

Appendix: Simple Glossary

<i>Adverse Selection</i>	Adverse selection occurs when one party in a negotiation has relevant information the other party lacks. The asymmetry of information often leads to making bad decisions.
<i>Big Bang Disruptions</i>	Products or services that restructure and disrupt entire industries. For example, the digital camera vs. the film-based camera.
<i>Business Catalyst/ Incubator</i>	Offers a spectrum of advice, marketing support, facilities and where appropriate translational research and development activities and opportunities, enabling access to equipment and facilities that would otherwise be beyond the reach of start-ups and small- or medium-sized companies.
<i>Crowding Out</i>	The crowding-out effect is an economic theory stipulating that rises in public sector spending drive down or even eliminate private sector spending. Though the 'crowding-out effect' is a general term, it is often used in reference to the stifling of private spending in areas where government purchasing is high. The term is used in this context in this book.
<i>Dynamic Stochastic General Equilibrium Models</i>	A form of mathematical computable economic model that integrates Equilibrium Theory, Rational Expectations and specific econometric research into historical economic behaviour to define modelling functions to predict future economic trends.
<i>Firm</i>	A firm is a business organization, such as a corporation, limited liability company or partnership, that sells goods or services to make a profit.

Innovation

Product or services change to embed new technologies, features or designs.

Internal Rate of Return (IRR)

You can think of IRR as the rate of growth a project is expected to generate. While the actual rate of return that a given project ends up generating will often differ from its estimated IRR rate, a project with a substantially higher IRR value than other available options would still provide a much better chance of strong growth.

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Internet of Things

A term used to describe items (for example here is a non-exclusive list: consumer products such as refrigerators, or industrial products such as plant sensors or cars or heating/cooling systems) where the product has embedded sensors that send monitoring data to a controlling host, that then adjusts how the device performs or calls for maintenance based upon data received.

Market Facing Innovation

Where the market, customer and potential customer drive the 'needs statement' to innovate a new product or service as opposed to where the innovation idea *either* is a product idea that comes from within the firm and looks for a customer to need it rather than *or* is an idea that improves firm internal efficiency and does not touch the customer. Otherwise defined by Von Hippel as a *Customer Active Paradigm* or a *Manufacturer Active Paradigm*.

Natural Rate of Interest

Wicksell (1898) based his theory on a comparison of the marginal product of capital with the cost of borrowing money. If the money rate of interest were below the natural rate of return on capital, entrepreneurs would borrow at the money rate to purchase capital (equipment and buildings), thereby increasing demand for all types of resources and their prices; the converse would be true if the money rate was greater than the natural rate of return on capital.

<i>Sunset Clause</i>	An automatic binding provision to finish and arrangement on a pre-agreed date.
<i>Total Factor Productivity</i>	Measure of the efficiency of all inputs to a production process, so this includes labour and capital.
<i>Zambianization</i>	The process of replacing expatriate workers with the local population especially during the 1970's and early 1980's