

**LEVERAGING INNOVATION FOR SUCCESSFUL  
CORPORATE ENTREPRENEURSHIP  
-A CASE STUDY ON GADRE MARINE EXPORT,  
MIRKARWADA, RATNAGIRI  
Dr.R.Gopal, Rashmi Gopinathan, Shilpa Varma**

**Resume of Dr. R. Gopal**

Dr. R. Gopal is currently the Director of the D.Y. Patil Institute of Management Studies, Navi Mumbai. Prior to this, he was with Siemens Ltd, His last assignment at Siemens, was as the Head of the Switchgear Division, where he was actively involved in evolving and implementing strategies including launching of new products. He was also deputed to Siemens AG, Germany where he was involved in the preparation of the Strategic Plan for the various European Subsidiaries of Siemens AG. He has also published more than 60 papers both in Indian and foreign journals and is also the Visiting Faculty to several B Schools in the areas of Marketing, Market Research, Direct Marketing and Strategic Management / Business Policy. He has also conducted several programs in the USA on topics like How to do Business India. He was the member of Editorial Board of a book titled “ A Panorama of Research Work”. He has been awarded the outstanding research paper award at the second Asia Pacific Marketing Conference held in Malaysia.

Email: [gopaldactor@gmail.com](mailto:gopaldactor@gmail.com), [gopaldactor@yahoo.co.in](mailto:gopaldactor@yahoo.co.in)

Tel. No. 2528 6428, 93225 17368

**Resume of Ms. Rashmi Gopinathan**

Ms. Rashmi Gopinathan is currently Lecturer (Entrepreneurship and HRM) with Dr. D.Y. Patil Institute of Management Studies, Navi Mumbai. She has published and presented papers on various subjects in the area of Human Resources. She is enrolled for PhD with Dr. D.Y. Patil Institute of Management Studies.

Email: [rashmigopinath@yahoo.com](mailto:rashmigopinath@yahoo.com)

Tel. No. (M) 9820576482, ® 022 25283418

**Resume of Ms. Shilpa Varma**

Ms. Shilpa Varma is currently Lecturer (OB and HRM) with Dr. D.Y. Patil Institute of Management Studies, Navi Mumbai. She has published and presented papers on various subjects in the area of Human Resources. She is enrolled for PhD with Dr. D.Y. Patil Institute of Management Studies.

**E Mail:** [varmshilpa@gmail.com](mailto:varmshilpa@gmail.com)

**Tel. No. (R) 022- 32990174, (M) 9322269600**

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**Abstract:**

In a world of ever increasing global economy, the idea of corporate entrepreneurship has become a topic that leaders and managers must not only be aware of conceptually but also understand in order to be able to strategize and position for organisational viability. As a growing competitive advantage for organizations, succeeding in corporate entrepreneurship is a necessity in today's market place. In order to succeed, the organisation must set a vision that encourages growth, rewards risk taking and leverage innovation by adapting to the very changing global economy.

Most organizations find that their ability to identify and innovatively exploit opportunities decrease as they move from the entrepreneurial to the growth phase. Both the external business environment and the internal business environment drive corporate entrepreneurship. The five industry and competitive forces- proposed by Michael Porter - bargaining power of customers, bargaining power of suppliers, threat of new entrants, threat of substitutes and intensity of competitive rivalry – influence new business creation, by fostering the need for innovation in light of the competitive realities. Hence the key success to any organisation in the present competitive and dynamic environment is the need to adopt an entrepreneurial strategy – seeking competitive advantage through continuous innovation by effectively identifying and exploiting opportunities in order to sustain and grow.

This paper attempts to highlight the role of innovation for successful Corporate entrepreneurship. It also discusses how any innovation- be it product, process or any other type- can be converted into a sustainable competitive advantage to make a firm standing in the arena of business. This is done by studying and analyzing the innovation and success of Gadre Marine Export, Mirkarwada, Ratnagiri.

**Keywords:** Corporate entrepreneurship, Seafood industry, Surimi, Surimi Analogues, Imitation crab stick.

### **Introduction:**

In a world of ever increasing global economy, the idea of corporate entrepreneurship has become a topic that leaders and managers must not only be aware of conceptually but also understand in order to be able to strategize and position for organizational viability. As a growing competitive advantage for organizations, succeeding in corporate entrepreneurship is a necessity in today's market place. In order to succeed, the organization must set a vision that encourages growth, rewards risk taking and leverage innovation by adapting to the very changing global economy.

