

Why Become an Entrepreneur?

The three primary reasons that people become entrepreneurs and start their own firms



Desire to be their own boss

Desire to pursue their
own ideas

Financial rewards

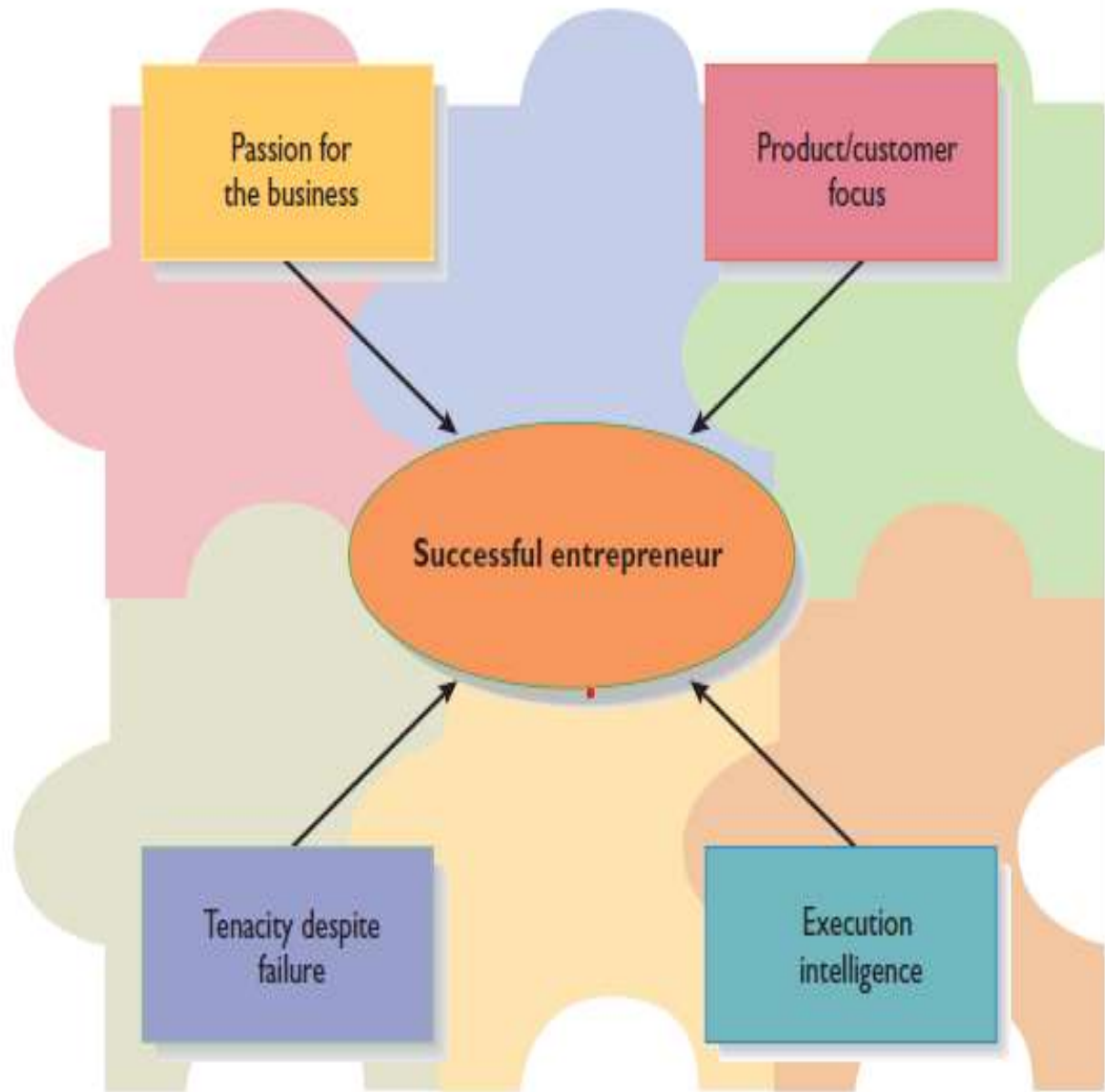
- The first of these reasons—**being one's own boss**—is given most commonly. This doesn't mean, however, that entrepreneurs are difficult to work with or that they have trouble accepting authority. Instead, many entrepreneurs want to be their own boss because either they have had a long-time ambition to own their own firm or because they have become frustrated working in traditional jobs.
- The second reason people start their own firms is to **pursue their own ideas**. Some people are naturally alert, and when they recognize ideas for new products or services, they have a desire to see those ideas realized.
- Established firms, however, often resist innovation. When this happens, employees are left with good ideas that go unfulfilled. Because of their passion and commitment, some employees choose to leave the firm employing them in order to start their own business as the means to develop their own ideas.
- This chain of events can take place in noncorporate settings, too. For example, some people, through a hobby, leisure activity, or just everyday life, recognize the need for a product or service that is not available in the marketplace. If the idea is viable enough to support a business, they commit tremendous time and energy to converting the idea into a part-time or full-time firm.

