



Lectures

Week 1, Week 2

The Individual Entrepreneur

Ref:

**Ref: Chapter 1, Understanding
Entrepreneurship in Kathleen Allen,
Launching New Ventures.**

**Chapter 2 & 3, in Entrepreneurship by Hirsch,
Peters & Shepherd**

Lectures Week 1, 2, 3 cover

- Definition of an Entrepreneur
- Entrepreneur – common themes
- Different Types of Entrepreneurs
- What makes a person become an Entrepreneur? *Reasons for starting a business*
- Characteristics of Entrepreneurs; most desirable & undesirable
- DNA of the Entrepreneur-nature or nurture

Exercise

- What are the key words that you would use to describe what an entrepreneur is?
- Can you name any technology entrepreneurs from Ireland?



Habitual entrepreneurs

Collison Brothers

- Stripe, the online payments company (a low-cost way for small companies to accept credit card payments online without administrative and financial hassles) founded by Limerick brothers Patrick and John Collison, has raised fresh funding that values the startup at €4.6bn (\$5bn).
- Chief executive Patrick Collison told The New York Times that the five-year-old firm has taken new investment from Visa, American Express and venture capital company Sequoia Capital. The new investment round, which the company says is "less than \$100m", brings Stripe's overall funding to over €200m since it was started in 2010. (*Source: Irish Independent July 28 2015*)
- Stripe makes it easier for companies to accept credit and debit card payments online, particularly for merchants who have not engaged in online payments before. "Stripe is not competing with the card networks," Michael Moritz, Sequoia Capital partner said. "The fact that Visa has chosen to invest in Stripe, not in PayPal, is of absolutely huge significance."
- The service is wildly successful, with thousands of American and European companies now using it.

Collison Brothers

- The runaway success story began when the Limerick brothers became infuriated by how difficult it was to accept payments from customers online.
 - "We had found it really hard in our previous business to accept payment over the internet," he told the Irish Independent.
 - "It felt like many other people would be having the same problem, so we set about solving it."

In 2013, Patrick and John were named in The Sunday Times's Irish Rich List with a €59m holding in Stripe. Six years ago, the brothers shared a €3m windfall after they sold their fledgling internet firm, Auctomatic. After that, Patrick, a Young Scientist winner, became director of engineering at Live Current Media. He went on to study maths at Massachusetts Institute of Technology. John studied psychology at Harvard. (Source Irish Examiner, January 24, 2014)



PHOTO: CNNMONEY/FICKR/TESLA CLUB.BE/CC

Portfolio entrepreneurs

[See article](#)

What is an Entrepreneur?

*“One who **organizes, manages** and assumes the risks of a business or enterprise.” (Merriam-Webster Dictionary)*

*“Entrepreneur is one who always searches for **change, responds to it and exploits it as an opportunity.**”(Peter Drucker)*

*“Entrepreneurship is the **pursuit of opportunity beyond resources controlled.**”
(Professor Howard Stevenson, HBS)*

What is an Entrepreneur?

*“An Entrepreneur is a person who takes advantage of a business opportunity by assuming the **financial, material and psychological risks** of starting or running a company.” (Hatten,2003)*

*“An entrepreneur turns ideas into core value propositions.” (Tidd and Bessant, **Strategic Innovation Management**)*

(Value Proposition-ultimately something of value to the customer that they are prepared to pay for – usually a product/service that enables a job to be done for the customer in a way that is more affordable, efficient, convenient or reliable than existing offerings)

Entrepreneurship context

“Entrepreneurship refers to an individual’s ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives. This supports everyone in day to day life at home and in society, employees in being aware of the context of their work and being able to seize opportunities and is foundation for more specific skills and knowledge needed by entrepreneurs establishing social or commercial activity.”