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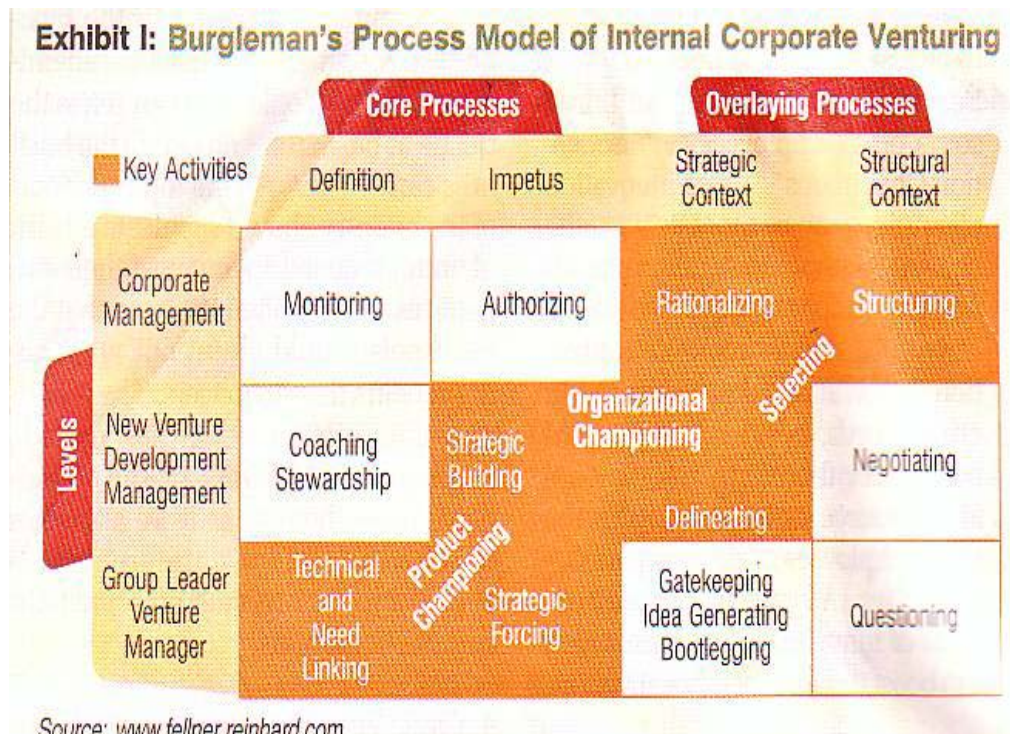
### **Corporate Entrepreneurship**

The notion of entrepreneurship is typically associated with new business creation, new product development and offerings by individuals. With the onset of intensifying global competition there is an increasing need for business organizations to become more entrepreneurial to not only survive but to thrive and prosper. Hence corporate entrepreneurship has become an important paradigm in today's business environment. Corporate Entrepreneurship is a much broader concept encompassing innovation, creativity, change and regeneration within the corporate climate or entire organization. Corporate Entrepreneurship is a concept by which corporate employees at any level of the company – identify and construct a unique business model that offers significant growth opportunities for their company.

### **Succeeding at Corporate Entrepreneurship**

Out of the various models of successful corporate entrepreneurship, the most widely accepted one is the Burgelman's Process model of Internal Corporate Venturing (ICV). (See Exhibit I).

### Exhibit I: Burgelman's Process model of Internal Corporate Venturing



Source: Corporate Entrepreneurship, Effective Executive, The ICFAI University Press, April 2007.

As shown in the model, while going for internal corporate venturing, the key activities of the top management include rationalizing and structuring the plan of the new venture. The key activities of middle management or the new venture development management team are strategy building and delineating for the business activities. At the functional level, the group leader or the venture manager has to establish a link between technical requirements and need of the customer and strategically forcing the idea for adoption. There is also an overlap between the top and the middle management in terms of selecting the business plan or people and between middle management and lower management where both of them can act as a product champion.

Burgelman was of the view that the motor of corporate entrepreneurship resides in the autonomous strategic initiatives of individuals at the operational levels in the organization. Therefore, organizations can build a competitive advantage by nurturing the people at the operational level.

### **Innovation:**

An Organization can utilize innovations in all phases of its life. However most of the innovations take place when the organizations want to increase the competitiveness in the marketplace. Such innovations are generally of two types- Product Innovation and Process Innovation- both these innovations in the long run result in being “Customer Centric” and thus result in an increasing profit. (Dr. R. Gopal, ‘Innovation- The Key Strategic Weapon to Increase Competitiveness- A Model to Measure the Impact of Innovation on the Value of Business,’ Proceedings of the 10<sup>th</sup> Strategic Management Convention, IIT Mumbai, 2007).