- Finally, people start their own firms to **pursue financial rewards**. This motivation, however, is typically secondary to the first two and often fails to live up to its hype. The average entrepreneur does not make more money than someone with a similar amount of responsibility in a traditional job. But money is rarely the primary motivation behind the launch of an entrepreneurial

**Being an entrepreneur
is wild. You can have
\$3.22 on Monday,
\$64,000 on
Wednesday and \$1.57
left on Friday. 🤔**

FIGURE 1.1

Four Primary Characteristics of Successful Entrepreneurs



- The number one characteristic shared by successful entrepreneurs is a **passion for their business**, whether it is in the context of a new firm or an existing business. Frequently, it's the passion for an idea that gets a business going and keeps it going when times are tough. Making a difference in people's lives is the primary motivator behind many businesses.
- A second defining characteristic of successful entrepreneurs is a **product/customer focus**. This quality is exemplified by Steven Jobs, the late cofounder of Apple Inc., who wrote, "The computer is the most remarkable tool we've ever built, but the most important thing is to get them in the hands of as many people as possible." This sentiment underscores an understanding of the two most important elements in any business—products and customers.

Tenacity Despite Failure

- Because entrepreneurs are typically trying something new, the possibility of failure exists. In addition, the process of developing a new business is somewhat similar to what a scientist experiences in the laboratory. Developing a new business idea may require a certain degree of experimentation before success is attained. Setbacks and failures inevitably occur during this process. The litmus test for entrepreneurs is **their ability to persevere** through setbacks and failures.

- The ability to fashion a solid idea into a viable business is a key characteristic of successful entrepreneurs. Commonly, this ability is thought of as **execution intelligence**. In many cases, execution intelligence is the factor that determines whether a start-up is successful or fails. An ancient Chinese saying warns, “To open a business is very easy; to keep it open is very difficult.”
- The ability to effectively execute a business idea means developing a business model, putting together a new venture team, raising money, establishing partnerships, managing finances, leading and motivating employees, and so on.
- It also demands the ability to translate thought, creativity, and imagination into action and measurable results.



Common Myths About Entrepreneurs

• **Myth 1: Entrepreneurs Are Born Not Made**

- This myth is based on the mistaken belief that some people are genetically predisposed to be entrepreneurs.
- The consensus of many studies is that no one is “born” to be an entrepreneur; everyone has the potential to become one.
- Whether someone does or doesn’t become an entrepreneur, is a function of the environment, life experiences, and personal choices.



Example



Common Myths About Entrepreneurs

Although no one is “born” to be an entrepreneur, there are common traits and characteristics of successful entrepreneurs

- Achievement motivated
- Alert to opportunities
- Creative
- Decisive
- Energetic
- Has a strong work ethic
- Is a moderate risk taker
- Is a networker
- Lengthy attention span

- Optimistic disposition
- Influential
- Promoter
- Resource assembler
- Self-confident
- Self-starter
- Determined
- Tolerant of ambiguity
- Visionary

Myth 2: Entrepreneurs Are Gamblers

- Most entrepreneurs are moderate risk takers.
- The idea that entrepreneurs are gamblers originates from two sources:
 - Entrepreneurs typically have jobs that are less structured, and so they face a more uncertain set of possibilities than people in traditional jobs.
 - Many entrepreneurs have a strong need to achieve and set challenging goals, a behavior that is often equated with risk taking.

Myth 3: Entrepreneurs Are Motivated Primarily by Money.

- While it is naïve to think that entrepreneurs don't seek financial rewards, money is rarely the reason entrepreneurs start new firms.
- In fact, some entrepreneurs warn that the pursuit of money can be distracting.



Smart and Relentless

A close-up portrait of Sam Walton, an elderly man with white hair, looking directly at the camera with a serious expression. He is wearing a light-colored suit jacket over a white shirt. The background is slightly blurred, showing what appears to be a retail store with shelves of products.

