15.394
Designing and Leading the Entrepreneurial Organization
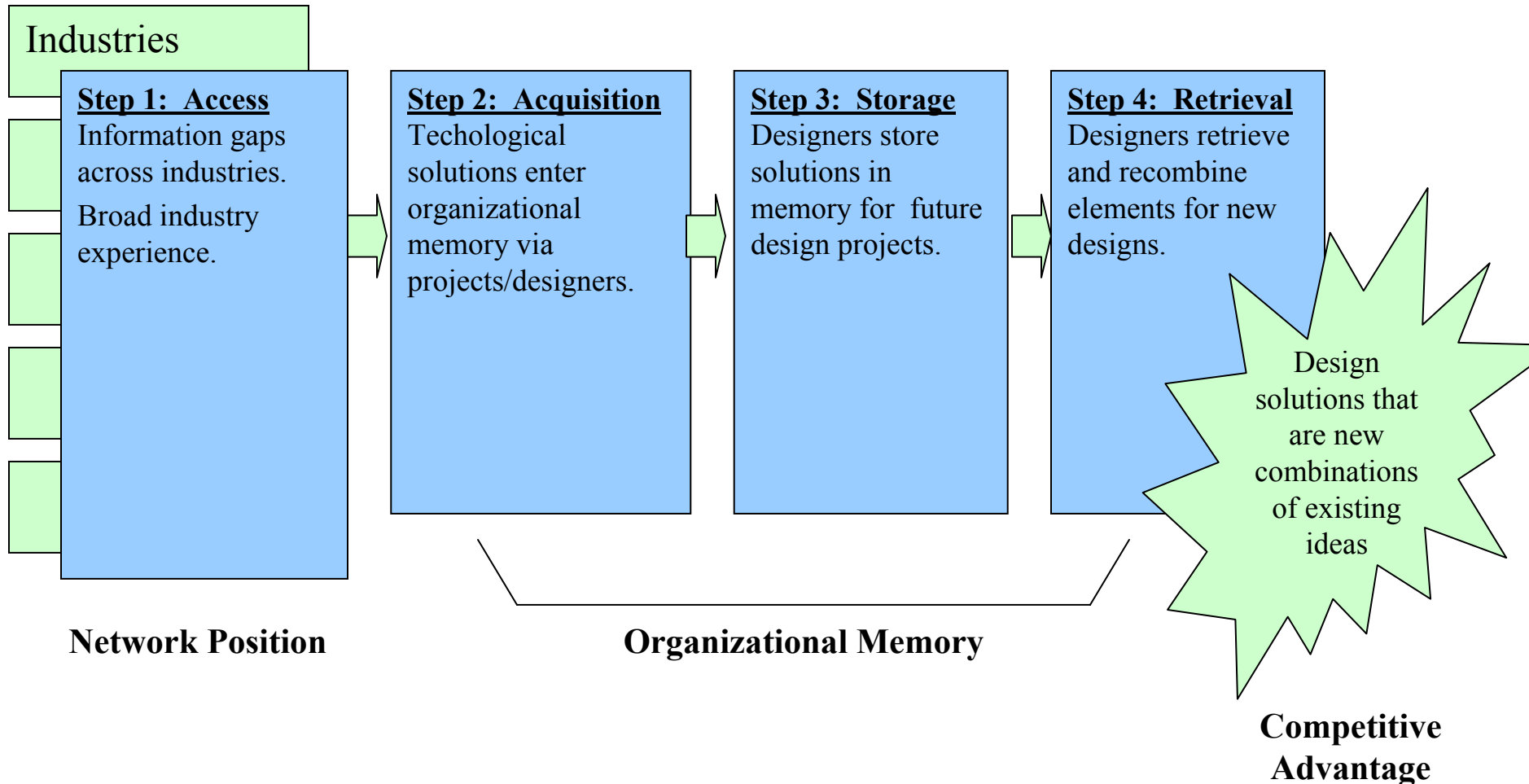
MIT Sloan School of Management