European Parliament and Commission’s definition of entrepreneurship

Entrepreneurship context

This definition of Entrepreneurship by the European Parliament and Commission is expansive in nature in that it defines Entrepreneurship in the context of vital skills such as innovation, creativity and risk-taking that underpin our ability as humans to be able to survive and thrive in the fast paced global economy versus a narrow definition of entrepreneurship in the context of start-ups.

This is powerful for educators as it guides us in our approach to entrepreneurial teaching and learning which is about so much more than the number of start-ups we can help foster, it's about having the tools to help instill an entrepreneurial "can-do" mind set in our students that will benefit them through life's journey.

Exercise

- Can you list some common themes of the Entrepreneur?

Entrepreneur - Common Themes

- A **manager** undertaking activities which involve planning, leading, organising and controlling of scarce resources to achieve goals.
- A **risk taker** who manages and **assumes the risks** of a business.
- **An opportunist who** searches for **change**, responds to it and exploits it as an opportunity.
- An **agent of economic change-i.e** in terms of the effects they have on economic systems and the changes they drive (create employment etc.)
- An **individual** in terms of their psychology, personality and personal characteristics.
- ***Note: Each of these aspects is reflected in the variety of definitions offered for entrepreneurship. The function of each aspect is not merely to characterise entrepreneurs but also to distinguish them from other types of people involved in the generation of wealth, such as “investors” and ordinary managers.***

Entrepreneurial versus Lifestyle Firm

- Entrepreneurial ventures have 3 primary characteristics
 - Innovative
 - Value-creating
 - Growth-oriented

Source: Chapter 1, Understanding Entrepreneurship in Kathleen Allen, Launching New Ventures.

Chapter 2 & 3, in Entrepreneurship by Hirsch, Peters & Shepherd

Entrepreneurship as a career

- Entrepreneurship can be viewed as embarking on a journey, the destination is the creation of one or more successful businesses.
- The journey will be different for everyone:
“ Entrepreneurship is risky mainly because so few....entrepreneurs know what they are doing.” (Drucker).

Source: Chapter 1, Understanding Entrepreneurship in Kathleen Allen, Launching New Ventures.

Chapter 2 & 3, in Entrepreneurship by Hirsch, Peters & Shepherd

Types of entrepreneurs

- An entrepreneur's business ownership experience may differ according to the number of private businesses s/he has established, inherited and / or purchased.
- The nature of an entrepreneur's business ownership experience may not be homogeneous (similar), in fact, entrepreneurial behavior is increasingly recognized as heterogeneous (not uniform, dissimilar).
- One notable source of heterogeneity is based on variations in the **level of experience** among entrepreneurs.
- This has led to the distinction between experienced (“**habitual**”) entrepreneurs and first-time (“**novice**”) entrepreneurs.

Types of entrepreneurs

Serial Entrepreneur

- The serial entrepreneur consistently conceptualises and executes business models that s/he intends, ultimately, to sell to shareholders, investors, or other businesses.
- Serial entrepreneurs can be seen to take on relatively high amounts of risk, display an ability to effectively handle the accompanying stress as they are usually very adaptable to changing conditions, and more often than not display a pattern of success (despite some failures) in the long run.
- Serial entrepreneurs display a definite propensity to recover both, economically as well as in confidence, from business and personal failures Source: www.Maxum.co.za, Maxum Entrepreneurship

Types of entrepreneurs

- **Habitual entrepreneurs** (also known as experienced or, repeat entrepreneurs) are a widespread phenomenon. Defining habitual entrepreneurs is a difficult task and there is no generally accepted definition. Building on earlier work, Westhead et al. (2003) define habitual entrepreneurs to include individuals who have or have had a minority and/or majority equity stake in two or more businesses which were established, purchased, and/or inherited.
- Some habitual entrepreneurs may exit one private business before owning a subsequent one (**i.e., serial entrepreneurs**), while others may establish / purchase/inherit and retain ownership of several private businesses concurrently (**i.e., portfolio entrepreneurs**).