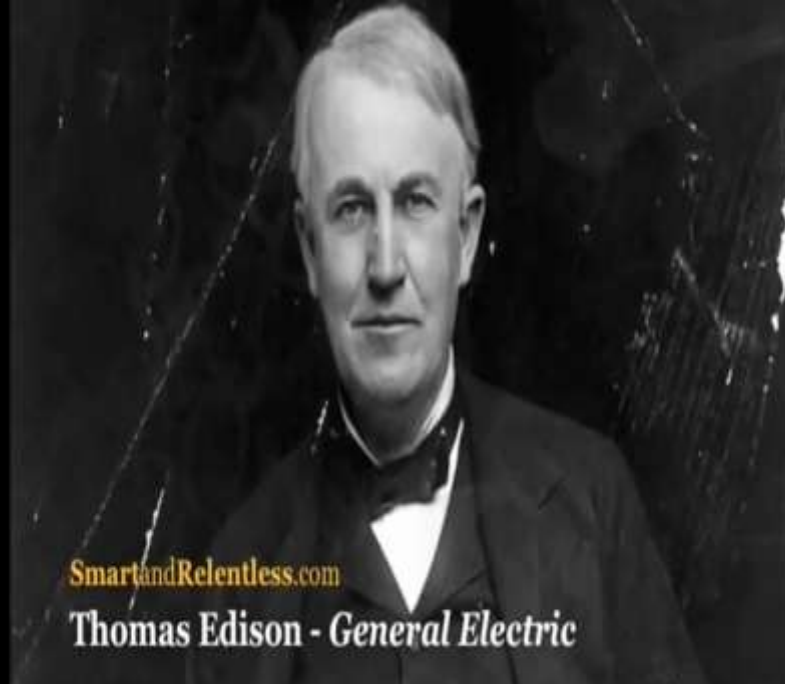
SmartandRelentless.com

Sam Walton - Wal-mart

A black and white photograph of Henry Ford standing next to a vintage Ford car. He is wearing a dark suit, a white shirt, a dark tie, and a bowler hat. He has his hands in his pockets and is looking towards the camera. The car is a dark-colored sedan with a large, prominent grille and round headlights. In the background, several other people are visible, some standing and some walking, suggesting a public event or a busy street. The overall tone is formal and historical.

SmartandRelentless.com

Henry Ford - Ford Motor Company



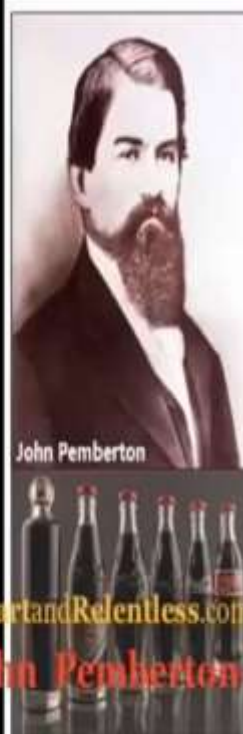
SmartandRelentless.com

Thomas Edison - General Electric



SmartandRelentless.com

Adolf Dassler - Adidas



John Pemberton

SmartandRelentless.com

John Pemberton - Coca-Cola

COCA-COLA
SYRUP • AND • EXTRACT.

For Soda Water and other Carbonated Beverages.

THIS "INTELLECTUAL BEVERAGE" and TEMPERANCE DRINK contains the valuable Tonic and Nerve STIMULANT properties of the Coca plant and Cola (or Kola) nuts, and makes not only a delicious, exhilarating, refreshing and invigorating Beverage, (dispensed from the soda water fountain or in other carbonated beverages), but a valuable Brain Tonic, and a cure for all nervous affections — SICK HEAD-ACHE, NEURALGIA, Hysteria, Melancholy, &c.

The peculiar flavor of COCA-COLA delights every palate; it is dispensed from the soda fountain in some manner as any of the fruit syrups.