Implementing the innovation and leveraging the same essentially calls for two broad strategies:

1. The entrepreneur himself takes the risk and steers the organization in that direction with the support of employees.
2. The entrepreneur in consultation with the functional line managers invites a product, process or structural innovation leading to successful business plan and calculated risk.

Strategically after a product has been established in the market place innovations occur when the entrepreneur desires to increase his sales which he achieves through product innovation. This strategically helps in an increase in the market penetration.

With the objective of understanding all these aspects a study was conducted with special reference to the seafood industry.

### **Objective of the Research Paper :**

It has been seen that the seafood industry has great potential for economic contribution by innovation of product or process. But no adequate study has been undertaken till now to understand the importance of innovation in product or process in the seafood industry.

The objective of the study was

1. To understand the strategic benefits of corporate entrepreneurship and innovation.
2. To study the key strategy of the management of Gadre Marine Export for rejuvenation.
3. To highlight the role of innovation in successful corporate entrepreneurship w.r.t. Gadre Marine Export.
4. To present the findings of the case study to encourage Indian seafood exporters to leverage innovations for successful corporate entrepreneurship.

### **Research Methodology:**

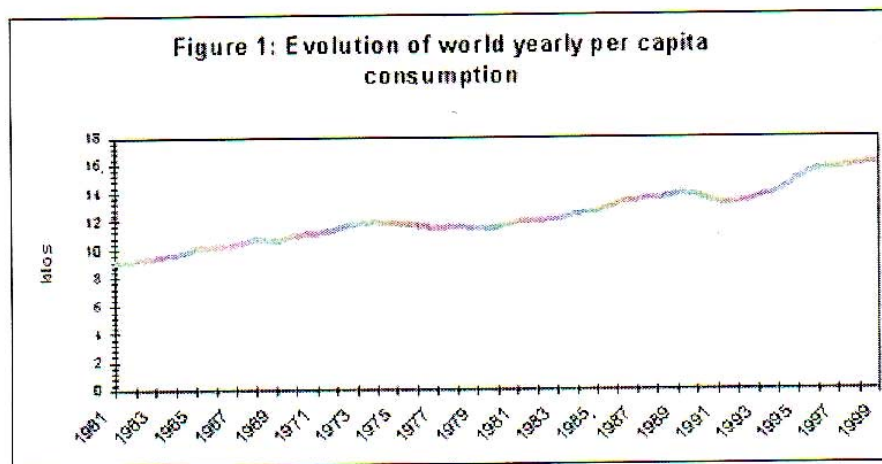
An in-depth desk research through secondary data was conducted to understand the various aspects that are involved in the success of corporate entrepreneurship through innovation. Secondary data was also used to acquire an overview of the Indian seafood industry.

Field research comprised of detailed discussions by the authors with some senior officials of MPEDA (Marine Products Export Development Authority) to understand the various issues involved in the seafood industry.

The study used was mainly 'Exploratory' in nature. Detailed discussions were also held with some senior managers of Gadre Marine Exports to get an insight into the strategy of the company to bring about successful rejuvenation through innovation and corporate entrepreneurship. This first-hand information was supplemented with internal confidential data provided by the company officials.

### **Steady Growing World demand for Seafood:**

Year after year, since the end of World War II, human beings all over the world have increased their consumption of seafood. The production of seafood has grown from 19 million tones in 1950 to 39 million tones in 1961 and to 130 million tones in 2001. It represents a continuous increase at a yearly rate of 3.84 percent in average.



Source: FAO year book of Fishery Statistics, 2000-2001

### **Present Status of Seafood Exporters, specially Shrimp Exporters: (2005 onwards)**

Buffeted by the US anti dumping duty, Indian shrimp export is in a major revamp mode. Most of the top and middle level companies are going in for value added products to also create a niche in the global market and control cost effectiveness.

### **Main Drivers for the Seafood Industry**

- ❖ The quantum of the 'catch'
- ❖ Quality as per EU standards
- ❖ Marketing and Promotion
- ❖ Technology
- ❖ Customer Relationship Management

## **GADRE MARINE EXPORTERS: INNOVATORS OF VALUE ADDED PRODUCT-“SURIMI AND SURIMI ANALOG PRODUCTS”**

Gadre Marine Processing Unit, Mirkarwada, Ratnagiri, was started in 1978 under the proprietorship of Shri Deepak P. Gadre. Initially the unit was processing prawns to export the same to Japan and various countries. The same was done from 1978 to 1993 but it did not prove to be economically successful and financially viable as was conceived originally.