Types of entrepreneurs

- **Novice entrepreneurs** represent individuals who have **no prior experience of owning a business**, but currently have a majority equity stake in a single independent business, or a minority stake among a team, which they have either established, purchased, or inherited.
- **Differences** between types of entrepreneur can be examined in terms of their **human capital profiles** (*the collective skills, knowledge, or other intangible assets of individuals that can be used to create economic value for the individuals, their employers, or their community. Education is an investment in human capital that pays off in terms of higher productivity.*)

Types of entrepreneurs

- **Behavioral differences** can be examined with regard to the acquisition of resources, opportunity identification, pursuit of opportunity and mode of exploitation, and organizational strategies.
- **Firm performance differences** can be examined with regard to acquisition of investment, rate of growth etc. **Source:** Ucbasaran, Gry Agnete Alsos, Paul Westhead, Mike Wright: Foundations and Trends in Entrepreneurship Vol. 4, No. 4, pp. 309-450, 2008

Exercise

- Can you give examples of Habitual Entrepreneurs (Serial and Portfolio) and Novice Entrepreneurs.

GEM (Global Entrepreneurship Monitor)

- The Global Entrepreneurship Monitor (GEM) provides unique measures of the involvement of individuals in entrepreneurial activity. GEM carries out identical population surveys on an annual basis in 67 countries.(1)
- The support of Enterprise Ireland, Forfás and the Department of Jobs, Enterprise and Innovation made possible the surveying of 2,000 people in Ireland in 2013.(2)
- GEM describes entrepreneurial activity as a process and measures different phases of this process from conception through firm birth to persistence.(3)

1. As part of GEM research in 2013, over 190,000 adults (18-64 years of age) and 3,800 national experts were surveyed in 67 economies, spanning diverse geographies and a range of development levels.

2. A random telephone survey was carried out in June 2013.

3. Figure1 in Section 2 illustrates the entrepreneurial process with reference to these definitions.

Types of entrepreneurs

(As defined by the 2013 GEM Report)

- **Aspiring Entrepreneurs:** those who expect to start a business within the next 3 years, they are **thinking** about it but have not yet acted on it.
- **Nascent Entrepreneurs:** are those actively **planning** a new venture. They have done something over the past 12 months to start a business that he/she will at least part own. Activities such as organising the start-up team, looking for equipment, saving money for the start-up, or writing a business plan would all be considered as active commitments to starting a business. **Wages or salaries will not have been paid for more than three months in respect of the new business.** Many of these people are still in fulltime employment. The rate is for those in the adult population aged 18-64 years inclusive.

Types of entrepreneurs

(As defined by the 2013 GEM Report)

- **Nascent Entrepreneurs:** A nascent entrepreneur can be either a novice entrepreneur or a habitual entrepreneur.
 - **A novice entrepreneur** is an individual who has no prior business ownership experience as a business founder, inheritor of a business, or a purchaser of a business.
 - **A habitual entrepreneur** is an individual who has prior business ownership experience.
- **New Business Owners:** Entrepreneurs who at least part own and manage a new business that is between 4 and 42 months old and have not paid wages or salaries for longer than this period. These new ventures are in the first 42 months after the new venture has been set up. The rate is for those in the adult population aged 18-64 inclusive.

Types of entrepreneurs

(As defined by the 2013 GEM Report)

Total early stage entrepreneurial activity (TEA rate)

- As its name implies, total early stage entrepreneurial activity refers to the total rate of early stage entrepreneurial activity among the adult population aged 18-64 years inclusive. TEA includes the combined percentages for nascent entrepreneurs and new business owners. *(In some instances, this rate is less than the combined percentages for nascent and new business owners. This is because, in circumstances where respondents qualify as both a nascent and a new business owner, they are counted only once.)*

Types of entrepreneurs

(As defined by the 2013 GEM Report)

Owner managers of established businesses

- In addition to those people who are currently involved in the early stages of a business, there are also many people who have set up businesses that they have continued to own and manage.
- These people are included in the established business owner index which captures the percentage of people in the population that have set up businesses that they have continued to own and manage and which has paid wages or **salaries for more than 42 months**. The rate is for those in the adult population aged 18-64 years inclusive.