J. S. Pemberton;
Chemist,
Sole Proprietor, Atlanta, Ga.



SmartandRelentless.com

Gordon Bowker - Starbucks





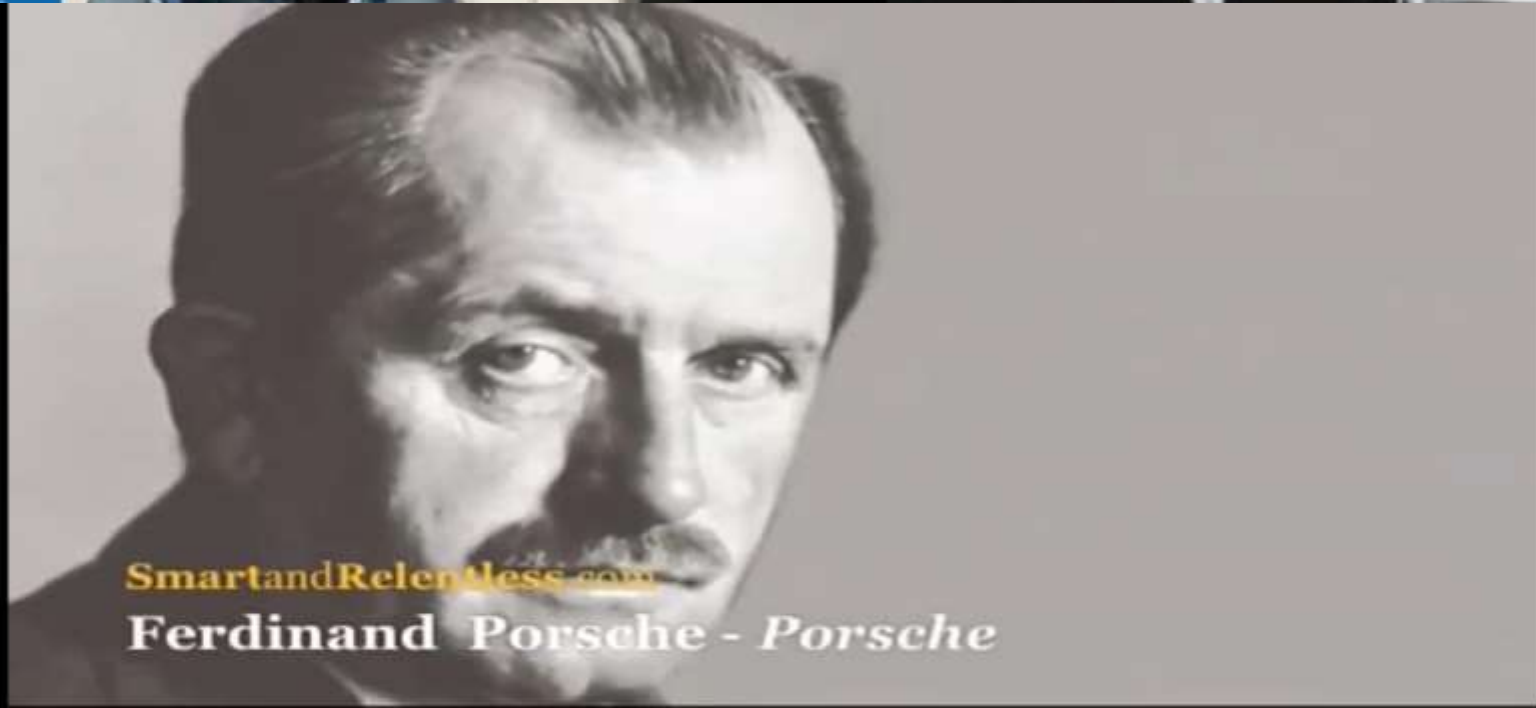
SmartandRelentless.com

Jan Koum - *WhatsApp*



SmartandRelentless.com

Masaru Ibuka - *Sony*



SmartandRelentless.com

Ferdinand Porsche - *Porsche*

Types of Start-Up Firms

Salary-Substitute Firms

Firms that basically provide their owner or owners a similar level of income to what they would be able to earn in a conventional job

Lifestyle Firms

Firms that provide their owner or owners the opportunity to pursue a particular lifestyle, and make a living at it

Entrepreneurial Firms

Firms that bring new products and services to the market by creating and seizing opportunities regardless of the resources they currently control

Changing Demographics of Entrepreneurs

Young Entrepreneurs

- Interest among young people in entrepreneurial careers is growing.
- According to one study, 7 out of 10 high school students want to start their own business.
- Over 2,000 two-year and four-year colleges and universities offer entrepreneurship courses.

Economic Impact of Entrepreneurial Firms

- **Innovation**

- Is the process of creating something new, which is central to the entrepreneurial process.
- Small firms are twice as innovative per employee as large firms.

- **Job Creation**

- In the past two decades, economic activity has moved in the direction of smaller entrepreneurial firms, which may be due to their unique ability to innovate and focus on specialized tasks.

Entrepreneurial Firms' Impact on Society and Larger Firms

- **Impact on Society**

- The innovations of entrepreneurial firms have a dramatic impact on society.
- Think of all the new products and services that make our lives easier, enhance our productivity at work, improve our health, and entertain us in new ways.

- **Impact on Larger Firms**

- Many entrepreneurial firms have built their entire business models around producing products and services that help larger firms become more efficient and effective.

The Entrepreneurial Process



The Entrepreneurial Process Consists of Four Steps



Step 1: Deciding to become an entrepreneur.



Step 2: Developing successful business ideas.



Step 3: Moving from an idea to an entrepreneurial firm.



Step 4: Managing and growing the entrepreneurial firm.



Thank You!