- The unit had to face acute financial crisis and recover it had no other alternative but to search for alternative methods in the same line of activity.
- During this decline phase the entrepreneur along with his technical team looked for innovative methods to rejuvenate the existing business.
- The entrepreneur along with his team directed their attention to use materials which were available at lower cost and started exporting namely Ribbon fish and Dhoma which were hitherto considered to be waste in India, to S.Korea, Hongkong and China.
- The curiosity of this export process turned the entire organization to intrapreneurship which further led to bring in the product and process innovation of “**Surimi**” -fish paste.
- In 1992-93 the entrepreneur visited South Korea to have a close look at the process and equipment required for manufacturing **Surimi**.
- In 1994 the **first India Surimi production unit was set and GME dominated the market as Surimi manufacturers**. There was a monopoly by them as suppliers from Indian market globally till 2000 after which there were followers for the innovation like HLL.
- Surimi was produced basically by using fish varieties which were not normally eaten in India and which were thrown back in the sea as trash.
- The innovation further continued where other marine exporters were thinking of investing in **Surimi** plant **GME** further geared up to meet fresh challenges for value addition ,by manufacturing **Imitation crab – sticks** from Surimi which had great market in **USA and Europe**.
- Constant up gradation and innovation has helped GME to obtain the status of 100% EOU with export house status from government. It also has the certification of HACCP & EU.
- Exports have been growing at a faster rate than the production. Table I gives the year wise turnover of the Unit and the Combined Annual Growth Rate.

**Table I**  
**The yearwise turnover of the Unit**

<b>Sr. No.</b>	<b>Financial year</b>	<b>Production Quantity in MT.</b>	<b>Export Turnover F.O.B. Rs.in Lacs.</b>
1	1993-1994	91.32	21.05
2	1994-1995	2782.61	938.46
3	1995-1996	3890.00	1570.77
4	1996-1997	5349.38	2015.76
5	1997-1998	4647.54	2221.81
6	1998-1999	3663.54	1833.04
7	1999-2000	5826.74	3526.38
8	2000-2001	8691.04	5325.54
9	2001-2002	10248.16	5966.01
10	2002-2003	12489.35	9077.45
11	2003-2004	11576.70	6590.59
12	2004-2005	13463.73	8531.37
13	2005-2006	13031.90	7694.05
14	2006-2007	13673.26	8137.22
	<b>CAGR</b>	47%	57%

Source: Industry Sources

## **FINDINGS**

### **The two business Models created by innovation**

- i) The Surimi plant which was the first in India.**
- ii) Creating Surimi analogue: imitation crab sticks which was also for the first time in India.**

The detailed discussions as well as the analysis of the questions administered indicated the following.

#### **I. Critical Factors for survival of business organisation would include:**

1. Efficiency of business.
2. Serving customers in a way that is distinct from competitors.
3. Ability to exploit business opportunity when it arises.
4. Speed at which an organisation is growing (in terms of finance, market share, innovation).
5. Satisfaction of employees and their contribution towards the growth of organisation.
6. High Risk taking capacity.
7. Right attitude of entrepreneur and the organisational employees.

## **II. Strategic Factors leveraging innovation which leads to competitive advantage and core competencies of the business:**

1. Long Term Vision
2. Loyalty of Key Employees who see benefit in long term commitment of the business.
3. Lower cost of capital: Reinvestment of profits back into the business.
4. Keeping strategies well guarded.
5. Flexibility: To speed up and maneuver the competition.
6. Customer service which are closely tied.

## **DISCUSSIONS**

Detailed discussion and analysis of the findings proved that, through innovation there were positive outcome at several stages and **GME created successful corporate environment and growth in business:**

- Total turnaround in the business where the ROI increased every year.
- Cost effective operation, as very low cost fish which were considered as thrash were utilized for creating a new product.
- Delivering the product in the individual brand name in the global market which was a very rare achievement in the seafood industry could be made possible because of very few suppliers for the surimi product in the global market.
- Setting up the first Indian Surimi plant and creating a business model for the other seafood exporters.
- Creating a niche for themselves not only in the South Asian market but also in the European and American market which is very difficult.
- **As they were initiators for surimi and surimi analogues in India**, they held monopoly in the export market.
- GME created new roles in the organization.
  - Technical innovators
  - Business Innovators
  - Product Champions.
- Generated huge employment opportunities in the peeling shed.
- Created value addition for fish suppliers making a strong bonding, creating a path to convert thrash fish to productive raw material.
- The organisation became a business model for MPEDA (Marine Product Export Development Authority) Government of India and other Seafood exporters.