Agenda

* Administrivia
  * Three weeks remaining!
  * Progress Report Feedback
    * Office Hours: Tuesday, Thursday & Friday next week.
* IDEO Case Discussion
  * IDEO as an entrepreneurial firm
  * Designing a firm for creativity
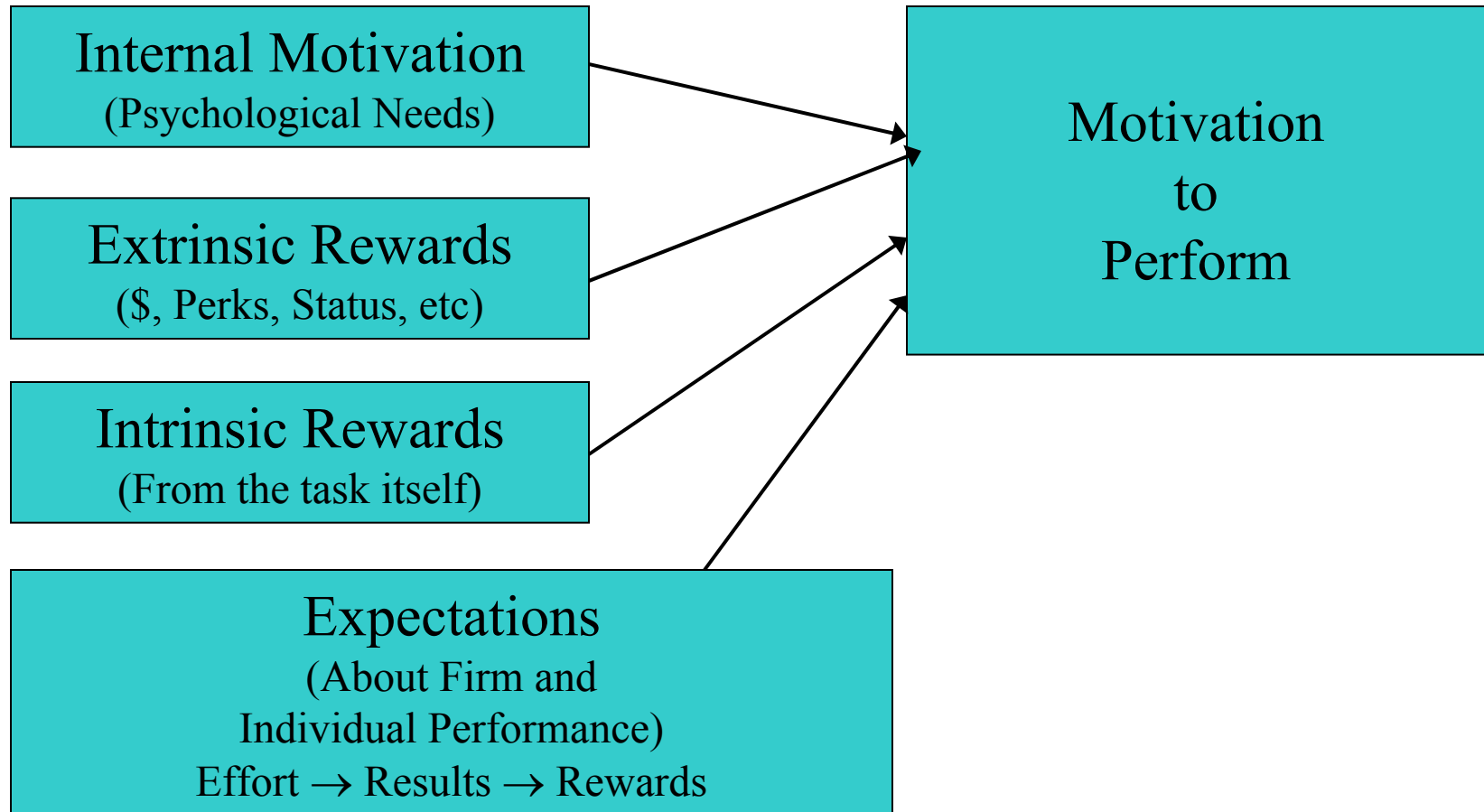 * Using a design firm
* Lessons to date

Case Discussion

IDEO

A Process Model of How Innovation Occurs Through Technology Brokering

Industries

Step 1: Access
Information gaps across industries.

Broad industry experience.

Step 2: Acquisition
Techological solutions enter organizational memory via projects/designers.

Step 3: Storage
Designers store solutions in memory for future design projects.

Step 4: Retrieval
Designers retrieve and recombine elements for new designs.

Design solutions that are new combinations of existing ideas

Network Position

Organizational Memory

Competitive Advantage

Motivation & Creativity

Sources of Motivation

Internal Motivation (Psychological Needs)	

| Extrinsic Rewards ($, Perks, Status, etc) | Motivation to Perform |

| Intrinsic Rewards (From the task itself) | |

| Expectations (About Firm and Individual Performance) Effort → Results → Rewards | |

One theory of Internal Motivation: McClelland's Three Needs

- Need for Achievement (nAch)
- Need for Affiliation (nAff)
- Need for Power (nPow)

Extrinsic Rewards

- Individuals are extrinsically motivated when they engage in the work in order to obtain some goal that is apart from the work itself

- Extrinsic rewards = recognition, compensation such as $, perks, status...

