

Innovation, Opportunity and Social Entrepreneurship

Interview with Prof. Raphael H Cohen

Innovations have different phases and usually occur across boundaries and areas of knowledge. Lately, social innovations driven by sustainable business practices are receiving more and more attention among young entrepreneurs as well established companies. What actually makes a project or a company accountable with needs of society? And how the NGO or culture-driven organization could possibly avoid waste of resources and strive to deliver more socially responsible outcomes? These questions and more were addressed during the Digital Art Weeks's Innovations Forum Conference on Innovation, Opportunity and Social Entrepreneurship held in autumn of 2014 at the Museum of Art, Seoul National University.

Prof. Raphael H Cohen, one of the conference keynotes, addressed approaches to innovation and entrepreneurship, keeping the speech within the context of a cultural event and social innovations. The interview with him is part of a series of interviews under the title "Art, Science, Society", which address the issues of the innovations and helps spread the wealth of knowledge and broad range of perspectives presented during the Innovations Forum Seoul 2014.

Digital Art Weeks: Raphael, you are a successful Business Angel, Business Boosters, Professor and CEO of your own company. How did it all began for you and where would you suggest other to begin?

Raphael H Cohen: It began when my father challenged me to start a new division in his company. This is an unusual scenario that cannot be a model for others. What I have learned is that there are opportunities everywhere and that most people do not see them or do not know how to seize them. After many years of teaching people how to identify opportunities and how to exploit them I am now convinced that anyone with an open mind and the appropriate toolbox can create his job and jobs for others. Experience has shown that learning the tools, as explained in my book "Winning Opportunities", is enough to wake up those who are mentally agile. There is no need to create a start-up because behaving in an entrepreneurial manner inside an established company creates huge opportunities to boost one's career.

DAW: In your book, "Winning Opportunities", you define opportunity as the existence of an innovative solution responding to a market pain, need or desire. What if opportunity -although innovative and feasible marketwise- is not ethically or morally convincing. How can a so called "to be or not to be" dilemma be resolved?

RHC: This is a critical question. I was the first to introduce a course on business ethics at the University of Geneva in 2001 because I strongly believe that leaders have a responsibility to do the "right thing". This requires a clear awareness and understanding that whatever they do must be governed by an explicit set of values and governance rules. These values and governance principles should then act as filters to handle the dilemma you are referring to.

DAW: Many cultural or socially driven projects fail to succeed because the decision makers criteria in evaluating such projects are too revenue orientated. What criteria should be used to evaluate such projects, which are based much more on "trust" rather that "return on investment"?

RHC: Since resources are by definition limited we have a duty to optimize their use. Launching the wrong

project or a project that will not deliver the expected outcome translates into a waste of those resources. People who launch projects should thus be accountable for the proper use of the resources that they have received. The real question is to be clear on what measurable outcome is expected for each project. This is what I call the "Definition of success". It can be revenue oriented but it is certainly not the only option. What is a must is to clearly express before allocating and using resources the measurable outcome of any project even for a socially oriented project. Without this it is not possible to hold people accountable for delivering this outcome with the minimum resources.

DAW: We can consider the growth in the number of hybrid organization (social enterprises or creative hubs) to be of much importance. How do you think hybridization as an "alternative management model" could be implemented in organizations other than those that are top down run?

RHC: Any organization must in reality arbitrate four fundamental objectives: generate income and/or profit, ensure its sustainability, grow and finally social contribution. What you call "hybrid organizations" have the same four objectives but they simply put more emphasis on the fourth objective: social contribution. If "traditional" organizations focus more on social contribution and less on generating profit they would become "hybrid". The question with this terminology is to define where "hybrid" starts... I personally do not like the idea that some companies make money and others contribute socially. I would rather merge the two and state that it is the duty of ANY organization to also contribute socially. This issue should be disconnected of the organizational structure. Hybrid and not-hybrid organizations can be top-down or bottom-up. Their governance is independent of their goals.

DAW: Further, "hybrids" are often exposed to higher risk, financial instabilities, and lack of clear business model. How can the credibility of such organizations be improved?

RHC: Credibility and... sustainability will be improved by balancing the four objectives I mentioned above. It is not enough to be socially oriented. Hybrids must also include the objectives of generating income, developing a business model that ensures their survival and growing to increase their impact.

DAW: Managing "not for profit events" aimed at international collaborations usually bring together a multitude of stakeholders and partners along with the possible "conflict of interest" situation. What are the criteria to evaluate who in a pool of possible stakeholders would be the most important and in need of attention?

RHC: Here again any partnership requires a clear agreement on the outcome of the venture (the "Definition of Success & Failure" in the IpOp Model). If they cannot agree they should not join forces because conflicts will become unavoidable. Once the measurable outcome has been defined the next thing that should be addressed by the Stakeholders is the governance of their collaboration. Agreeing on the outcome and the governing rules is the best approach to avoid or at least reduce conflicts.

DAW: At the Digital Art Weeks in Seoul you spoke about how NGO's and social organization that can leverage partnerships that will generate more impactful outcomes. These organizations have often only intangible outcomes. Do you think that such are more important as tangible outcomes and could possibly win the decision makers for long lasting partnerships?

RHC: Intangible does not mean that it cannot be measured. Pain is intangible and hospitals measure it. Customer satisfaction is intangible but it is measured all the time. Social organizations can also measure their outcome. What I meant in my presentation is that if NGOs and social organizations want to increase

their impact they should partner with other players by finding win/win approaches. This can only be achieved by understanding the world of those players. The effect of keeping an iron wall or a hostile attitude towards the private sector is that it will only prevent NGO's from maximizing their goals by leveraging such partnership.

DAW: Last but not least, let's add the million dollar question: How can artists and/or cultural organizations become more business like and would there be guidelines for them to make the creative endeavor, economically valid?

RHC: Since any artistic or cultural project remains a... project there are some rules that apply to any project. It happens that the "business" world has studied those rules to optimize projects outcome. If artists or cultural players learn those rules they will be able to apply them to their projects and their relationships with other players. This should significantly increase their chances of success. I am a strong believer in the power of bridging different worlds.

Appendix

Raphael Cohen is a professor, lecturer, author, serial entrepreneur and business angel. He has a PhD in economics from Switzerland. He is the owner and managing director of Getratex SA, as well as academic director of the entrepreneurship and business development specialization of the eMBA at the University of Geneva. He has been managing an international group of companies since before earning his PhD in economics in 1982. He lectures and offers consulting and coaching services to senior executives, bankers, directors and entrepreneurs. Raphael has come up with the IpOp Model, an approach to innovation and corporate entrepreneurship. The model is a tool to be used by managers to prevent the waste of resources in allocating resources to innovation projects or to help them to innovate in order to bring competitive advantages to their company. In addition to his active career in academia he has also been the academic director of

the MBA Europe for Thunderbird School of Global Management and director of the first course of entrepreneurship at the Ecole Polytechnique Fédérale de Lausanne EPFL.

Originally founded on the Swiss Federal Institute of Technology Zurich (ETH) with the initial goal of driving interdisciplinary initiatives, **DAW International** bridges art and science within cultural context. Under the motto "art and science creatively connected", the festival program presents diverse perspectives on innovations in art, science and technology from authoritative voices from around the world. Consisting of conferences, exhibitions, workshops and performances, the DAW program offers insight into current research and innovations in art and technology as well as illustrating resulting synergies during its events, making artists aware of impulses in technology and scientists aware of the possibilities of application of technology in the arts.

For more information about the upcoming book, please contact us at the following address:

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