Types of Entrepreneurial DNA

Source: Article: What Kind of Entrepreneur Are You? November 19, 2013, www.entrepreneur.com

- An extract from the book called Entrepreneurial DNA, by Joe Abraham, the founder of BOSI Global (www.bosidna.com), which is an operating partner to venture-backed and owner-operated companies. The book is based on Joe's study of over 1,000 entrepreneurs.
- The research **confirmed the discovery that all entrepreneurs are not all wired the same way.** The book suggests entrepreneurs fall into four distinct types of entrepreneurial DNA's that leverage unique strengths, weaknesses and tendencies typical in each specific type of entrepreneur:

1. The Builder:

A drive to build highly scalable businesses very fast. When this DNA is high in an individual, they break past \$5 million in revenue within two to four years and keep going to up to \$100 million, because these individuals measure success through a very unique lens: infrastructure. It drives the decisions they make and the strategy they build and deploy.

Types of Entrepreneurial DNA

They aren't satisfied with a certain amount of personal income or goodwill toward man. They are master recruiters of talent, investors and customers. Builder DNA activates certain behaviors like a controlling temperament, leading to a Dr. Jekyll and Mr. Hyde like demeanor in the office. Individuals with high Builder DNA tend to struggle most with personal relationships and typically have a revolving door of talent in their companies.

Types of Entrepreneurial DNA

2. The Opportunist:

Picture Sir Richard Branson and you have a pretty good idea of what Opportunist DNA is all about. Individuals wired with this DNA are highly optimistic master promoters. They enjoy marketing and selling. They are wired to sniff out well-timed money making opportunities, jump in at the right time, ride the wave of growth up and (hopefully) jump out at the peak.

Opportunist DNA measures success based on the amount of money they make (or will make) when they aren't working. So they are drawn to business opportunities where leverage can be used to create residual and renewal income (money that you earn when you are not working).

This can make them impulsive decision makers, especially when it comes to money-making opportunities. This trait can serve them very well or be the source of their demise.

Types of Entrepreneurial DNA

3. The Specialist:

This DNA activates in the experts of our world. No sooner does an individual go through years of schooling, apprenticeship or on-the-job training, does this DNA activate, driving the corresponding behaviors.

Specialist DNA drives one to be very analytical, relatively risk-averse and anti-selling. Specialists generate most of their new business from referrals and networking. They measure success based on their personal income.

Their businesses tend to grow fairly well in the startup and early growth phase, but as soon as their personal income hits preset targets, their internal thermostat kicks in and they go into customer service mode. Research found that most Specialist-owned businesses plateau in revenues well below \$5 million. The ones that get past this level take significantly longer to get there than Builder DNA companies -- often decades.

Types of Entrepreneurial DNA

4. The Innovator:

Picture Mark Zuckerberg in the movie *The Social Network* and you'll see Innovator DNA at work. Like most Innovators, he was doing something he loved, when a business opportunity popped up. The breakthrough discovery typically drives this entrepreneur in the "lab" of their business -- where they want to invent, design and tinker.

They would much rather be in the lab of their business than at the cash register or in the business office. They find operating a business draining. They measure success based on the impact their product or service is having on mankind. "It's not about the money," you'll hear them say. "I'd do this for free for the rest of my life if I could."

Individuals with high Innovator DNA control most of the great intellectual property of our time. Unfortunately, often they hide in dungeons and find it hard to engage in business discussions.

