumers.



However, innovation requires successful commercialization or dissemination of an idea, process, good, or service. Montana's rural areas and many towns and cities are in need of economic development that can be a result of sound innovation.



Marketplace?

Montana has only 1.062 million citizens

With over 300 million American citizens and 7 billion inhabitants on planet earth, is the marketplace Montana?

Montana entrepreneurs must recognize the world is their marketplace and not allow themselves to be limited by their geographic surroundings.



INNOVATION is a process rooted in the identification of problems, the development of solutions, and the ability for those solutions to be accepted by and produce benefit within the marketplace.

As people, end-users, and consumers, we can identify problems and develop solutions. The world—our everyday life—is our laboratory.

**To develop an innovative mindset, one needs to QUESTION:
Why? Why? How? Why?**

Innovation starts with ourselves. It starts with using our own understanding of ourselves to build, create, learn, and innovate.

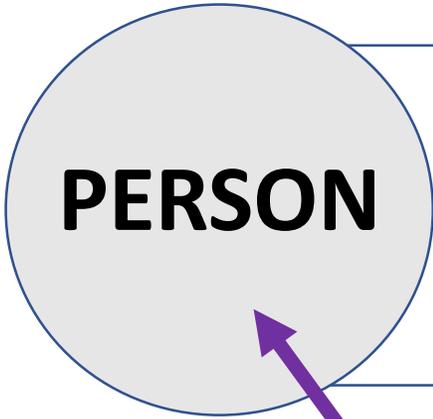


PERSON

- Values (instrumental/terminal/core)
- Being/Meaning

- Human Resource Unit:
- Education
 - Physical/Mental Ability

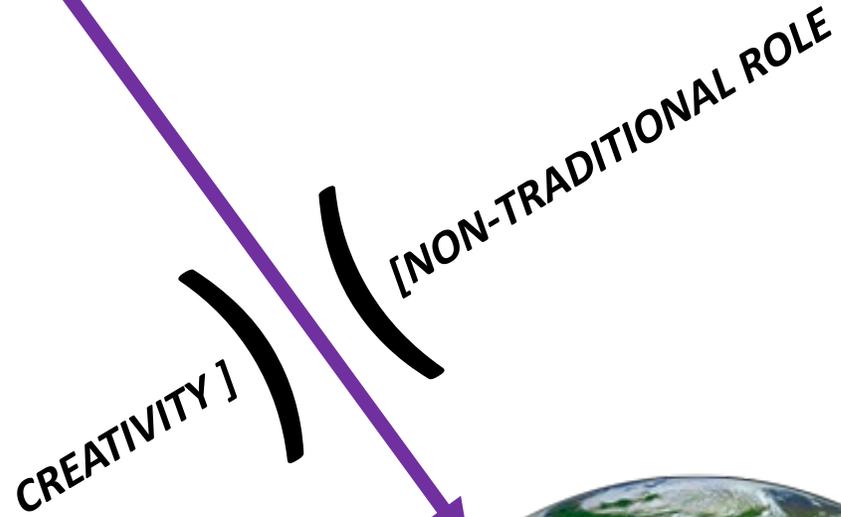




- Values (instrumental/terminal/core)
- Being/Meaning
- Life

Human Resource Unit:

- Education
- Physical/Mental Ability



PERSON

- Values (instrumental/terminal/core)
- Being/Meaning
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Human Resource Unit:

