

Grossman on economics

Innovation, management grab at the heart

By HOWARD J. GROSSMAN
Special to The Dallas Post

Innovation and entrepreneurial management are words which strike at the heart of the national economy. In a book published by Peter F. Drucker titled "Innovation and Entrepreneurship," these words find themselves frequently utilized within the book's 277 pages. Drucker focuses attention on where jobs have been generated in recent decades versus what happened following the end of World War II.

He attributes current growth to an entrepreneurial economy of small and middle-sized businesses practicing systematic innovation. In outlining excellent examples of where growth has taken place, he also points to the lack of innovation in certain industry sectors. In his words, "the United States Postal Service did not react for many years to innovators who took away larger and larger chunks of the most profitable services. What made the postal service so vulnerable was its rapid growth. Volume grew so fast that it neglected what seemed to be minor categories, and has practically delivered an invitation to the innovators."

He criticizes those business persons, public service staff, or governmental policy makers who neglect demographics. He charges that too many decision-makers "cling to the assumption that demographics do not change - or do not change fast." In his words, the "unwillingness, or inability, of the experts to accept demographic realities which do not conform to what they take for granted gives the entrepreneur his opportunity."

He strongly urges decision makers to get out into the field to look and listen as well as relying on trend statistics. Sears Roebuck is an example of this approach when they geared their decision making process to Latin America in the early 1950's, suggesting that cities such as Mexico City and Sao Paulo were expected to outgrow all United States cities by the year 1975.

Drucker states that "knowledge based innovation is the superstar of entrepreneurship." It has the longest lead-time of all innovations, but is not always based on scientific or technical changes. "Social innovations based on knowledge can have equal or even greater impact."

In discussing new ventures and the role of the entrepreneur in an existing company, Drucker believes that "there has to be a special locus for the new venture within the organization, and it has to be pretty high up. Even though the new

project, by virtue of its current size, revenues, and markets, does not rank with existing products, somebody in top management must have the specific assignment to work on tomorrow as an entrepreneur and innovator.

Drucker aims his comments at both profit making, non-profit making and governmental organizations. He criticizes public service organizations by stating that "the most entrepreneurial, innovative people behave like the worst time-serving bureaucrat or power-hungry

politician six months after they have taken over the management of a public-service institution, particularly if it is a government agency."

In his mind, too many public services are based on "success"; that is, that public service institution which gets a "larger budget" rather than obtaining results. He also points to the differences between profit making and public service institutions.

"A public service institution has to satisfy everyone; certainly, it cannot afford to alienate anyone."

He believes that public service institutions are "out to maximize rather than to optimize."

Consumer service is an absolute requirement for successful entrepreneurship businesses. In his words, "entrepreneurship always needs to be market-focused, indeed, market-driven."

What are the lessons to be learned in Northeastern Pennsylvania with respect to Drucker's innovation and entrepreneurship philosophy? Should more attention be placed on entrepreneurship beyond that which

is already occurring in the region?

Certainly the new venture capital fund which was recently established and has a \$7.5 million dollar capital base thus far is an innovation and example of entrepreneurship involving both the profit-making and public sector. The Venture Capital Fund has an umbrella organization called the NEPA Management Corporation which is based in Easton and which can provide equity funding for companies who meet the

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-Obituaries-

FLORENCE BEISEL

Mrs. Florence M. Beisel, 85, of 113 Warden Ave., Trucksville, died August 2 in Hospice St. John, Heritage House, Wilkes-Barre, following an illness.

Surviving are her son, Kenneth E. Beisel, Shavertown; two grandchildren; four great-grandchildren.

Funeral services were held August 5 from the Harold C. Snowden Funeral Home, Shavertown, with the Rev. Lynn E. Rothrock, pastor of St. Paul's Lutheran Church, officiating. Interment, Hanover Green Cemetery.

BERNARD LASKOWSKI

Bernard F. Laskowski, 75, of 127 Shady Hill Road, Shavertown, died August 1 at his home.

Surviving are daughter, Mrs. Shirley Smith, at home; one grandson; brother, Elmer, Shavertown; sisters, Mrs. Olive Skok and Mrs. Melba Brown.

Funeral services were held August 5 from the Earl W. Lohman Funeral Home, Nanticoke, with the Rev. Alice Collins officiating. Interment, Memorial Shrine Cemetery, Carvertown.

JOHN WILKES

John A. Wilkes, of Chase Road, RD 5, Shavertown, died August 1 at Wilkes-Barre Mercy Hospital.

Surviving are sons, Paul and John, both of Chase; a brother, Larry, Lemoyne; sister, Mrs. Betty Chopka, Plains Township; two grandchildren.

Funeral services were held August 5 from the Andrew Strish Funeral Home, Larksville, with a Mass of Christian Burial in St. Mary's Nativity Church. Interment, St. Mary's Cemetery, Plymouth.

DOROTHY JARRETT

Mrs. Dorothy P. Jarrett, 67, of 146 N. Main St., Shavertown, died August 1 at her home following an illness.

Surviving are her husband, Harry W.; sister, Mrs. Arthur Bouquet and brother, James Kilpatrick, both of Youngstown, Ohio; several nieces and nephews.

Funeral services were held August 5 from the Harold C. Snowden Funeral Home, Shavertown, with a mass of Christian Burial in St. Therese Church. Interment, Mount Olivet Cemetery, Carvertown.

GEORGE SPACE SR.

George R. Space Sr., 89, of Market Street, Noxen, died August 4 in Wilkes-Barre General Hospital following a lengthy illness.

Surviving are his wife, the former Edna Siley; son, Robert, Mountaintop; five grandchildren; 14 great-grandchildren; three great-great-grandchildren.

Funeral services will be held today at 11 a.m. from the Nulton Funeral Home, Beaumont, with the Rev. Donald Baker, pastor of the Free Methodist Church of Bowman's Creek and the Rev. PEGG A. Richards of the Noxen United Methodist Church, officiating. Interment will be in the Orcutt Cemetery, Noxen. Friends may call today 7 to 9 p.m.



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