Types of Entrepreneurial DNA

- For centuries the approach to entrepreneurship has been-what worked for one entrepreneur will work for every entrepreneur. But research has proven that entrepreneurs are all different.
- Some of us are Innovator-Builders. Others are Specialist-Opportunists. Knowing your DNA and the DNA of those surrounding you is critical to selecting the business, strategy and team best suited for you. Just because it worked for Richard Branson (Opportunist-Builder) or Bill Gates (Specialist-Builder), doesn't mean it will work for you. What kind of entrepreneur are you?
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Types of Entrepreneurial DNA

Social Entrepreneur

- The social entrepreneur is primarily motivated by a deep desire to improve upon, or fundamentally change, prevailing and detrimental socio-economic, educational, environmental or health conditions.
- A social entrepreneur has a fierce ambition to alter the present reality of conditions s/he deems unacceptable or inhumane, and stubbornly refuses to accept the norm, or arguments that simply rationalise, if not justify, prevailing circumstances.
- The key trait of the social entrepreneur is, however, the fact that they are driven to engage in certain activities not by the promise of possible profit, but by an overwhelming sense of social conscience and social responsibility.
- The goal of this type of entrepreneur is to develop effective models that not only respond to a specific need, but can be propagated and implemented in a variety of settings.
- (Check out www.socialentrepreneurs.ie, www.kanchi.org, www.FoodCloud.ie, Ashoka.com)

Types of Entrepreneurs

Lifestyle Entrepreneur

- The central characteristic of the lifestyle entrepreneur is the attempt to create profit from personal passion. If, for example, an individual has a passion for the internet, they may start a site from which shoppers can buy online. The “lifestyler” tries to discover innovative ways in which a personal passion can translate into enough profit from which a living can be earned.
- More so than other entrepreneurial types, the lifestyle entrepreneur aims to be self-employed. S/he is not in the trade of building business models to sell, and is instead a practitioner of a specific trade or profession that attempts to break away from the mainstream in order to build a sustainable business from which a living allowance can be drawn over a long-period of time.

Types of Entrepreneurs

- The lifestyle entrepreneur often invests heavily in his or her own business, rather than cede substantial control to an individual or group of investors. In this type of business model, the entrepreneur assumes personal risk, but is rewarded (if the business survives) with independence and autonomy from authority structures.
- If, for example, you have a passion for the internet and see yourself as a lifestyle entrepreneur you might want to start an e-commerce site. In this case you're quite fortunate as start-up costs will be relatively low: all you might have to do is buy a laptop and obtain a reliable, fast internet connection.
- Source: Article, www.Maxum.co.za
- Source: Maxum Entrepreneurship

Exercise 2

- What are the most desirable characteristics of the Entrepreneur?
- What are the least desirable characteristics of the Entrepreneur?

Jerry Kaplan video

www.YouTube.com

The Best qualities of successful entrepreneurs
5 Critical skills that Entrepreneurs need

Jerry Kaplan

Mr. Kaplan is widely known in the computer industry as a serial entrepreneur, executive, technical innovator, and author. His ventures include Winster.com (social games, co-founded 2004), Onsale.com (online auctions – co-founded 1994), GO Corporation (pen-based computers, co-founded 1987), and Teknowledge (expert systems – co-founded 1981).

Mr. Kaplan wrote a best-selling non-fiction novel entitled “Startup—A Silicon Valley Adventure”, (Houghton-Mifflin, 1995). He has been profiled in The New York Times, The Wall Street Journal, Forbes, Business Week, Red Herring, and Upside.

Mr. Kaplan holds a BA from the University of Chicago (1972), a PhD in Computer Science from the University of Pennsylvania (1979). He is currently teaching in the Artificial Intelligence Laboratory at Stanford University.

Most desirable characteristics/traits

- Commitment.
- Determination
- Opportunity obsession
- Tolerance of risk
- Creativity
- Self reliance
- Ability to adapt
- Motivation to excel
- Leadership

(Reference: Chapter 1, Understanding Entrepreneurship in Kathleen Allen, Launching New Ventures. Chapter 2 & 3, in Entrepreneurship by Hirsch, Peters & Shepherd)

- Leadership.
- Communication
- Knowing when to make a decision
- Teamwork
- Ability to Telescope

(Reference: Jerry Kaplan, the 5 critical skills that Entrepreneurs need.)