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QUESTION

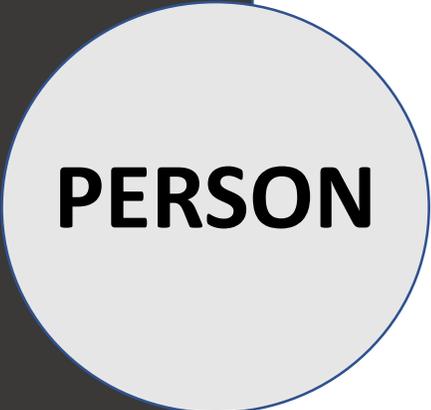
THINK

QUESTION

CREATE

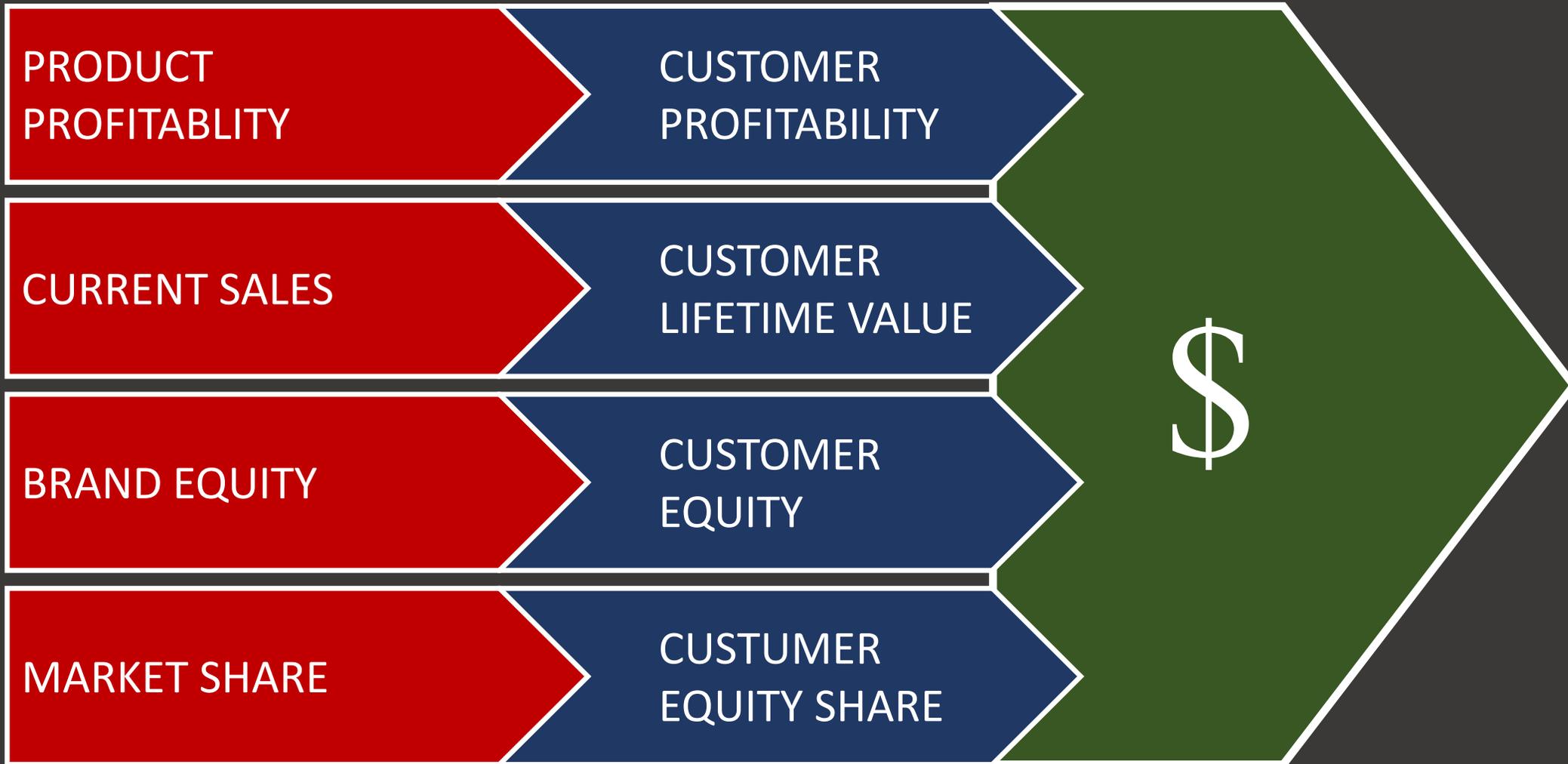
“PEOPLE SAY WHAT WE’RE ALL SEEKING IS A MEANING FOR LIFE. I DON’T THINK THAT’S WHAT WE’RE REALLY SEEKING. I THINK THAT WHAT WE’RE SEEKING IS AN EXPERIENCE OF BEING ALIVE, SO THAT OUR LIFE EXPERIENCES ON THE PURELY PHYSICAL PLANE WILL HAVE RESONANCES WITHIN OUR OWN INNERMOST BEING AND REALITY, SO THAT WE ACTUALLY FEEL THE RAPTURE OF BEING ALIVE.”

-joseph campbell



PERSON

A CUSTOMER MINDSET IS VITAL



SOURCE: Roland T. Rust, Christine Moorman, and Gaurav Bhalla. "RETHINKING MARKETING." *HARVARD BUSINESS REVIEW*. JANUARY-FEBRUARY 2010.

A CUSTOMER MINDSET IS VITAL

BEACHHEAD MARKET

Total Available Market (TAM)

UNIT ECONOMICS

Customer Lifetime Value (LTV)

Cost of Customer Acquisition (COCA)

ELEMENTS OF COMMERCIALIZATION

Minimum Viable Business Product (MVBP)

Customer Decision Making Unit (DMU)

PERSONA

DRINK NATURAL SAVE NATURE

Less than 1% of this drink is sugar
10% of its profits go towards saving African elephants

**PART TIME
RANGERS™**

African Elephant.
Vodka, Lime & Sparkling Water.



ALC
6%
VOL
STANDARD
1.6
DRINKS
330ml



FOR THE WILD

Less than 2% of this drink is sugar
10% of its profits go towards saving sharks

**PART TIME
RANGERS™**

Great White Shark.
White Rum, Apple, Lime & Sparkling Water.



ALC
6%
VOL
STANDARD
1.6
DRINKS
330ml





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