## **Challenges ahead for the organization**

- To manage expectations in the right way and keep the motivation towards ongoing innovation alive.
- To set of specific metrics to analyze and evaluate new businesses in their development and to decide when to abort a new initiative.
- Set quantitative and qualitative standards which are agreed by all in the organization to have hassle free operations.

## **CONCLUSION**

**From the detailed study and analysis of concepts and theories of corporate entrepreneurship and innovation relating it to the case study which has been undertaken for study it can be concluded that:**

- Primary aim of corporate entrepreneurship is the revival and rejuvenation of organization resulting in growth.
- Prime source of it as explored in the above discussion is innovation.
- The source of innovators being a team effort of the entrepreneur, functional and operational managers.
- The innovation be it product, process or any other type of innovation can be converted into a sustainable competitive advantage to make a firm standing in the arena of business.
- Organization leveraging innovation, avoids one major organizational conflict associated with entrepreneurship i.e. the distinction between the entrepreneur supported business and corporate entrepreneurship.
- Entrepreneurs can develop conducive environment of trust and by leveraging innovation they can create collective wealth for the organization as well as contribute to the growth of the country.

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**ANNEXURE I****PROFILE OF GADRE MARINE EXPORT PVT.LTD.**

- 1] Name & Address of the Company :- Gadre Marine Export Pvt.Ltd.,  
Plot No.FP-1, Mirjole Block,  
M.I.D.C., Ratnagiri – 415639  
Maharashtra.
- 2] Date of incorporation :- 12.05.1994
- 3] Date of establishment :- 21.03.2004
- 4] Chairman :- Mr.Deepak P. Gadre
- 5] Directors  
i) Managing Director :- Mr.Arjun D.Gadre  
ii) Director :- Mrs. Meena D. Gadre
- 6] Project :- 100% E.O.U. The project is in two phases:-  
a] Production of Surimi Analog Products  
&  
b] Production of Surimi (Fish Paste).
- 7] Present Status of the project :- Both phases has been completed and production & export has been also started.
- 8] Industry
- a] Name of the Products to be manufactured and their use. :- a]Surimi Analog Products are manufactured in various flavours and Varieties from Surimi and other eatables and consumed mainly as salad.  
b] Surimi (a Japanese term for purified fish i.e. skinless, bonless, fatless) is manufactured from fish and used for making various Surimi Products.
- b] Project Plant Capacity (Annual) :- a]Surimi :- 71175 M.Tons  
b] Surimi Analog Products:-15768 M.Tons

- c] Details of By-products if any :- 1] Fish Skin, Bones, Fish Oil,  
2] Gelatin Product, Di Calcium Phosphate.
- d] Sector :- Private Sector  
Closely held Private Limited Co.
- e] Nature of Business :- Manufacture and export of Surimi  
and Surimi Analog Products.
- f] Nature of Industry :- Fisheries.
- 9] A] Investment made in the Project :- Rs. 72.50 Crores appx.
- B] Present turnover of the Unit :- Rs. 60 to 65 Crores appx.
- C] Projected turnover for the F.Y. 2007-08 :- Rs. 100 to 125 Crores appx.
- 10] Name of the countries where the product exported. :- 1] For Surimi - Japan, S.Korea,  
Singapore, Hongkong, Malaysia, Russia, Spain.  
2] For Crabstick - European countries,  
America, S.Korea.

## ANNEXURE II

### **LIST OF AWARDS RECEIVED BY THE FIRM**

Mr. Gadre has been awarded various prizes in India for excellent performance of export and product quality. The main awards received by the firm are as follows :-

- a) CEU Awards, Confederation of Export Units award for excellence in exports during the year 1994-95 , 1995-96 , 1996-97,
- b) Awarded by Income Tax Office Kolhapur, under their scheme 'SAMMAN' for the Assessment Year 1998-99,
- c) National Productivity Council of India Award for Productivity performance during the year 1996-97,
- d) National Productivity Council of India - First Award for Productivity enhancement for the year 1999-2000,
- e) Awarded by The United Western Bank Ltd. in 2000-2001,
- f) National Productivity Council of India - Second Award for Productivity enhancement for the year 2000-01,
- g) National Productivity Council of India - Second Award for Productivity enhancement for the year 2001-02,
- h) National Productivity Council of India - Second Award for Productivity enhancement for the year 2002-03,
- i) Export House - Certificate of Recognition for two star export house,
- j) The Marine Products Export Development Authority (MPEDA) – Export Performance Award for export to New Markets during - 2005-06.