Most desirable characteristics/traits

- Belief that you can make a difference
- Action Bias (urgent patience)
- Unjustifiable Optimism
- A tolerance for uncertainty
- A genuine concern for other people

(Reference: Jerry Kaplan, the best qualities of successful Entrepreneurs, YouTube)



Most desirable characteristics/traits

- Strong internal locus of control (a belief that events result directly from an individual's own actions or behaviour)
- A mindset that sees opportunity where others see disruption
- An acceptance of calculated risk (Ability to undertake risk where necessary and balance exposure).
- Tolerance of failure.
- **(Reference; *DNA of the entrepreneur, Ernst & Young study 2011*)**



- (Defn. Character traits - all the aspects of a person's behavior and attitudes that make up that person's personality. Defn. Characteristics - A characteristic is a feature of either a person, an object or an event. Many times when referring to characteristics in relation to a person, you are speaking of their personality.)

Undesirable characteristics

- Invulnerability - where it leads to unacceptable risk.
- Being highly aggressive.
- Being anti authoritarian.
- Impulsiveness.
- Perfectionist - to the extent where commercialism doesn't prevail.
- Know it all.

(Reference: Chapter 1, Understanding Entrepreneurship in Kathleen Allen, Launching New Ventures. Chapter 2 & 3, in Entrepreneurship by Hirsch, Peters & Shepherd)

DNA of the Entrepreneur:

Nature or Nurture

- Despite decades of Academic Research on the topic there is no universal definition of entrepreneurship and no agreement about the precise traits and behaviours that characterize entrepreneurial leaders.
- A recent Ernst and Young study, a survey of 685 entrepreneurs including in-depth interviews with winners of EOY has helped formalise the view that Entrepreneurs share a number of common behaviours and characteristics into a solid model of what comprises the entrepreneur.
- EOY believe that this offers an important contribution to research into the **traits of today's entrepreneurial leaders**.
- The aim of this report is to provide some insights into the minds of today's most successful entrepreneurial leaders and discern what makes them successful.

Source: Nature or Nurture, Decoding the DNA of the Entrepreneur. Ernst & Young, 2011.

DNA of the Entrepreneur: Nature or Nurture

- The Romantic view of the entrepreneur exists but like most stereotypes is wide of the mark. The overlap between entrepreneurial leaders and traditional managers is much larger than is often assumed.
- Creative, innovative individuals may possess copious excellent ideas but it takes **leadership and business discipline** to turn them into successful ventures.
- Decades of academic research has sought to identify the particular characteristics of successful entrepreneurial leaders. This EOY work may not have identified a simple formula or entrepreneurship gene that can be nurtured and replicated, **but it reveals certain habits and characteristics typically shared by successful entrepreneurial leaders.**
- But these characteristics alone are not enough to create the conditions for business success. Building a successful entrepreneurial venture also depends on a complex interaction of internal and external factors including timing, geography, culture and sometimes luck.

DNA of the Entrepreneur: Nature or Nurture

- **Entrepreneurial leaders are made not born**
- Though many entrepreneurial leaders start at a reasonably young age (more than half of the 685 surveyed in this report started their first company before the age of 30), the experience they gain through education and time spent in a more traditional corporate environment is vital to their future success.
- More than half of the entrepreneurs described themselves as “transitioned” entrepreneurs - they had previously spent time in traditional employment before setting out on their own.
- The challenge of finding the right time to transition is significant.
 - 30% of the 685 (205) ranked **higher education** as one of the second most important critical success factors.
 - 33% ranked **experience as an employee** as the most important success factor.