  An outside source that intends to control, or be perceived as controlling the initiation or performance of work

Intrinsic Rewards

- Individuals are intrinsically motivated when they seek enjoyment, interest, satisfaction of curiosity, self-expression, or personal challenge in the work

- Intrinsic rewards are derived from the interest challenge and enjoyment of the task itself

  When people are engaged in the task, they are intrinsically motivated

Jobs with Motivating Potential

✠ Meaningfulness

  ✠ Task requires a variety of skills

  ✠ Is a whole and meaningful piece of work

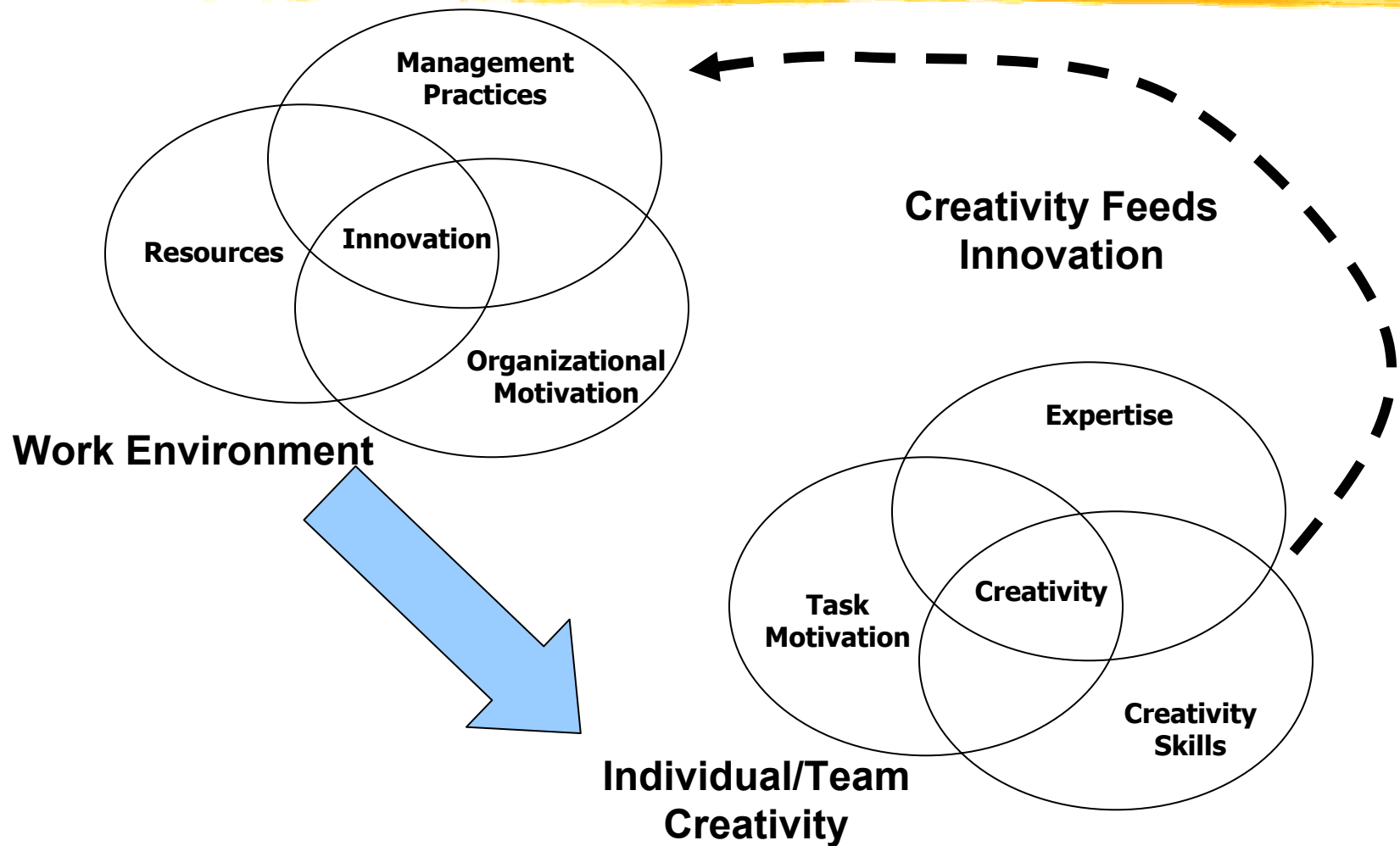 ✠ The outcomes of the work will "make a difference" to others

✠ Responsibility

  ✠ Allow substantial autonomy to made decisions about how to carry out the work

✠ Impact and Learning

  ✠ Includes feedback, preferably from doing the work itself, about performance

Impact of the Organizational Environment on Creativity

Management Practices

Resources

Innovation

Organizational Motivation

Work Environment

Creativity Feeds Innovation

Expertise

Task Motivation

Creativity

Creativity Skills

Individual/Team Creativity

Source: T. Amabile, (1997) "Motivating Creativity in
Organizations." *California Management Review* 40(1):39-58

References & Resources

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J. Richard Hackman & Greg Oldham, 1980. *Work Redesign*. Reading, MA: Addison-Wesley.

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Alfie Kohn, 1999. *Punished By Rewards: The Trouble with Gold Stars, Incentive Plans, A's, Praise, and Other Bribes*. Houghton Mifflin, Co.

David C. McClelland and David H. Burnham. 1995. "Power is the Great Motivator." *Harvard Business Review*, January-February: 126-139. (HBR Classic, originally published in March-April 1976).