

Beyond systematic entrepreneurship: The role of intuition in experience innovation

In this paper we start from the conception of experience innovation as originally proposed by Prahalad and Ramaswamy (2003) since this approach seems to contradict the assumption that entrepreneurship is a systematic behaviour based on concept and theory rather than a personality trait based on intuition (see Drucker, 2006). We attend to the questions: *What is the role of creative intuition in experience innovation?* and *How should be entrepreneurship studied in future?*

In economics, experiences are distinct economic values in the form of personally engaging events that remain memorable for the customers (Pine II & Gilmore, 2000) but they function according to a quite different set of internally consistent assumptions of value creation compared to services and products (Prahalad, 2004). Hence, value is created at the point of exchange, and services and products are merely regarded as carriers of experiences (see Prahalad, 2004: 173). Innovation remains a consistent factor in this economic shift from services to experiences, but here innovation is focused on experiences rather than on products or services.

Experience innovation aims at nudging the co-creation of experience spaces in which “personalized, evolvable experiences are the goal, and products and services evolve as a means to that end” (Prahalad & Ramaswamy, 2003: 18). Traditionally entrepreneurship and innovation go hand in hand because the latter is believed to have its source in the *Unternehmergeist* (entrepreneurial spirit). However, Schumpeter (1911: 88-89) pointed out that “entrepreneurs of course may be inventors just as they may be capitalists, they are inventors not by nature of their function but by coincidence and vice versa.” This means that entrepreneurs can be both inventors and innovators yet in most cases they are innovators, i.e. idea catchers (see Elsbach, 2003) with the ability to identify new ways and launch them as an economic success on the market (Schumpeter, 1911).

What is the role of entrepreneurial intuition in experience innovation?

All innovation stems from one indispensable ingredient that of personal creativity (e.g. Popper, 1968). The latter can be defined as creativity “manifested in the intentions and motivation to transform [intentionality] the objective world [sensory information] into original interpretations [transformational capacity], coupled with the ability to decide when this is useful and when it is

not [discretion]” (Runco, 1996: 4). This definition links well to Schumpeter’s (1911) original definition of entrepreneurs, which he saw as a minority possessing the ability to dynamically and actively respond to changing environments (i.e. personal creativity) and turn change into something new and economically viable (i.e. innovation) despite possible resistance. Hence, Schumpeter (1943) called entrepreneurs a special breed because they are *creative destroyers* with the ability to identify new ways and launch them successfully on the market (Tschmuck, 2006).

“Therefore, too, the carrying out of new combinations is a special function, and the privilege of a type of people who are much less numerous than all those who have the ‘objective’ possibility of doing it. Therefore, finally, entrepreneurs are a special type, and their behaviour a special problem, the motive power of a great number of significant phenomena” (Schumpeter, 1911: 81-82).

In experience innovation value is created at the point of exchange, which turns customers into co-creators and decision-makers of experiences and services and products are just carriers of experiences (see Prahalad, 2004: 173). Traditionally, however, innovation is defined as the acceptance of a new and useful idea by those other than the creator (Amabile, 1996; George, 2007; Zaltman, Duncan & Holbek, 1973) and those others often are what is called *appropriate observers*, ‘experts’ who are “familiar with the domain in which the product was created or the response articulated” (Amabile, 1982: 1001; 1983: 359). For example, the Michelin and Gault Millau restaurant guides can be considered appropriate observers of haute cuisine and only if their restaurant testers independently agree that a chef’s cuisine is innovative it ‘becomes’ innovative (Stierand, 2013; Stierand, Dörfler & MacBryde, 2014).

This process, however, seems to be significantly jeopardized in experience innovation because creation and consumption are more or less immediate and thus there is little or often no time for improvement or correction and expert opinions. Thus, we argue, entrepreneurship research on experience innovation needs to consider the notion of creative intuition (see Dane & Pratt, 2009; Gore & Sadler-Smith, 2011), because the creative process in experience innovation relies on a part of our thinking that is non-algorithmic, which means it “cannot be put into a finite sequence of instructions for solving a problem” (Stierand & Dörfler, 2011: 123). Due to this non-algorithmic nature it is impossible to fully control the process of experience innovation and thus entrepreneurship research also has to study the possible link between creative intuition and

distinct entrepreneurial behaviours and personalities and their effects on failures or successes of experience innovation.

How should entrepreneurship be studied in future?

We argue that future entrepreneurship research on experience innovation has to start from a broad definition of creative intuition to give room for exploring possible new research areas and directions that at this point may only be vague hunches or cannot even be imagined. Such a broad definition may be the one provided by Policastro (1995: 99) who says that as a phenomenon creative intuition can be defined as “a vague anticipatory perception that orients creative work in a promising direction” and as “a metaphorical seeing of the phenomenon searched for, an anticipatory perception of its shape or its gross structure” (Entwistle and Marton in Policastro, 1995: 100, this definition is based on interviews with Nobel Laureates in physics, chemistry, and medicine who talked about the experience of scientific intuition). A more technical definition may describe creative intuition as a “tacit form of knowledge that broadly constraints the creative search by setting its preliminary scope” (Policastro, 1995: 100). In our view, both types of definitions are necessary in order to design feasible research projects without running into danger of oversimplifying reality.

In addition, we urge researchers interested in this area to first reflect on Schumpeter’s original notion of entrepreneurs being a *special breed*, because too often we fall all into the trap of equating equality with sameness but *true* Schumpeterian entrepreneurs are not about the average person but about creative destroyers and those are by definition extraordinary. Somehow it seems uncomfortable or even unacceptable for some of us to welcome outliers, who often get cut off as “*tall poppies*, because their talents naturally distinguish them from the rest of us” (Stierand & Dörfler, 2011: 122), but it is our obligation as researchers to be inclusive and understand also the extraordinary:

“I fully recognize that extraordinariness does not of itself translate into working for the societal good, or even caring about what the good might be. Still, if we are to have a world civilization – and, more particularly, one that strives towards fairness and peacefulness – we must understand as much as we can about individuals of unusual promise and achievement” (Gardner, 1998: 16).

Hence, we strongly believe that entrepreneurship research cannot significantly progress if we continue to only look at the average and we therefore propose to increase exploration of the extraordinary (see Dörfler & Stierand, 2009; Gardner, 1998). This is also in line with work on the intuitive sense of creative outcome prior to the creative process (Arnheim, 1980; Gardner & Nemirovsky, 1991; Gruber, 1981; Piaget, 1981; Policastro, 1995) that acknowledge the importance of the extraordinary as the only source of high-quality creative ideas carrying the chance of turning into innovations (see Einstein, 1956/1984: 8-9).

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