DNA of the Entrepreneur: Nature or Nurture

- **Entrepreneurship is rarely a one-off decision.**
- The majority of respondents are “serial entrepreneurs” **who have launched at least two companies.**
- Entrepreneurial leaders who embark on more than one venture gain valuable insight and lessons into how to make a new business successful. As such. They perform a vital role in the economy and among them start a significant proportion of all new ventures.
- **Survey results suggest that;**
- **20% of entrepreneurial leaders start almost 50% of all new businesses.**
- **In other words, it is the minority of entrepreneurial leaders that create the majority of start-ups.**

DNA of the Entrepreneur: Nature or Nurture

- **Funding, people and know-how are the biggest barriers to entrepreneurial success.**
- Among the 6 out of 10 respondents who experienced obstacles in their ventures, the most common barrier is lack of funding or finance.
- The two other most cited obstacles are people and expertise, as a result, entrepreneurial leaders are well advised to build “ecosystems” – networks of resources to address these three areas.

DNA of the Entrepreneur: Nature or Nurture

- **Entrepreneurs share common traits**
- Entrepreneurs may be made rather than born but EOY research has found that entrepreneurs will typically exhibit a combination of behaviours and attitudes.
- At the heart of this model is a **strong internal locus of control- a belief that events result directly from an individual's own actions or behaviour.**
- **This is complemented by a mindset that sees opportunity where others see disruption, along with an acceptance of calculated risk and a tolerance of failure.**

DNA of the Entrepreneur: Nature or Nurture

- **Traditional companies can learn from entrepreneurial leaders**
- Employee incentives and fostering innovation are good places to start. It is no coincidence that fast-growing entrepreneurial companies tend to place larger amounts of share ownership in the hands of employees.
- And in terms of innovation, traditional companies have few incentives to disrupt their own business models with game-changing innovations. But companies that can are richly rewarded.

Exercise

- What do you think are the reasons people start their own businesses?

Source: Chapter 1, Understanding Entrepreneurship in Kathleen Allen, Launching New Ventures.

Chapter 2 & 3, in Entrepreneurship by Hirsch, Peters & Shepherd

Reasons for starting a business

Pull influences

- Need for independence, being one's own boss (*The unfulfilled manager / The young professional- need to make a mark of their own, no current vehicles for ambitions*)
- Need to exploit an opportunity.
- Need a sense of control over personal life.
- Need for achievement, need to be recognised.
- Need to make a difference in the world.
- Need to change things for the better.
- Need to turn hobby or previous work experience into a business (The Inventor - product driven, technical expertise, experimenting in the 'garden shed' E.g. Dyson, Jobs, Branson).
- Need for financial reward.

Reasons for starting a business

Push influences

- Redundancy (*The displaced manager*)
- Unemployment or threat of it (*The displaced manager*)
- Disagreement with employer (*The disgruntled manager*)

Entrepreneurial versus Lifestyle Firm

- Entrepreneurial ventures have 3 primary characteristics
 - Innovative
 - Value-creating
 - Growth-oriented

Source: Chapter 1, Understanding Entrepreneurship in Kathleen Allen, Launching New Ventures.

Chapter 2 & 3, in Entrepreneurship by Hirsch, Peters & Shepherd

What is Innovation?

- *“Innovation is the process of **making changes**, large and small, radical and incremental, to products, processes and services that results in the introduction of **something new for the organisation that adds value to customers and contributes to the knowledge store of the organisation**” (Applying Innovation, David O’ Sullivan & Lawrence Dooley, 2009)*

What is Value Creation?

- Value is not about providing the lowest price.
- Value is the unique benefit that only your company, product or service can deliver to customers ie. **Differentiated Value**
- It's how you solve a customer's problem more conveniently, effectively, reliably or affordably than alternatives.
(A.C.E.R)
- This differentiated value that you provide can be due to an **innovative** product/service or it can be simply about providing experiences, products or services that **already exist** but delivered in a way that's different/better than alternatives.
 - Either way, value is in the eye of the beholder. You need to Understand the unique value that you deliver. Understand the people that appreciate and are willing to pay for that value.
 - Innovation is about creating either commercial value or social value.